

The Small Business Benchmarking Report



MAKE

I've been lucky enough to start three small businesses in the last few years. Each and every time, I've been determined to make sure that each company is a truly great place to work. I'm not interested in working in an office that dreads every Monday morning – I want to spend my 9-5 somewhere that inspires me, somewhere that encourages everyone to do their very best work.

That mission – to 'make work better' – is one I really believe in.

But that mission is never straightforward. What is a 'great place to work' anyway? Where do you even start?

WORK

If you're trying to build a company that your team genuinely loves working for, it's hard to know what to focus on first – not least because it's so difficult to find out what other small businesses are doing, what they offer and how they are run.

This is why we created The Small Business Benchmarking Report – to give you a comprehensive insight into other small businesses like yours, so you can see where you measure up and where you need to improve.

Ben Branson-Gateley
CEO and co-founder of CharlieHR

BETTER

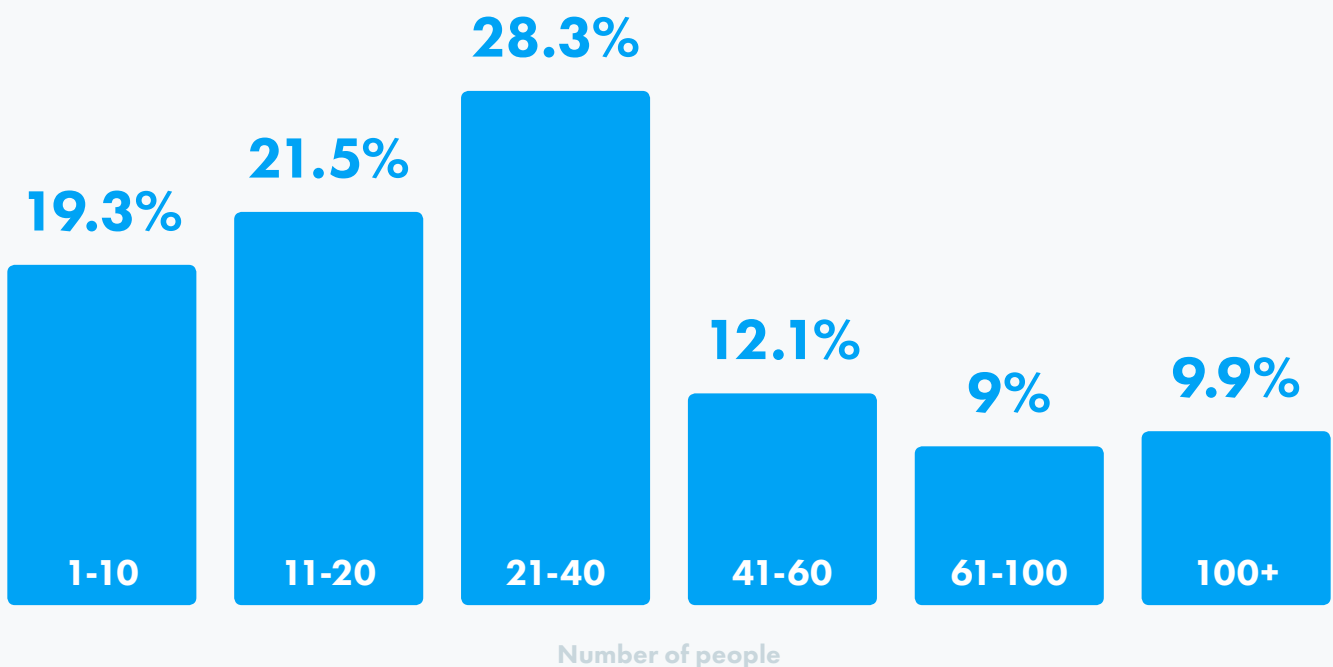
Introduction

We surveyed over 200 small companies on their HR policies. Between them, they represented over 8000 team members.

We asked them to input their policies on everything from their parental leave to the perks they provide their team. Each company surveyed had less than 200 employees (with 80% having less than 100 team members).

Here is a breakdown of the respondents and their respective team sizes:

How big is your company?



