

Business Matters

Strategies for managing your business



Please note HWI Limited will be closing down midday December the 23rd and reopening 24th of January. Please phone (09)3078500 to hear the phone directory including mobile numbers if you require assistance during this period.

We would like to wish you a very Merry Christmas and a prosperous New Year.

Speaking with your customers

The days of one to many marketing are coming to an abrupt halt.

Now it's all about many-to-many, where the audience (or your potential customers) are participating in a more holistic brand experience. This is known as Integrated Marketing Communications, or IMC.

Most businesses are taking IMC on board as it provides an effective and efficient communications strategy that speaks to a wider audience through various channels. It's about being creative and consistent: driving one brand message throughout the various platforms whilst harnessing each platform's inherent advantages.

Traditional one-to-many communication, such as newspaper advertising, is becoming more and more obsolete as consumers are demanding a more participatory communication through which the benefits of the brand are experienced rather than told.

IMC integrate public relations, advertising, social media and other communicative elements into one communication objective. For example, instead of seeing your television advertisements as separate forms of communication, they now

represent one element of your entire strategy. Television advertisements may prompt the audience to your online platforms through which they can learn more about your brand.

IMC includes public relations practices such as event sponsorships and event marketing. For example, you may be a business specialising in sports jerseys. Your target market is local sports clubs. Therefore, your brand image may be family, affordability and community. Sponsoring local club events like charity draws may be a good way to solidify your brand image, whilst promoting customer participation.

They key is to pin point your brand image and adapt that image to the various communication outlets. For example, if your business sold computer parts you would want your brand image to reflect a sense of technological innovativeness or forward thinking. Your website should link to social media platforms such as blogs or Facebook, through which your customers can engage in a two way dialectic with your brand.

However, it is important that the communication is simple and straightforward. Audiences are bombarded with a myriad of messages each day, so something concise is more likely to resonate successfully than something cryptic and convoluted.



HWI LTD

PO Box 99858,
Newmarket Auckland 1149

•
TEL 09 307 8500

•
FAX 09 307 8505

•
E-MAIL
hwi@hwi.co.nz

•
WEBSITE
www.hwi.co.nz

•
DIRECTORS
Cal Rogers
Chris Henderson
Kevin Wilson

•
Accounting
Auditing
Taxation Advice
Business Planning

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CHARTERED
ACCOUNTANTS

Turn your business green



Today's consumers are becoming more selective when engaging with businesses, choosing those with a cleaner environmental conscience.

Building and retaining a green approach is said to be a major factor involved in gaining customer loyalty.

Going green is a proactive approach to social and environmental responsibility that can help boost your business's brand image whilst creating financial savings in the long run.

Cheaper energy solutions that rely on sustainable resources include solar and natural gas power. The initial installation is your biggest cost, however once in use you will notice even bigger savings!

Of course a total green makeover takes time and sound planning so, here are a few small steps in the right direction.

1. Discard unnecessary and useless energy drainers. This includes office equipment such as fax machines and landlines and outdated practices such as mailing. All these can be substituted for digital and mobile technologies.

2. Switch to energy efficient light globes. If you can screw in a light bulb you can certainly screw in an energy efficient one.
3. Switch off your computers when leaving the office. This is a simple step that not only reduces your energy bill, but increases the life of your computers.
4. Instead of using styrofoam cups and plastic cutlery, store reusable cutlery and ask your staff to bring in their personal mugs from home.
5. Install low water usage facilities. This includes (when necessary) washing machines, dish washers, taps, shower heads and toilets.
6. Recycle! It's been drilled into us since childhood however, it is still neglected by many businesses! Consider recycled paper or refilling rather than replacing ink cartridges.

Do some research online. There are plenty of businesses who have followed this trend and proudly broadcast their tricks for the use of others. In addition, there is an entire plethora of small companies who specialise in eco-friendly office equipment.

In the end it's simple a matter of applying creativity in devising methods that will turn your business environmentally friendly and socially aware.

