

PROFIT OPTIMISER

Profit Optimiser is an easy to understand, financial modelling software program to provide a critical financial analysis of your business. If we feel unwell or in need of a "tune up" we go to a doctor for a Health Check, this software does the same thing. It allows us to diagnose your business and offer recommendations and solutions to potential cash flow and profit issues, whilst maintaining a focus on the overall improvement in financial performance.

Profit Optimiser is for all types of businesses as it provides a macro review, once the issues are identified they can be analysed at a micro level.

In short, some of the many benefits you receive are:

- uncovering the possible causes of current / possible financial difficulties.
- Plotting future directions through goal seeking analysis.
- Creating projections, discovering solutions and averting potential disasters with graphical "what if scenarios" such as - *how can I improve cash flow from a negative to breakeven and have the answers in a second?*

Some of the favourable comments we have received from clients following these reviews:

- "I have been wanting this from my accountant for years"
- "now we have a much clearer picture of where we are heading"
- "great, now we know what we need to focus on to turn our business around"
- "can we book a follow up review next quarter to review our progress"

Profit Optimiser reviews take around one to one and a half hours. We recommend the reviews are performed on a quarterly basis so any issues can be picked up during the year and results can be monitored and plans changed where necessary.

We are really excited about this new software and feel it is the best advance in accounting since double entry!

If you missed our breakfast seminar on **Profit Optimiser**, please contact Sally at our office to enrol in one of our after 5pm seminars.

REDUCING COMPLIANCE COSTS FOR SMALL TO MEDIUM ENTITIES (SME'S)

The government are currently looking at a number of proposed changes to reduce Tax Compliance costs in the Government Discussion Document released in December 2007.

So what has been **PROPOSED?**

1. RAISING THE THRESHOLDS!

Some examples are:-

- PAYE once a month filing from \$100,000 to \$250,000. Employers will need to file for PAYE only once a month where their total PAYE and SSCWT deductions for the previous year were less than \$250,000. It is estimated this change would affect 96% of employers.
- GST registration – Increasing the turnover threshold from \$40,000 to \$50,000. It is estimated this change will allow approximately 24,000 taxpayers to exit the GST base.
- Low-value trading stock. Currently businesses with a turnover of \$1.3 million or less in a year that reasonably estimate their closing stock is worth less than \$5,000 are not required to calculate its value at year-end. This threshold may increase to \$10,000.

2. ENTERTAINMENT & LEGAL FEES

The government may introduce a \$ threshold for deductibility, rather than the current complicated rules associated with these two deductions.

We think these are fantastic ideas and will let you know if and which of the above proposals are accepted by the government.

FREE TRUST SEMINAR

Are you confused about Trusts? Would you like to protect your assets? If so come to our **FREE Trust Seminar** on the **13th of May at 5.30pm**. Please contact Sally at our office if you have not already registered.

ACCOUNTING & BUSINESS EXPERTS

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MAY 2008

DEAR FRIENDS

I was wondering the other day why some people seem to be able to see opportunities, then seize those opportunities and then carry them to fruition and why most of us do not!

The reason is of course that we must get out of our **COMFORT ZONE** to make these new and exciting things happen!

It is far easier to do the things we have always done – however the corollary to that is we will always get the same results that we have always got!

It is a two edged sword is it not? Are you prepared to carry on doing the same old things over and over again until you die of boredom?

We must all take risks. Humans are natural risk-takers. When we were all hunter-gatherers we had to eat and clothe ourselves!

So why do we hesitate today to go out and jump in the deep end? Why have most of us become averse to risk?

The next thing to do is to look back on your life and review some of the decisions you have made to see if you have ever taken a **BIG GAMBLE**. What was the result? Victory or defeat? Good or bad?

If it did not turn out the way you wanted it to, what did you learn? Even the good decisions – what did you learn from them?

The more grey hair (or grey hair coloured by some exotic concoction!) we have, the more wisdom we accumulate! Which in turn means – theoretically at least – that we can make better decisions because those decisions are based in part, on past experience.

Yet western society now denigrates those who have that wisdom.

Conversely, those younger, often have more vision and the ability to communicate that vision to other people!

So what is really the common thread in all this?

If you are positive, enthusiastic and motivated it will not matter what age you are because you will have vision and you will be able to see and take up some of the opportunities that pass you by each day!

With our best wishes

Don, Cheryl, Sally, Jeanette, Heather, Anna, Lee & Sarbi

ARTICLES

▶ HOW TO USE OTHER BUSINESSES TO BUILD YOUR BUSINESS

▶ STAFF ARE VITAL TO YOUR BUSINESS

▶ HAVING INSURANCES DOES NOT ALWAYS MEAN A CLAIM

▶ PROFIT OPTIMISER

▶ REDUCING COMPLIANCE COSTS

▶ FREE TRUST SEMINAR



HOW TO USE OTHER BUSINESSES TO BUILD YOUR BUSINESS

Here's another fantastic strategy for you to generate goodwill, attract new clients and build your business. It was devised by a lady who owns a very successful coffee shop but it can be used by any business.

She asked other businesses in her area to donate prizes for a competition that she planned to run for the customers on her database. This was a great opportunity for those companies to get exposure to a whole new database of customers whom they may not have had as customers. All of the businesses she asked were happy to participate.

Then she did a mail out to all her database. This invited them to enter a draw to win a package of seven different prizes, donated by those other businesses. She added a big value grand prize as well.

Needless to say, the entries flooded in.

After the big prize draw, this innovative business owner put together a book of vouchers for all the businesses that had participated. A voucher book was sent to all entrants. It was crammed full of special (but very profitable) deals at all the participating businesses. The outcome . . . everybody who entered the competition won a prize!