01. Perks & Benefits ⁵

02. Flexible working ⁸

03. Family leave policies ⁹

04. Time off policies ¹⁰

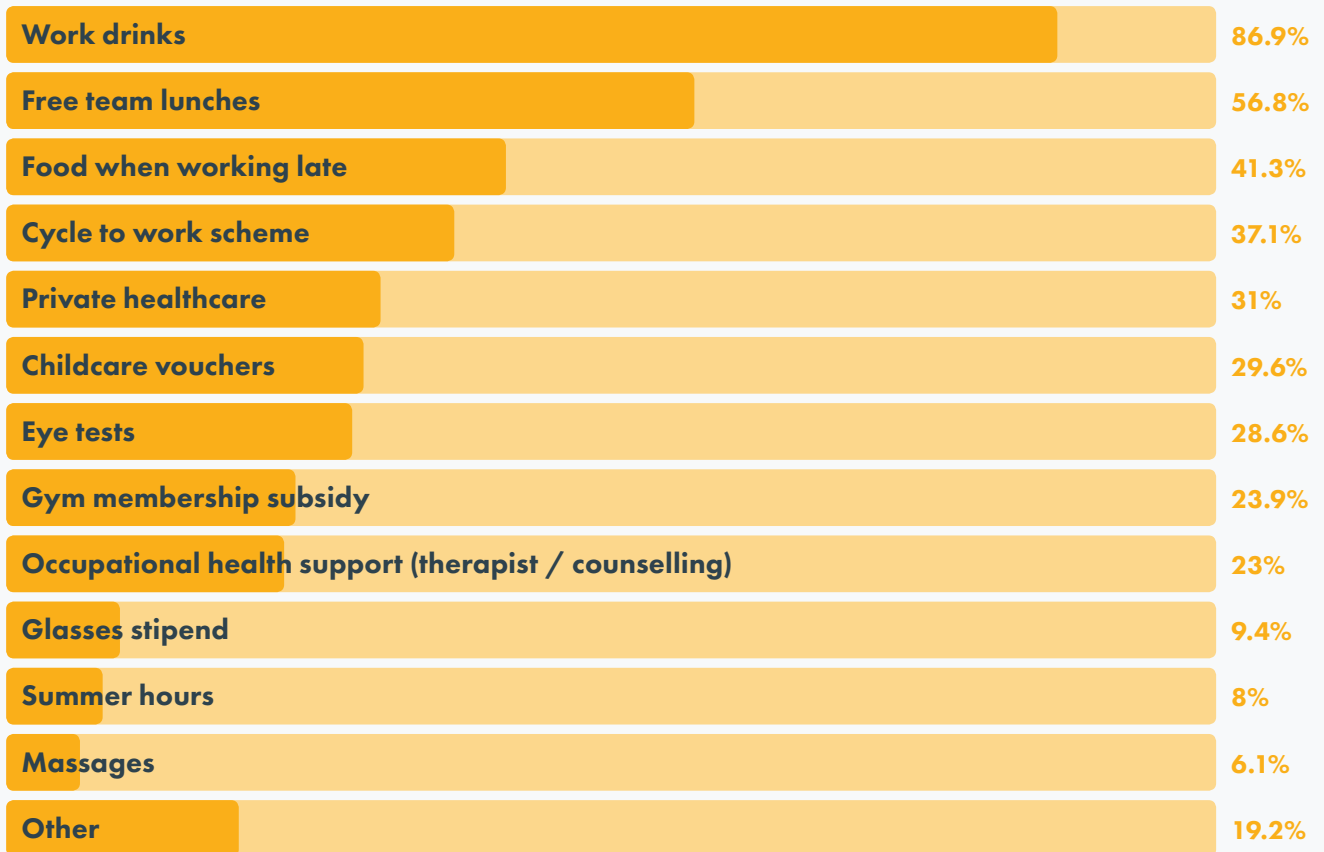
05. Performance management ¹²

Perks & Benefits

01. THE MOST POPULAR PERKS & BENEFITS IN SMES

If you want to hire the best talent, then your offering needs to at least be on par with your competitors – and we’re not just talking about salaries any more. These days, the top candidates expect a more rounded package that improves their day-to-day working experience, not just their bank balance.

In the graph below, we’ve broken down the most popular perks in our surveyed small companies, so you can see exactly how your offering measures up.

