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- [Observatories](#)
- [EMCC](#)
- [ERM](#)
- [Restructuring in SMEs](#)
- [EMS Technical Personnel, United Kingdom](#)

# EMS Technical Personnel, United Kingdom

- Type of restructuring:  
Closure
- Employees before restructuring:  
10-49
- Employees after restructuring:  
0-9
- Nace/Sector:  
Administrative services
- Country:  
United Kingdom
- Date:  
21/02/2012

## Abstract

This company is a recruitment services provider for the broadcast engineering sector. Previously, as a systems integrator, it employed technical personnel, but fluctuations in business persuaded management to diversify into recruitment services; otherwise, the company ran the risk of closing. Initially combining the two functions, EMS decided that the profile of the company was insufficiently clear and hence specialised solely in recruitment. It was important that this sole focus on recruitment be clearly communicated to prospective clients. Given that the directors had engineering backgrounds but lacked business management experience, an external business consultant was hired to guide the transition.

## Organisational profile

EMS Technical Personnel Limited is a specialised recruitment services provider for the broadcast engineering sector. The company places contract and permanent engineers with client broadcasting companies, including Sky, BBC, and ITV, mainly in the UK, but occasionally abroad to broadcasters in Scandinavia, Asia, the middle East, and Ireland.

The company, based in London, started in 1993, as EMS Limited (Electronic Media Systems), providing engineering services as a systems integrator. This involved the design and building of television facilities for large broadcasters. In 1998, the owners decided to diversify into recruitment and EMS Technical Personnel Limited was set up, as a separate company, to supply broadcast engineers, programme and project managers, and maintenance staff to the industry. The two companies ran in tandem until 2007 when a decision was made to close EMS Limited.

EMS Technical Personnel has two owners. Dermot Casey is the major shareholder and managing director of the company. The second owner is a part-time business development director who is semi-retired and not involved in decision-making. Initially, EMS Ltd had four business owners/directors. When one director retired, Mr Casey acquired the shares. Moreover, when the recruitment service was introduced, the technical director decided to leave the business.

Mr Casey began his career as an engineering apprentice. After taking his college exams, he worked as a draughtsman. Being a contractor was the

most profitable way of working and so Mr Casey became a contractor through an agency. He learned how the agency worked in practice, organising contracts and getting a fee from placing contractors, an experience that has influenced his future business. In 1986, Mr Casey was offered a position with ITN, a UK broadcaster, as head of the drawing office where he worked for eight years before leaving to set up EMS with three ITN colleagues.

EMS Technical Personnel employs six permanent office staff, including the two directors, an office manager, a senior recruiter, and two recruitment consultants. Additionally, it is able to draw on a large pool of engineers and professionals in the industry to work on a contract basis or to be placed permanently with clients. The company has grown rapidly from 45 contract staff in 2009 to 140 by 2012. Most workers have experience of working in broadcasting.

The company follows a written set of ethical values, or a philosophy, when doing business. Its staff handbook provides general company information, including its vision and values, the equal opportunities policy, company rules and regulations, policy and procedures, and benefits. The company used external business advice to implement this.

EMS Technical Personnel does not have any relationships with trade unions, nor an existing works council. It is, however, a member of the Association of Professional Staffing Companies (APSCo); the Association offers training programmes for its members which was utilised when one employee attended its weekly course in 2011.

## **Background to restructuring event**

As a systems integrator, EMS Ltd tendered for work and employed engineers, programme and project managers to carry out the work. The nature of its work was to set up a facility to build and design infrastructure for a new television station. This operated successfully for a number of years; however, a new broadcast facility is required only every five to ten years.

The business went through peaks and troughs and eventually looked into diversifying. The decision to diversify into recruitment was instigated by the managing director who had been considering the idea for years ever since working for an agency as a draughtsman. It was clear to the managing director that clients are not busy at all times and require greater flexibility over resources. A client may want to staff-up or staff-down, depending on how busy it is. The managing director realised that, by operating as a recruitment agency, EMS could fill that gap for the clients.

