

## Merry Christmas



Well how quickly the year comes and goes and I always ask myself, did I achieve my goals? Did I have some fun, more importantly, did I create some good memories. I really think I did, therefore it was a great year.

HWI had a great year and we really hope you did too. It was not without its problems, but we worked hard to find solutions to those problems. We made progress by working towards our clear vision with our people.

With some time over the Christmas break why don't you find yourself a quiet spot with a pen and a blank piece of paper and prepare **Your business vision for 2008.**

There are 9 excellent reasons to share your vision and you may be convinced that you are going to do it. Here are our tips to help you effectively share your vision and inspire your team to take the transformation journey in 2008 with you.

### SHARING YOUR VISION TIPS

1. Plan - before you tell your team anything:
2. Decide on your objectives
3. Prepare for reactions
4. Schedule the time to tell others
5. Write your "ad"
6. Practice your "ad"
7. Check
8. Call to action
9. Remind your team

2. Decide what benefits do you want to achieve in telling others about your vision? Some benefits might be getting your team excited; getting support; getting team members to offer assistance etc. You will also need to decide on the reaction you would like from your staff members. This will help you tailor your message when you come to write it

3. Prepare. You are likely to receive a range of different reactions to your vision and you should be prepared for each. Think of all the likely questions and reactions you will receive and prepare your own responses to each. If they do come up when you share your vision, your preparation will help you respond clearly and concisely

4. Schedule. Put time aside to share your vision with your team. Avoid doing it in a rush or at a time people want to leave or are distracted with other matters. Sharing your vision is important and the time you do it should be given suitable status

5. Write. Telling others about your vision is like broadcasting a commercial - you need to get your message across succinctly and clearly in a fairly short period of time. Rather than "winging it" write your vision so that it takes no more than five minutes to tell others about it. Of course you can then spend more time going into detail but create interest with a short "ad" that covers:

- a. A broad overview of what you want to achieve
- b. Highlights such as new premises, an expansion or income target
- c. Positive aspects like more staff or improved systems
- d. Why this vision is important to you  
What's in it for them?

6. Practice how you want to tell others about your vision. This will help you clarify any points that are still a bit unclear

7. Check. As you practice, check to make sure you are achieving the benefits you decided on in Step 2. Is what you are saying going to get your team excited? Offering support? Volunteering to be involved?

8. Call to action. Once you share your vision with your team, call them to action and let them know exactly what involvement, assistance or support you are expecting from them. This step is very important as it lets your team know that you are expecting them to be part of the journey

9. Regularly remind your team of your vision and make sure it is prominently displayed in your office. The easiest way to lose sight of your vision is to file it in your bottom drawer - make

your vision a "living" document that is part of your every day operations

## Avoiding Succession Problems

As there are going to be a large number of 'baby boomers' who wish to sell their businesses over the next 5 to 10 years, it is prudent for people contemplating selling their business in that time frame to start planning for succession now.

When a business is listed for sale, buyers will not just want to look at the current financial year's results, but will want to look at the previous 3 to 5 years' results, to ascertain what they consider is a realistic trend for the business and then calculate future maintainable profit on which they are prepared to base their offer to purchase the business. Therefore, the improvement, which can be made to the financial performance of the business, now could well affect the ultimate sale price of the business, even if it is in 3 to 5 years time.

Various experts are predicting that there will be more sellers than buyers of small businesses over the next 10 years. In all probability it will become a buyers' market and therefore the implementation of an effective succession plan strategy at the earliest opportunity should ensure the best possible price for individual businesses. Buyers will not pay more than market value for the business.

Questions that a seller needs to consider are:-

- Do you sell or pass the business to the next generation?
- Is there someone within the family that wishes to take over the business?
- Do they have the necessary management skills?
- Will they buy the business?
- What effect will the decision to either give or sell the business to a family member have on other family members?

There are many problems connected with effective succession within a family. Planning can help overcome many of these problems, but early in the succession planning process, key questions need to be answered:-



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- Do you need to sell the business to fund your retirement?
- Is there someone within the family who would like to take over the business?
- Can that person afford to buy the business, especially if you need to sell the business to fund your retirement?
- Is there a competitor or another businessperson you know who would like to buy your business?

There is a lot of thinking and planning to be done, but the issue will not disappear. Effective planning now could mean improving the capital receipt from the sale of the business in 3 to 5 years' time.

## What's It Mean?

**Current Market Value** ... is the value of assets expressed at current values as distinct from the value of fixed assets contained in most balance sheets which are effected at the original cost, which is known as the "historical cost", for the acquisition of the fixed asset.

**Debtors** ... are the amounts owed to the firm by customers in the form of regular accounts for services rendered or goods supplied.

**Debtors' Days Outstanding** ... this is a means of checking customers' payments against the business' credit terms. Calculated credit sales divided by 365 = average daily sales. If the business' stated terms of trade are payment within 30 days, this means debtors should be 30 times the daily sales (allowing for extraordinary/large one off sales).

### Holiday Hours

The office will close on Friday 21 December 2007 at midday and re-open Monday 14 January 2008. Some staff will be available from 8 January 2008 - Phone Chris Henderson on DDI 307-8507.

**HWI CHARTERED  
ACCOUNTANTS  
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## GST Return

The GST returns for the period ended 30 November 2007 are due to be filed no later than 15 January 2008. We request that all GST returns to be prepared by HWI Limited be forwarded, along with the supporting documentation, to our offices no later than 17 December 2007 to ensure that the returns are completed by due date.

## PPSR

The Personal Properties Securities Register (PPSR) was implemented in New Zealand in May 2002. The closure of the transitional period from the previous registers in October 2002 saw a number of securities being registered at the last minute. The maximum term of registration on the register is 5 years, hence a significant number of Financing Statements expired in October 2007.

The Companies Office Website ([www.ppsr.govt.nz](http://www.ppsr.govt.nz)) provides free tools to help you to identify Financial Statements that are due to expire and guides you through the renewal process.

## Term Deposits

The income relating to a financial arrangement (such as a term deposit) for trusts, companies & non cash basis individuals must be spread over the term of the investment unless certain conditions are met. One of these conditions is where the individual meets the cash basis conditions;

- Income and expenditure under all financial arrangements for the income year does not exceed \$100,000 or
- The value of all financial arrangements on every day of the income year does not exceed \$1 million

Where these conditions are not met an accrual is required to adjust for interest earned up to year end. This accrual can result in timing complications for Resident Withholding Tax.

If you do not meet the cash basis conditions and you have investments maturing between now and March 2008, we suggest that you consider reinvesting with a maturity date just prior to 31 March 2008. This will avoid the RWT timing complications.

## The Rich & Famous of NZ Join HWI's Directors for some serious advice



helping with your business is our business