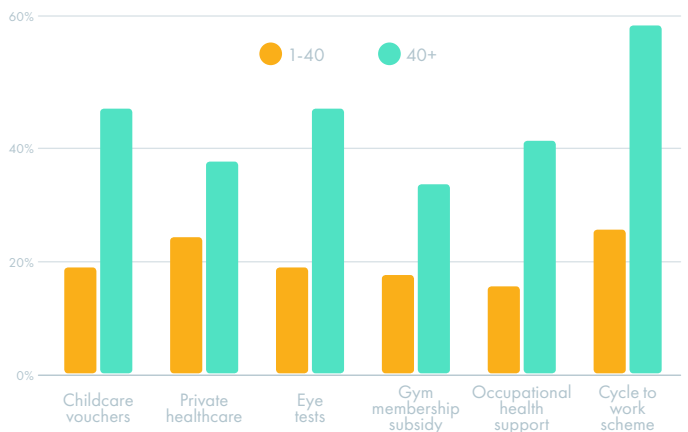


But bear in mind – as your company grows, your offering should become more substantial.

Once companies grow beyond 40 or so team members, their Perks & Benefits tend to level up. If your company is already at that size or is about to grow, you need to pay attention to your offering. Otherwise, you could get left behind.

In this graph, we compare the data from companies with between 1 and 40 employees with all companies above that 40-person mark. As you can see, once companies hit that headcount their Perks offerings become more developed.

The 40 person-Perks inflection point



02: LESS THAN HALF OF SMALL BUSINESSES OFFER A LEARNING AND DEVELOPMENT BUDGET

Our data reveals that only 49.5% of the small companies polled offer their team access to a [Learning and Development budget](#). This is a surprising statistic – research has shown time and again that learning opportunities are an extremely high priority for the modern workforce and that the lack of such opportunities are strongly linked to higher employee churn.

This is a fantastic opportunity for your company to stand out from the crowd. Offer your team an L&D budget and you'll already be out-offering more than half of your competitors.

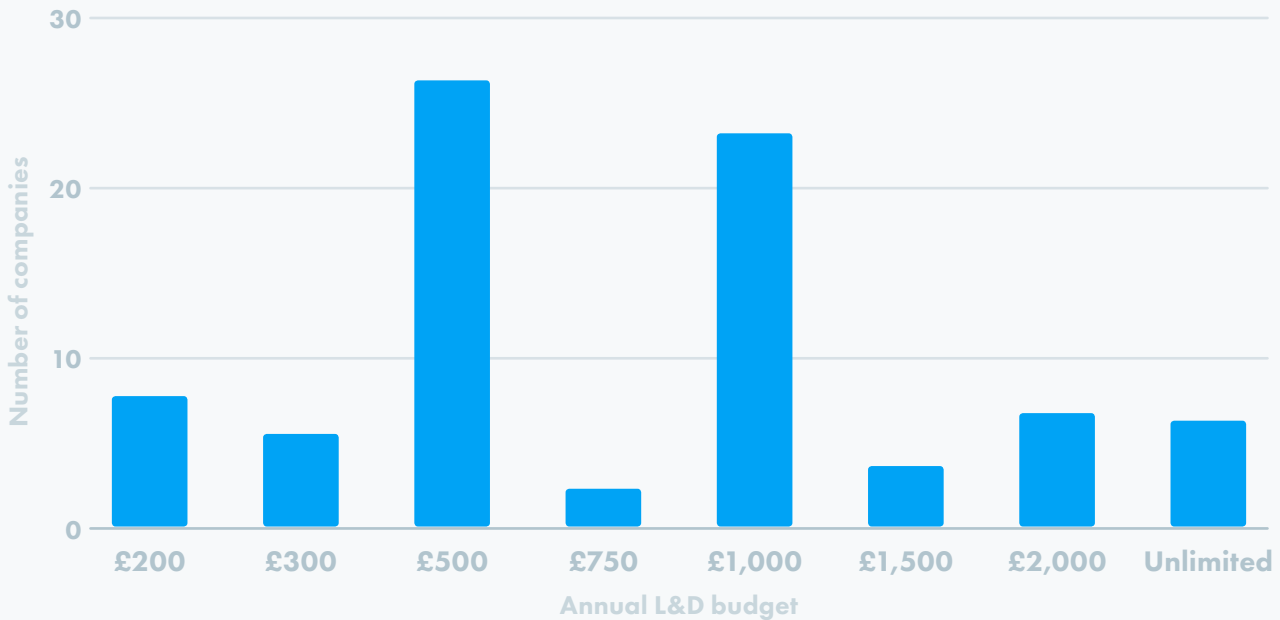
Do you offer employees a learning and development budget?