When EMS Technical Personnel was set up in 1998, recruitment was seen as only one part of the business but subsequently it started to grow and employ more people. In 2007, while the company made profits of over £200,000 (approximately €250,000) from recruitment, the systems integration business made a loss of over £300,000 (approximately €380,000). In addition to this, running systems integration and recruitment at the same time was confusing its clients; it needed to send a clear message out to the industry to present themselves as a recruitment firm.

The case study describes the decline and closure of EMS Ltd, the growth of EMS Technical Personnel, and the changes to employment associated with the event.

## **Restructuring processes**

In 2006, the systems integration side saw a downturn in business and the company had to reduce its permanent staff numbers. This resulted in two people retiring, including one director/owner of the business, and four people being made redundant. This left seven permanent employees, including three owner/directors with equal shares.

By 2007, EMS Technical Personnel Ltd had grown steadily to be a successful small company and it became obvious that this was the way forward from a business perspective. This coincided with a further downturn in systems work.

Staff could see that work was not coming in on the systems side and were informed of this fact. The directors explained that the business was not viable and could not continue running sustainably for very long. The directors had not taken a salary for three or four months and staff understood that the company would go under if there were no cut backs.

The decision was made to focus on recruitment, which resulted in one of the three owners leaving. The remaining six employees were given the choice of joining the recruitment side or carry on with the dwindling systems work.

This resulted in a team of four, including two owner directors, working on recruitment for EMS Technical Personnel Ltd and two employees on the systems side. As this work dried up, one person found a position at different company through EMS Technical Personnel while the other one joined the recruitment team. At this point, in October 2008, EMS Ltd was closed. The company did not have a restructuring plan.

The remaining staff were happy with the changes and as the business grew they gained a new sense of achievement in working for a successful company.

At the same time, the company hired a new senior recruitment consultant who concentrates on the recruitment of permanent staff.

## **Challenges and constraints of restructuring**

The company faced a number of challenges prior to and following the restructuring events. One major challenge was that while the owner directors all had engineering backgrounds and a passion for engineering, they had little experience of business management. Being the only business-minded person in the company, Mr Casey's proposal to diversify company services into recruitment in order to survive met with some resistance as the others wanted to carry on doing engineering work. However the bottom line was that the engineering systems business was no longer profitable and so Mr Casey's proposal prevailed. Since then, two of the original owners have left the company, but Mr Casey did not report any challenges or constraints experienced during the closure of EMS Ltd.

## **Restructuring advice and support**

The company did not seek any business advice or support during the restructuring but as the recruitment business started to grow, Mr Casey felt that it would be difficult for someone with little experience to move forward without having the business basics in place. The company started to use the services of a business consultant on a regular basis.

Mr Casey met a business consultant at a seminar organised by the Royal Bank of Scotland at the end of 2009. He decided to use his services for three months but subsequently extended his involvement in EMS. The consultant comes in once a month to advise on planning and all aspects of business. This has so far proved very successful.

The business consultant identified what is important to the company and put actions in place to enable EMS to achieve its aims. The consultant suggested the invoice finance facility as well as outsourcing the back office work in order that the company could focus on core activities. Implementing these actions costs the company a lot of money as these practices are costly to maintain, but they allow EMS to concentrate on what it does best.

## **Outcomes of restructuring**

The decline of the systems integration work, the decision to focus fully on recruitment, and the closure of EMS Ltd had several employment effects. Four employees were made redundant and one of the three owners decided to leave the company. The remaining six employees, including two owners, were given the choice to join the recruitment side or continue with the declining systems integration work. Two employees continued with systems integration, but as all work dried up one of them joined the recruitment side and the other one got a position through the recruitment business. With the remaining five staff, Technical Personnel Ltd hired a new recruitment consultant reflecting its focus on recruitment services.

The management took a number of actions as a result of internal reorganisation within the company, the closure of EMS Ltd, and the increased focus on recruitment. This included changes to premises, financing and work organisation. In 2009, the company moved into a smaller office to reflect the smaller, permanently employed workforce. It decided to change its bank and to implement an invoice finance facility. This costs an annual fee of £20,000 (approximately €26,000), plus a charge of 2% above base rate for sums drawn down on the facility, so it is expensive but vital. All contractors now submit a time sheet every week and EMS pays them whilst invoicing the client. Because clients can take 30–60 days to pay, invoice finance provides the funds to pay salaries on time every week. Moreover, payments to contractors have been outsourced to another company. Having all these back office facilities in place allowed EMS to focus on recruitment and the expansion of the business from a turnover of £3.5 million (approximately €4.5 million) in 2009 to a projected turnover of £8.5 million (approximately €11 million) in 2012.