Business records are vital

For businesses operating in a fast paced and dynamic environment, the task of keeping records can fall secondary to everyday business operations. However, failing to efficiently keep up-to-date and comprehensive records can hurt your business's long term operations.

Probably the most important reason behind sound record keeping, is gaining knowledge into the intricacies of your business. Keeping your records in check will help you understand the current climate of your business and also project future profit or losses.

In addition good record keeping will also show you where your business needs improvement or re-invention, whilst arming you with ammunition to gain that all-important loan for expansion.

The following five points are a few vital areas to consider.

1. Financial Statements: keeping accurate and up to date financial statements will help you at a time of lending applications. These finances include income statements as well as balance sheets. A balance sheet shows assets, liabilities and the equities of your business at a specific date.

2. Purchases and expenses: are the items you buy and sell to your customers and the costs of running your businesses. Supporting documents for both of these include invoices, email records, credit card slips, cancelled cheques, cash registrar tapes and account statements.
3. Deductible expenses: at tax return time it's handy to have an assortment of receipts and documents that outline your deductible expenses. This includes travel, transportation, uniform and entertainment for example.
4. Identify the source of receipts: you need the information of the source of your

receipts to separate business from non-business receipts and taxable from non-taxable income.

5. Assets: are the properties that you own and use in your business. These records verify information regarding your business assets, such as when and how you acquired these assets. They will also help you to determine the annual depreciation when you sell the assets. Examples of these records include purchase or sales invoices and real estate closing statements.

Whatever your business is, take the time to strategise an efficient and long term way to organise your records.



A positive work environment

Your business is only as successful as its staff, for a train will not run on time if all engine parts do not work together.

Therefore, it is of utmost importance that you develop a positive work culture in your business. This requires thinking beyond the individual and focusing on the concept of 'team work'.

Here are several ways in which you can motivate your staff as a collective group to work successfully in the name of your business.

1. Hiring motivated staff

This is the first and most important step, which can be easily controlled in the interview process. Remember to hire a person based on their attributes and their previous work experience.

It is important that you remain professional and prevent the overriding encroachment of personal judgments.

2. Motivation starts at the top

You must employ a 'team leader' or a manager (this may be you) that has the qualities necessary to keep the train moving. They must exude both strict and compromising qualities. Look out for a balance.

3. Establish clear goals for the team

A team needs direction and goals to establish a sense of achievement once they have been reached. Goals can be established on a monthly, weekly or daily basis.

4. Set out clear rules

This not only applies to ethical issues such as personal conduct at work, but



also to cleanliness. If these rules are laid out firmly from the beginning there will be no ambiguities and therefore no excuses.

5. Develop healthy competition

Even in a team environment it is effective and important to reward individuals. Within the framework of clear goals, good performance should be recognised and rewarded. Rewards can be determined in team meetings: this way everybody is aware of them and are in agreement that they are worth working towards.

6. Conduct regular meetings

These meeting should couch the participation of staff in the operation of your business. Any issues, ideas or motivation strategies should be put forth in this arena. This will establish a sense of pride in the staff and provide you with a fresh outlook.

7. Create a buddy-mentor strategy

This is most effective for new employees. Rather than throwing them in at the deep

end, pair them up with an experienced staff member in their particular field. This is less intimidating and can save time in the learning and training process.

8. Have training workshops

Within a rapidly changing technological and business environment, it is important that your staff is proficient in the associated new practices or skills. Hire a professional if need be and dedicate time to teaching and easing your staff into these new territories. It will pay itself off in the long run.

9. Conduct regular one-on-one performance and career discussions

Herein managers should inform individual staff members of the progress and areas of strength and/or weakness. Managers need to be productive and helpful. If there are any areas of the individual's work that need improving, a manager should have a clear solution available.

As the old idiom goes, "a chain is only as strong as its weakest link"; developing sound motivation strategies for the benefit of a team is a step to success.

Successful tax plan for your credit rating

According to a Government proposal, the credit rating of individuals and businesses could take a beating if your tax plan is overdue.