So, how much should you give your team?

The most common offering amongst our polled companies was £500 per employee, but nearly just as many offered a full £1,000. If you want to match your competitors on their L&D budget, these are the kind of numbers you should be thinking about.

What L&D budget should I be offering?



If you still need help convincing the person with their hand on the purse strings for an L&D budget - [here is some advice](#) from Learnerbly CEO - Raj Dey MBE

03: EMPLOYEES NOW EXPECT A STAKE IN THE COMPANY'S SUCCESS

There was a time when offering your employees a share in your business was a rare and progressive move. This isn't the case any longer – over 58% of the small companies we polled offer their employees either equity or share options.

If you're running a small business but don't include a form of equity in your team's compensation, then you have already fallen behind your competitors. If you want to keep up, this is something you need to change.

58.1%

of the small companies we polled offer their employees either equity or share options.

Giving away equity is expensive. If you choose to offer equity to your team, then make sure they understand the value of what you're offering them. In this article, CharlieHR Co-Founder Rob O'Donovan shows you [how to talk to your team about their share options](#).

04. A GENEROUS PENSION SCHEME CAN PUT YOU WAY AHEAD OF THE PACK

As of February 2018, the law around UK pensions changed. Now, the minimum statutory pension contribution is 8% of an employee's salary, with the employer obliged to make up at least 3% of that figure.

The overwhelming majority of the small businesses we polled offered only that statutory minimum contribution of 3%, with only 15.2% offering to contribute anything on top of that.

This is a great opportunity for a small business looking to give their employees that little bit extra – even just a slightly more generous pension contribution can put you far out in front of your competitors.

15.2%

When it comes to pensions, only 15.2% of employers offer their team anything over the statutory minimum.

Do you only provide statutory auto-enrolment (pension)?



