

Better Business

Strategies for managing your business



Accountants 
First

Start 2011 on a positive note

After another year of global economic uncertainty, businesses will be looking to make 2011 a more positive and stable year. Here is a list of five simple steps that can help you begin and maintain a successful new year for your business.

Positivity and motivation: It is important to start the new year by identifying and addressing any lingering business concerns you may have. These could be over-work, disappointment in your achievements in 2010, a lack of motivation, an uncertain direction or a lack of creativity.

If you are feeling uncreative, plan a new direction, hire new people or consult someone from outside your business. However, if you are exploring new business directions, it is always essential to remain focussed on your core business and your regular income stream.

Plan ahead: Motivate yourself and build confidence for the coming year by reaffirming and recommitting to your business goals. Take some time to analyse and prioritise your specific business aims for the year ahead.

With these goals in mind, create a comprehensive, but realistic and achievable, plan for the coming year. This planning process is essential for ensuring continued business development and success.

Take a break: It's a new year, but it's also summer. While it's important to commit to your business, it's also essential not to over-work. Many business owners are reluctant to leave their business, even for a short time. Consider making it one of your new year goals to give yourself vacation time throughout the year.

Summer-time also sees some business interactions move to more social occasions, outside the business. Barbeques and other summer social events can present business opportunities, particularly for networking.

Go greener: Consider the ways your business could be more environmentally friendly. There are some simple steps you can take to improve your internal business practices, including reducing waste, using eco-friendly products and turning off electronic equipment.

An environmentally positive approach can also become a profitable part of your business strategy and marketing. It may be possible to offer 'green' products or services to your customers. This creates a positive public image for your business and helps you to stand out among your competitors.

Acknowledge and build your team: To achieve success in your business you must develop, maintain and grow a strong team. Acknowledge the work of your employees, and reward them for their efforts with a good working environment and competitive salaries.

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Learning new business strategies

For small business owners and entrepreneurs it is always important to keep learning and to keep up-to-date with current business trends. Here are some lessons to help small businesses stay relevant and survive in the current economic environment.

How customers find businesses

Potential customers no longer only search for businesses in The Yellow Pages or by using an online search engine. It is now just as common for customers to search for the nearest business using a mobile phone map.

There are several websites that provide free listings, which appear when customers search for nearby businesses. The most common places for these listings include Bing Local and Google Places. These sites allow business to provide information

about services, products, business hours, contact information and special offers.

Cloud computing

Cloud computing may represent a way to overcome any business functions that are inefficient and costly. This internet service is considered a cost effective and productive tool for small businesses. Cloud computing can be used to manage e-newsletters, payrolls and in-house email.

Business plan presentation techniques

If you are looking to find investors and make money, it is essential to consider how to effectively present a business plan. Investors are now more likely to want to see a short electronic slide presentation before a written business plan. Carefully consider the information included in these slides and learn how to use digital media to achieve the desired impact.

Social responsibility

Business owners and entrepreneurs may have goals beyond making money. The

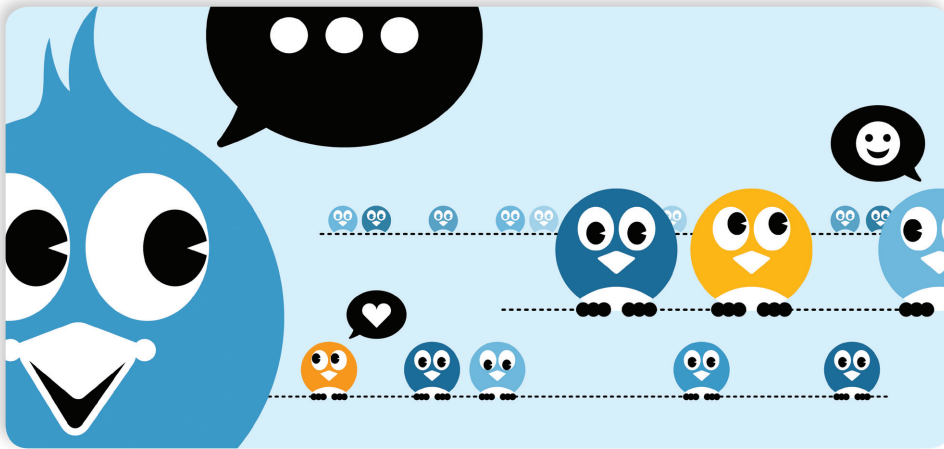
'triple bottom line' refers to striving for a positive outcome for the planet, people and profits. It is important for business, whether large or small, to consider their social responsibilities and how their business practices impact on the environment. Many businesses are now seeking ways to be more sustainable and to contribute to the community.