In 2010, the company focused more on the promotion of recruitment services. Previously, it was sending out mixed messages. People in the industry knew EMS as a system integrator and also as a recruiter. The sole focus of the company on recruitment had to be clearly communicated to prospective clients. Its unique selling point is industry knowledge: it knows the best contractors. The message was communicated through the new website, new corporate identity, new stationary, advertising in trade journals and by attending trade exhibitions and meetings. Consequently, the size of the business has grown from recruiting (contracting) on average 45 people in 2009 to 92 in 2011 and 140 in 2012.

EMS has also introduced changes to the payment system. Recruitment services differ from systems integration and so the company decided to set targets and a bonus scheme for its employees. The recruitment consultants receive a bonus if they reach the target. As a result, they became more sales oriented. This change was instigated by the external business consultant who proposed that the company offers financial incentives to staff in order to increase sales.

In 2008, turnover and profits were strong. Both 2009 and 2010 were also good years: turnover increased but profits remained stable because of the investments and changes made in the business. Turnover in 2011 was over £5.5 million (approximately €7 million) and profit approximately £145,000 (€185,000). In 2012, the intention is that the turnover goes up to £8 million (€10.3 million) and profit will be £500,000 (€640,000). At half year point the company is on course for this. Its overheads stay roughly the same. Mr Casey interprets turnover growth to be a result of employing staff who focus exclusively on recruitment. Previously, in 2008/9, recruitment was mostly his personal responsibility in addition to doing other things.

Alan Hatvany, recruitment consultant, joined EMS in 1995 as a draughtsman, and worked on systems integration as a designer for projects with large broadcasters such as Channel 4 and ITV. When the company introduced recruitment services and the systems integration closed, Mr Hatvany was offered the choice to move into the recruitment side of the business or to be sent out on contract through EMS Technical Personnel. He decided to become a recruiter in late 2008. Mr Hatvany felt that while he might not have the right personality for the job he understood the industry and the market well, which is a great advantage. Moreover, following his transfer into recruitment, he underwent recruitment training in 2011. This was a very intense three-day course where he learnt a lot of new recruitment techniques and ideas which he brought back to the team.

Switching from systems integration to recruitment has been a positive experience in terms of financial rewards. He feels the company has benefited from the change: as a recruitment agency it is not subject to as many highs and lows as it experienced previously and is more profitable.

## Commentary

The case study of EMS Technical Personnel Ltd is an example of a company that was able to realise the shortcomings of its business model on time and identify new market opportunities that would keep the business afloat. EMS originally started as a small group of engineers providing systems integration services to the broadcasting industry. Mr Casey, the owner and director of EMS, had initiated major restructuring of the company by setting up a recruitment business to run along the existing systems integration services. Despite being an engineer with little experience of business management, he has been the driving force behind the efforts to diversify into recruitment. Eventually, EMS Limited, which was no longer profitable, stopped trading. The focus of EMS Technical Personnel Limited is fully on the recruitment of broadcast engineers and professionals. Consequently, the company has grown and currently has 140 contract staff working for clients, which outstrips its targets for 2012.

The company has expanded into the post-production and operational areas of broadcasting and its long-term strategy is to expand the business further. With hindsight, Mr Casey would like to have implemented the changes earlier; he held back on this decision because of loyalty to staff and the fact that he would have to make a number redundant. He feels that the advice and support received from the business consultant has been invaluable and would highly recommend such professional help to anyone wishing to start a business.

Besides the implemented changes, EMS Technical Personnel has benefited from being in the industry that is going through a 'boom time'. With the rise of the new technologies such as high definition and 3D, there is a lack of expertise in the industry. The company has been able to complement this with its services.

## Authors

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## Information sources

### Interviews

Dermot Casey, Owner and Director, EMS Technical Personnel Ltd

Alan Hatvany, Recruitment Consultant, EMS Technical Personnel Ltd

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<http://www.ems-tp.com/>

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