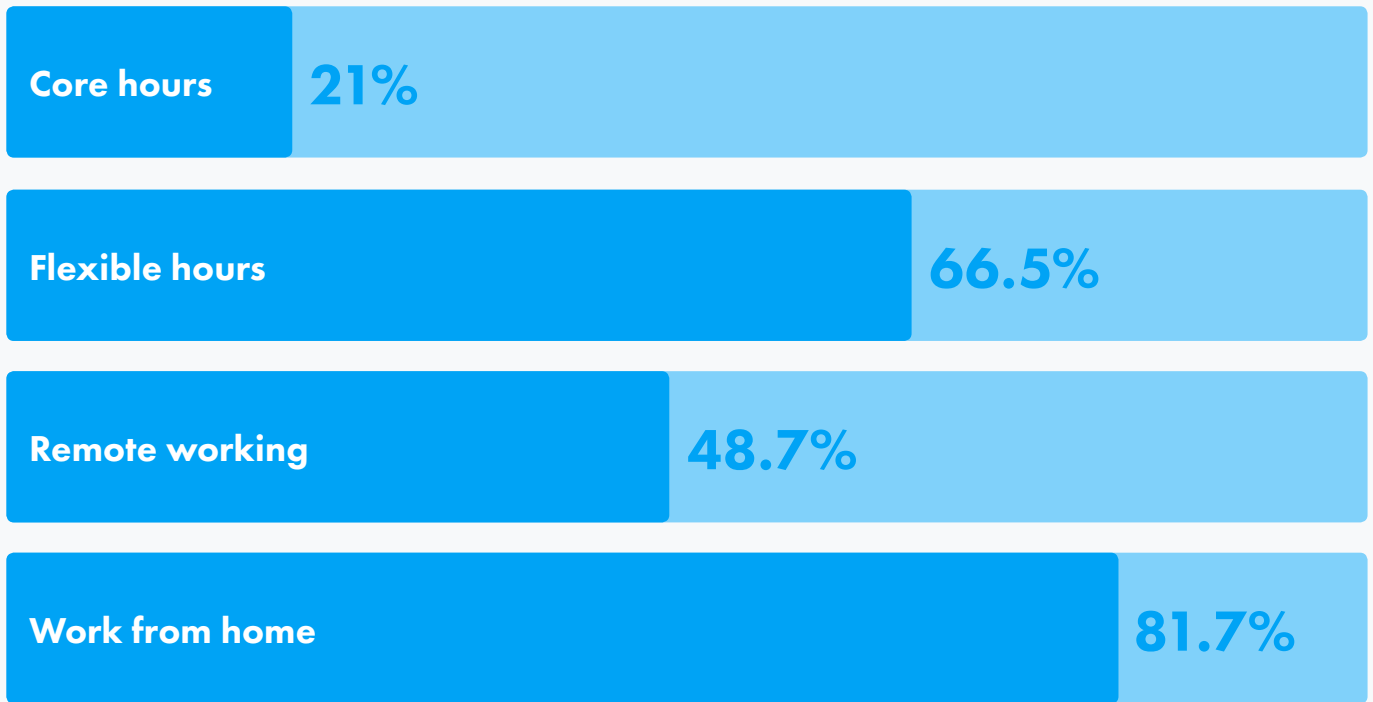
Flexible Working

01. FLEXIBLE WORKING IS NOW AN EXPECTATION, NOT A PERK

Flexible working practices are no longer a 'nice-to-have', or an optional extra. In small companies, there is now an overwhelming expectation that employees will be able to Work from Home – or at least to work their hours in a flexible way.

If you're not yet offering your team the opportunity to work flexibly, then you are way behind the curve.

Which of the following flexible working schemes do you offer, if any:



If you want to learn more about the respective merits and demerits of these options, see Charlie's guides to managing [flexible working](#), [remote working](#) and [working from home](#).

Family Leave Policies

01. WHEN SHOULD YOU RAISE YOUR GAME ON MATERNITY AND PATERNITY LEAVE?

When a member of your team has a child, you are legally required to offer a minimum amount of maternity and paternity leave set by the government. However, this is just the statutory bottom line – many companies choose to go above and beyond this bare minimum.

What our data showed was that companies tended to offer more and more generous parental leave as they grew in size. This makes sense – as companies become more successful and secure, they can afford to be more generous with their team.

To learn more about how we approached parental leave at Charlie you can [read our blog post on the topic](#).

So, what does a generous maternity leave policy look like?

As a reminder – the statutory minimum for maternity leave is six weeks off at 90% of their average weekly earnings, 33 weeks at the Statutory Maternity Pay rate or 90% of avg. weekly earnings – whichever is lower.

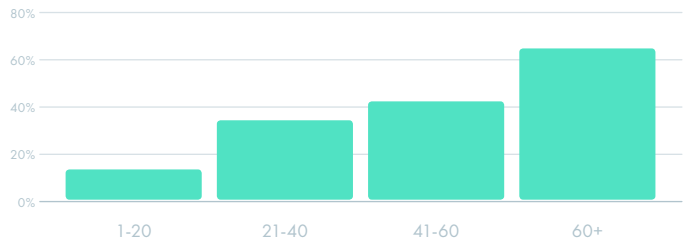
Opposite are the most popular enhanced maternity leave policies, broken down by the % of respondents who stated they offered that above statutory maternity leave policy.

And what does a generous paternity leave policy look like?

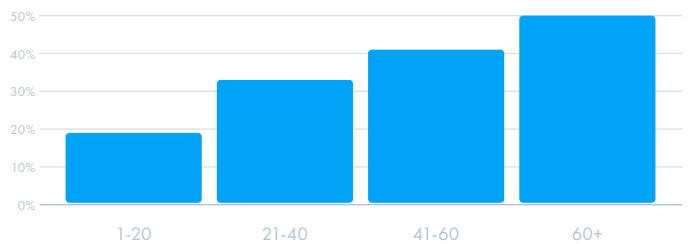
Fathers in the UK have a statutory right to two consecutive weeks at £148/week or 90% of their avg. weekly earnings - whichever is less.