The proposal is said to reach parliament by early 2011, and businesses and individuals must start ensuring that appropriate measures are taken towards the maintenance of a clean tax record.

Any individual or business tax debts will be communicated to applicable credit reporting agencies in a move to improve tax payer

compliance and reduce overdue tax debts, which reached just over \$9 billion at the end of June 2009.

Another intention of the new proposal is to assure those groups with shining tax records that the non-compliance of others is not going unnoticed.

The proposed change may be limited to 'significant' debts and will be enforced after the debtor had been notified of intentions to alert credit reporting agencies. In this act of generosity the debtor is given a last chance to pay his or her debts.

However, if debts are not paid and the credit reporting agency is notified, creditors of the individual or the company owing tax could use that information potentially against the debtor.

This is good news for lenders who will have access to additional information that can help them to assess the risks associated with lending to a particular individual or company.

The message being communicated to individuals and businesses is clear. For those entrepreneurs that have intentions of applying for future loans, keep a clean tax record for a successful acquisition.

Budget Changes affect FBT and ESCT



From the 2010 tax budget come changes that affect a broad spectrum of tax areas. One such area is fringe benefit tax (FBT) and employer superannuation contribution tax (ESCT).

For FBT:

Whether you calculate your FBT against single or alternate rates, both rates are changing in response to budget changes.

The single rate is changing from 61% to 49.25% from the quarter ending 31 December 2010.

As from 1 October 2010, for quarterly filers the single rate similarly changes from 61% to 49.25%. In comparison the alternate rate will change from 49% to 43%.

However, for annual or income year filers not using the alternate rate calculation, the FBT rate for 2011 has change to 55.4%.

These rates will likely change for the 2011-2012 year so businesses have been advised to seek information prior that year's lodgement.

For ESCT:

Although the ESCT flat rate remains at 33%, new rates apply if you are paying ESCT based on your employee's salary or wages plus gross employer contributions.

The new rates apply from the first pay package that ends on or after 1 October 2010.

It is best to consult your accountant for more information regarding the exact rate changes being implemented.

A great read

Execution: **The discipline of getting things done**

Authors: Larry Bossidy and Ram Charan
Crown Business, 2002

There is a big difference between promises and deliverance and as a business owner this difference should never come to play. This book enlightens us on how to close that gap and deliver on all business promises for business success.

Larry Bossidy is responsible for transforming company AlliedSignal, into a major success leading to his being named CEO of the year in 1998 by Chief Executive magazine. Ram Charan is an advisor to senior executives and boards of directors and with his experience, he provides solid insight to reasons behind the success or failure of businesses.

This book will help you to master the practice of execution and understand how to link together people, strategy and operations into three core elements in every business. Taking a hold of these elements is the key to 'running' the business as opposed to having visions which never come to play.

Execution: The discipline of getting things done, details the realities of hiring the right staff and directing that staff upon a team building strategy that is in sync with the realities of the marketplace, the economy and the competition.

Execution: The discipline of getting things done, is the perfect tool for transforming winning strategies into genuine results. Larry Bossidy and Ram Charan offer a compelling leadership prescription that comes down to realism, discipline and great execution!

WEB WATCH

ESSENTIAL SITES FOR BUSINESS OWNERS

www.marketing.org.nz

This is a great site for updated news concerning all marketing trends and events.

www.businessknowhow.com

A great resource for business ideas and tips for success!



REMINDERS FOR YOUR DIARY

OCTOBER

28 GST return and payment due

NOVEMBER

21 Employer deductions (IR 345) form and payment due and Employer monthly schedule (IR 348) due

29 GST return and payment due

DECEMBER

21 Employer deductions (IR 345) form and payment due and Employer monthly schedule (IR 348) due

JANUARY

17 GST return and payment due

Provisional tax instalments due for people and organisations with a March balance date

We are sometimes asked if we are able to help additional clients. We are a growing firm and do appreciate your referrals. We consider it a compliment when you recommend us to your friends and business contacts.