Go global

In today's globalised world, it is possible for any business to become a global enterprise. In many situations, it is more profitable, simpler and more efficient for a business to have global connections. Consider offering services and products globally, or hiring workers and agents overseas.

There are some other ways to become a global company, including finding global suppliers, partners or manufacturers. Becoming a global entity can help a business expand, while also contributing to its continued local growth and success.

Business, marketing and social media



Business owners often aim to increase their marketing and grow their business. However, many fail to achieve their marketing goals. Creating a realistic marketing strategy should be an integral part of your annual planning process.

While planning, you might consider the constantly developing use of online social media for marketing. Many businesses are now turning to online social networking to make greater profits.

It is possible to use social media websites, such as Twitter and Facebook, to connect with potential customers and provide information about your business. This form of marketing can work, but it's not always easy, and requires time and forward planning. Here are some simple points to consider if

you are looking to utilise social media for business purposes.

Free social media is not completely without cost:

Most social media websites, at their basic level, are free. Therefore, if used effectively, social media marketing can create a significant amount of profit, for minimal cost. However, this marketing does require a significant time commitment. You may have to hire someone to manage this aspect of your business or train your staff in social media skills.

Establish your goals:

The goals of social media marketing are likely to be: finding new customers, generating sales and increasing profits. Further uses for this form of marketing include developing a brand, engaging with customers and ensuring customer loyalty.

Define a niche:

Focus on your specialities and location when developing a social media marketing strategy. If you have a clearly defined speciality it is usually much easier to develop a following online. As with traditional advertising, it is essential to identify and tailor your message to your target customers.

Twitter, Facebook and beyond:

While Facebook and Twitter are useful marketing tools, it may be beneficial to look beyond these more well-known websites. For example, you could create an online community, such as a Yahoo group, for your customers.

Location and focus:

You must get your marketing message to your customers' preferred sites, rather than expecting them to find your business. Choosing one primary means for spreading your message, while using secondary channels to redirect your customers to your main channel, may be the best strategy. For example, it is possible to create a blog and use Twitter to redirect your customers to it.

Commit:

Social media marketing requires a significant and sustained commitment. You must contribute to your social media sites consistently in order for them to be successful. This form of marketing involves being diligent, smart and maintaining your engagement with customers.

New look-through companies



The Look-Through Company (LTC) is a new tax entity created by the government to replace Loss Attributing Qualifying Companies (LAQC), in their overhaul of the Qualifying Company rules.

The government announced that they wished to review the current tax rules in relation to LAQCs on 15 October 2010. Although the alterations seem complicated, there are benefits for taxpayers and transitional provisions are in place.

A LTC is a transparent company entity only for the

purposes of income tax. The company must be a New Zealand tax resident, consist of five or less shareholders and have only one class of shares. All profits and losses of a LTC will be attributed to shareholders in accordance with their shareholding interests. If losses occur, the shareholder will be able to claim those losses and offset them against other income, only if the losses do not exceed their "membership basis".

To alleviate some of the stress, the government has set-up transitional rules that allow existing LAQC's to transfer into the LTC regime at no tax cost.

If an LAQC exists, there are four options for the shareholders. The LAQC status can be revoked and the entity can become an ordinary company. The company can be restructured so that it is a limited partnership or sole-tradership. The LAQC can be transitioned into the LTC regime over six months. Or the company can do nothing. If the LAQC does nothing, then the company will remain an LAQC but lose the possibility of losses being attributed to shareholders.

There are benefits to making a company a LTC. For example, shareholders will be able to take an active role in managing the LTC while retaining limited liability. Nevertheless, shareholders in an LAQC should seek specific advice before making any long term decisions.

Company tax rate

The company tax rate will fall from 30% to 28% from the 2011–12 income year. For most companies, this will apply from 1 April 2011.

Employment reform

Late last year, a number of employment reforms were passed that will have a wide ranging effect on workplace relations. The amendments are intended to promote flexibility and choice for employers and employees.