Here, you can see the most popular enhanced paternity leave policies.

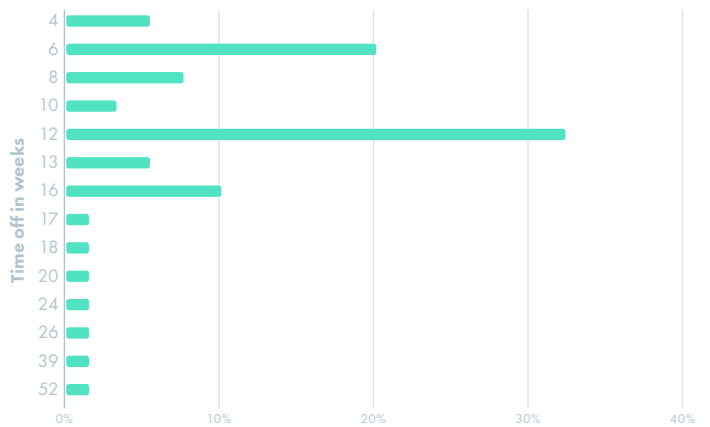
% of companies offering above statutory maternity leave (by company size)



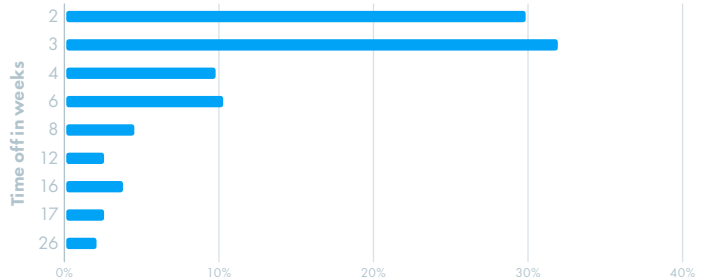
% of companies offering above statutory paternity leave (by company size)



% of companies offering above statutory maternity leave (by number of weeks full pay)



% of companies offering above statutory paternity leave (by number of weeks full pay)



Time Off Policies

01. HOW MUCH HOLIDAY SHOULD YOU GIVE YOUR TEAM?

26

The most common holiday allowance offered by small businesses is 26 days.

Thinking about offering your team unlimited holiday? We had an unlimited holiday policy for three years - [here's why we eventually abandoned it.](#)

02. THE BEST EMPLOYERS ALLOW THEIR TEAM TO CARRY OVER SOME HOLIDAY

67% of small companies allowed their team members to carry forward some of their remaining time off allowance into the new year.

A 5-day carryover limit is by far the most common offering in small businesses – but some go as far as allowing an unlimited amount.



03. WHEN IT COMES TO SICK PAY, IT PAYS TO OFFER MORE

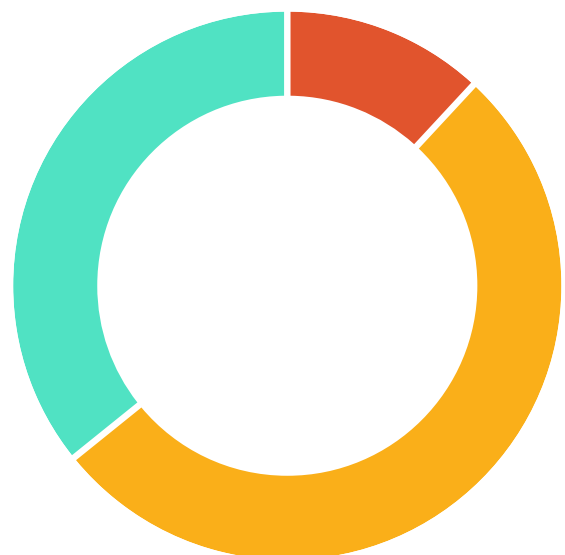
In over 50% of the small businesses we polled, employees are offered only the statutory minimum sick pay should they fall ill (£94.25 per week for up to 28 weeks).

This is a great opportunity to show your team that you really care – by going above and beyond on sick pay, you can instantly put yourself into the top bracket of employers.

For companies in the 35% offering 'above statutory' – no single policy was universally popular. Common alternatives included periods of full pay, ranging from 10 days, 6 weeks, or even all the way up to a full year.