The idea here is simple but very effective. Introduce your client base to other businesses in exchange for their assistance in your promotion. Not only is your business likely to be promoted to new clients through word-of-mouth of your customers, but you'll also be introducing your customers to other companies that may be of interest to them. It doesn't matter whether you're a car dealer, a chiropractor, a plumber, a carpet supplier, a lawyer, a fitness coach or a supermarket, you can adapt this incredibly simple and highly successful strategy to work for you!

Oh, and one more thing! Notice that this canny business owner was wise enough to spend money on good old snail mail. In these days of e-mails crammed with spam people like nothing better than to get an envelope filled with interesting information in their letter box.

Winston Marsh

STAFF ARE VITAL TO YOUR BUSINESS – TREAT THEM SO

WITHOUT YOUR STAFF WOULD YOU HAVE A BUSINESS?

If the answer is 'no' your staff obviously play a huge role in your business. In fact they are worth their weight in gold. And part-time and casual staff are just as important as full-timers. They need to be treated as part of the team.

There's a big job involved here. To be effective in business you must be able to properly manage people. Communication, listening to your team, showing them that you care and understand their problems, explaining where the business is and where it's going – these are essential leadership ingredients.

And bear in mind, managing people takes time. Don't assume a half-hearted approach by squeezing staff issues into a weekly specified time slot.

Think about what motivates people at work. Numerous surveys indicate salary is not the most important thing from an employee's point of view. More important are:

- Full appreciation of a job well done
- Feeling 'in' on things (in other words being communicated with and listened to)
- Interesting work
- Job security
- Wages at a proper level
- Sympathetic help on personal problem
- Promotion and growth
- Personal loyalty to the worker
- Good working conditions
- Tactful discipline

KEEPING THEM INFORMED

Many of these points, for example, communication, are especially important for part-time workers. They may not be there to attend meetings, or hear the latest news, but that shouldn't prevent them from being informed.

Good, open communication is critical for a well-run business. If necessary find other ways to communicate with staff who are not at work all the time.

Doing interesting work is another bugbear of part-timers. Rather than being left with the duller aspects of the job, part-timers should feel just as empowered as full-timers to take on more responsibilities. Personal development should be a high priority.

Don't overlook the valuable work your staff are doing for your business. They deserve your thanks as well as your inspired leadership.

A young boy enters a barber shop and the barber whispers to the customer

"This is the dumbest kid in the world. Watch while I prove it to you."

The barber puts a dollar in one hand and two quarters in the other, then calls the boy over and asks,

"Which do you want, son?" The boy takes the quarters and leaves.

"What did I tell you?" said the barber. "That kid never learns."

Later, when the customer leaves, he sees the same young boy coming out of the ice cream store.

"Hey, son, may I ask you a question? Why did you take the quarters instead of the dollar?"

The boy licks his ice cream and replied, "Because the day I take the dollar the games over!"

DON'T TAKE CUSTOMERS FOR GRANTED

1. Rather than just waiting for the customers to come to you, actively work to give customers what they want. This might take some research.
2. Customers are looking for a different sort of experience. If your business does not supply it then your competitors or some big business will try.
3. The secret of success for a small business operator is to establish the systems, train staff, develop a marketing strategy and then supply the customers with excellent service.
4. Don't be afraid if you appear different to your competitors. Deliberately try to differentiate your business, so your customers will know and recognise you and be enthusiastic referrers of their friends and associates.

If you listen you'll learn and when you learn you'll understand, and that brings effective responses, builds great relationships and with positive results.

GET RESULTS BY LISTENING!

It is very important for us all to listen during all of our daily interactions. Don't just give people the impression of listening if you're not actually hearing and understanding them.

To effectively understand and communicate, you should be listening for around 80% of the time. Make sure that you devote some time to really listening to your clients, customers or patients, your staff, your suppliers and especially your family. The best way to improve your skills is to ask more questions... and really concentrate on listening to the answers!

Winston Marsh

It's all in the mind !

Recently a woman came to the Studio for her initial interview.

After a brief chat I asked some basic questions.

"How much do you weigh?"

"52kg" she says.

I put her on the scales. It turns out her weight is 65kg.

I asked, "Your height?"

"175cm," she says.

I checked it against the measure on the wall and find that she only measures 160cm".

I then took her blood pressure and told her that it is very high.

"Of course it's high!" she screamed,

"When I came in here I was tall and slender! Now I'm short and fat!"

HAVING INSURANCES DOES NOT ALWAYS MEAN A CLAIM!

DO YOU KNOW WHAT YOU ARE INSURED FOR?

Having insurance does not always mean that you will recoup all of your losses in the event of making a claim. You need to make sure that your insurance policies are suitable for your circumstances and that you understand what you are insured for. But also, you may need to prove the damage or loss you have suffered.

The best way to ensure that you have the correct type and amount of insurance is have a periodic review of your insurances from an independent qualified insurance broker.

PROTECTING YOUR INTERESTS

During this year's preparation of your annual accounts and tax return, we will be asking you some questions about your insurances. We do not have the insurance expertise in house of a fully qualified and experienced insurance broker. However, if there may be areas of insurance that require further investigation, we will provide your answers to our trusted insurance broker. He can then confirm to you that you have the correct type and amount of insurance for your needs or let you know certain areas which may need attention. If you do require cover he can determine which policy (wording) is best for you and arrange the appropriate cover.

INSURANCE HINT

In the event of a major claim it is likely an assessor will come to look for proof of insurable loss. To make things easy during this process you should periodically note all of your inventory and assets including plant and equipment, software, reference material and any other items which are of value. Do not leave this until the year end accounts are being prepared! You should also photograph your office, garage, warehousing and any other area where your insured goods may be kept and keep these in a safe place.