Employment Relations Bill

The most significant of these changes is the introduction of a 90-day trial period for new employees. During these 90 days, the employer may dismiss the employee without them having a right to a grievance complaint, but only if all legislative requirements have been followed precisely.

These requirements vary, but it is important that the employer be constructive and communicate during the employment relationship, and that the employees not have worked for the employer beforehand.

In addition, every employer will be required to keep a copy of signed employment agreements from 1 July 2011. Failure to produce a copy of the agreement can result in a fine being imposed.

Also significant is the new test that the Employment Relations Authority will apply

from 1 April 2011, in determining whether the dismissal of an employee was justified. The test is what a "fair and reasonable employer could have done in all the circumstances", thus widening the factors that may be taken into account.

Holiday Amendment Bill

Under the Bill, Average Daily Pay has been introduced, a formula for calculating leave and holiday entitlements for those whose hours of work and pay vary. Employees will be allowed to cash up a week of leave and even to transfer the observance of a public holiday to another day.

These changes will take effect on April 1 2011. However, the provision of the Bill that relates to the treatment of holidays and the "close down" of work, namely that the employee is entitled to be paid for the public holiday if it is an otherwise working day for the employee, takes affect immediately.

The government hopes that these changes will introduce more coherence into industrial relations. The approach of the government will assist smaller businesses that do not have intimate knowledge of employment law.



Getting the best out of staff

In times of financial uncertainty, many businesses have to operate with fewer staff. It is important that these staff members are enthusiastic and valued members of the team; after all, employees are the most important asset to a business.

There are a number of ways you can create a working environment that gets the best results out of staff.

Performance reviews

Performance reviews are a good way to develop a constructive relationship with staff members. You don't want the process to be antagonistic, so apply the same performance criteria to all employees. Be fair and encourage your employee to evaluate themselves. It is a good idea to concentrate on what you and your employee can achieve in the future, that way they will feel more invested in your business and will be happy to come to you with suggestions for improvement.

Special training

Offering specialised skills training to employees will motivate them. If you can train your own staff, then they will know what is expected of them and understand more completely your business model and standards.

Encouraging leadership

Delegate! Allowing your employees to take ownership of projects they are involved with will give them a sense of pride about their work. You should orientate your staff so that they understand the way that you approach problem solving. Allowing employees to take on leadership roles within projects will empower them and they will become more vested in their work.

These are just some of the ways you can make your staff your most valuable asset. Confident and responsible employees will get you the best return.

A great read

The One Page Business plan
Author: James Horan

An effective business plan is essential to every business owner and entrepreneur. However, many fail to create a business plan that works. This is often because traditional business planning is considered too complex or time consuming.

The One Page Business Plan was inspired by James Horan's extensive work and experience with advising entrepreneurs, who required a fast and effective approach to business planning. It is clear that Horan is an experienced and authoritative business advisor. He is a successful entrepreneur and small business expert, who worked as a senior financial executive before starting his own company in 1990.

His book draws on all of this knowledge and experience. It provides a condensed and simplified summary of the processes and steps every entrepreneur and independent professional needs to take in order to start up or reinvigorate a business.

The book has a straight-forward and easy to understand approach. Horan has specifically designed it to help business owners overcome any concerns or past failures they've had in creating a business plan. He includes useful graphics and visualisations as part of his step by step guide. This all works to help business owners get their ideas into writing and create concise, effective and clear business plans.

Horan's book is a valuable resource, providing all the essential tools for building and managing a business in today's economic environment. The One Page Business plan takes the apprehension out of creating a business plan, and makes the process approachable, time-saving and simple to achieve.

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.

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www.mckinseyquarterly.com

Offers practical ideas based on the firm's experience and contains detailed resources for businesses of any size.



REMINDERS FOR YOUR DIARY

MARCH

- 1 GST return and payment due
- 22 Employer deductions (IR 345) form and payment due and Employer monthly schedule (IR 348) due
- 29 GST return and payment due

APRIL

- 5 PAYE employer monthly schedule (IR 348) due for large employers.
- 7 FBT return (IR421) and payment due for employers (with tax agent) with balance dates between 1 March and 30 September (if payable on income year)
- 20 Employer deductions form and payment due
Employer monthly schedule due

MAY

- 9 GST return and payment due
Provisional tax instalments due for those with a March balance date