Small business sick pack policies

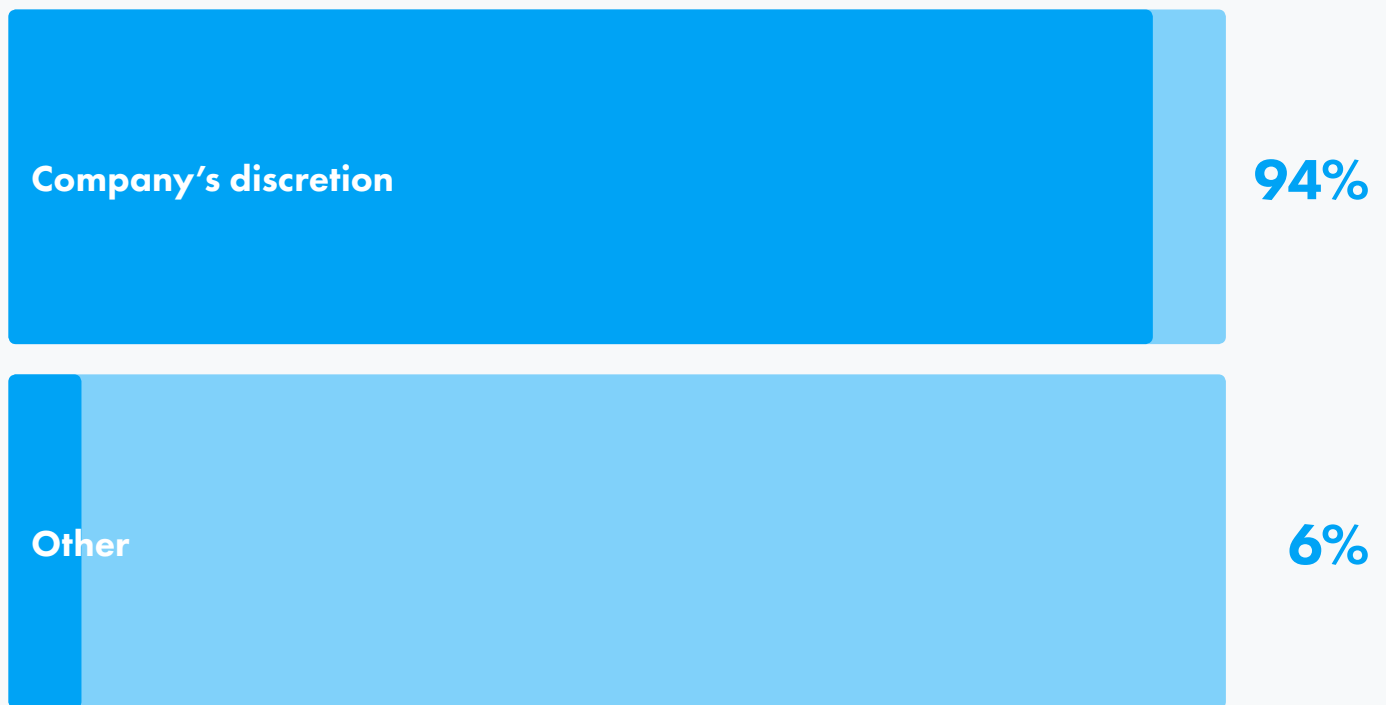
● Don't know ● Statutory ● Above statutory



04. COMPASSIONATE LEAVE IS TREATED INFORMALLY BY EVERYONE

Very few companies, regardless of size, decide to formally specify an amount for compassionate leave. Instead, it is usually left to the company's or line manager's discretion.

How many days of compassionate leave do you offer?



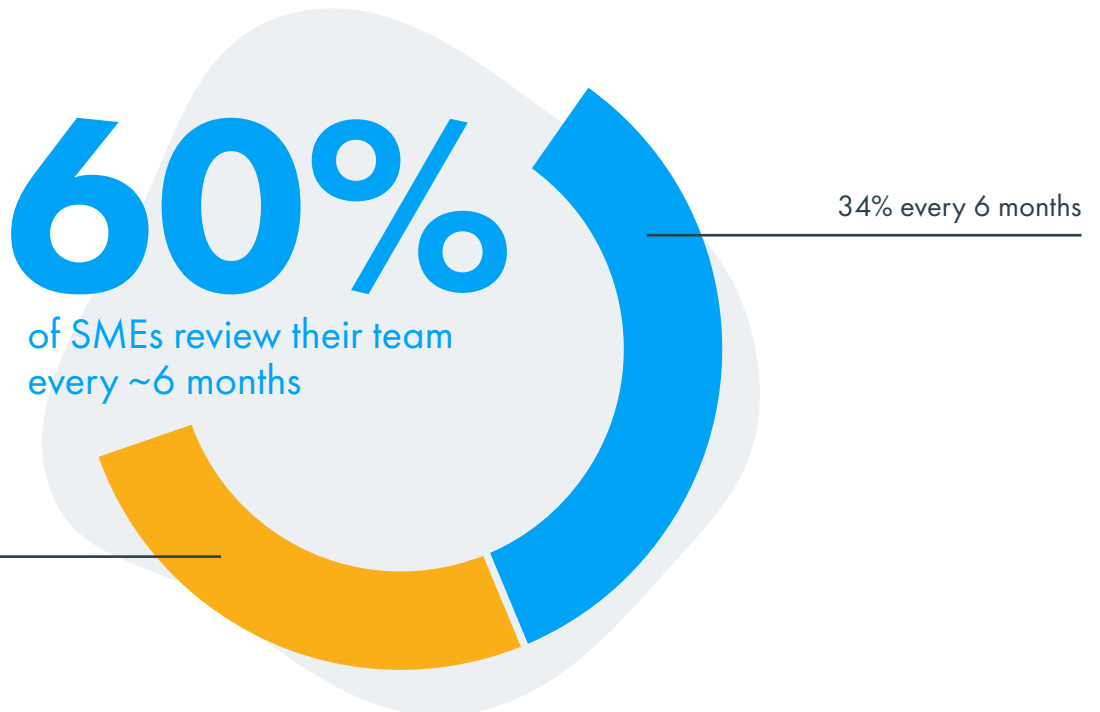
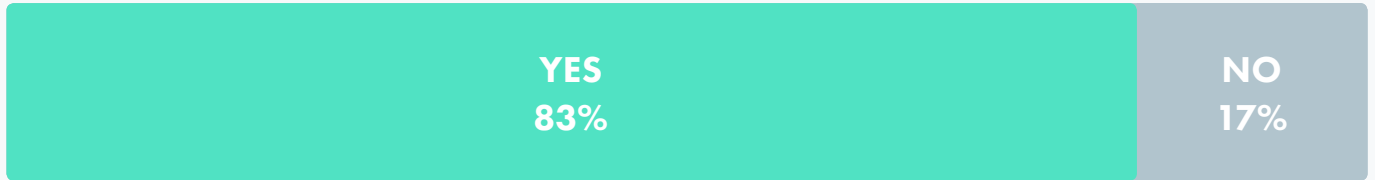
If you're lacking a compassionate leave policy - you're able to find a template Charlie created [here](#).

Performance Management

01. REVIEW YOUR TEAM, AND REVIEW THEM REGULARLY

Unsurprisingly, a comprehensive 83% of small companies run performance reviews for their team.

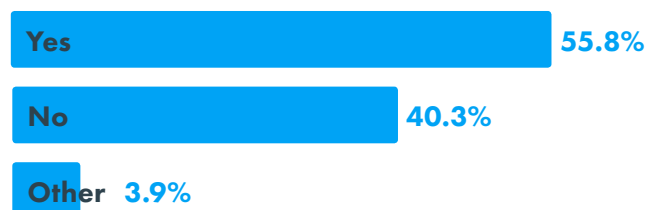
Do you run performance reviews?



If you're a manager interested in learning how to improve the quality of your performance reviews, you're able to read our guide [to world-class 1-1s](#) from our CEO and co-founder Ben Gateley.

But directly linking these reviews to pay is less clear:

Are performance reviews in any way linked to pay?



02: MOST SMALL COMPANIES SEEK TO INCENTIVISE PERFORMANCE THROUGH MONEY

34% of respondents offered performance-related pay.

Do you offer any or all of the following?



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