

# New Holiday Pay Rules

The Government has decreed that all employees shall be entitled to a minimum of 4 weeks annual leave from 1 April 2007. At face value, this is all very simple - unless you are the unfortunate soul who administers the payroll. There are fishhooks galore for the unwary.

The Holidays Act states that 'on and from 1 April 2007, when the employee next becomes entitled to annual holidays, the employee's minimum entitlement is increased from 3 weeks' annual holidays to 4 weeks' annual holidays.'

This means that on the anniversary date preceeding 1 April 2007, the employer needs to start accruing for the 4 week entitlement. If your anniversary date is 2 April, then the 4 weeks leave starts accruing on 2 April 2006 and the entitlement falls due on 2 April 2007.

But, if your anniversary date is 30 March, the 4 weeks leave starts accruing on 30 March 2007, and the entitlement falls due on 30 March 2008, being the date the employee next becomes entitled after 1 April 2007.

If an employee has an anniversary date of 2 April, and they have been accruing leave at 4 weeks, but resigns on 15 March 2007 (ie before the entitlement comes into force in law), they are only entitled to the equivalent of 3 weeks holiday pay entitlement, not the full 4 weeks that has been accrued.

In this situation there is a huge trap of expectation, if the employee has been watching the holiday pay accrual grow on their pay slip.

To deal with this, some payrolls have developed a shadow accrual facility, so the accounting system can keep track of the 4 weeks accrual but the pay slip shows the 3 week accrual, until the entitlement is earned.

The other trap with the accrual showing on pay slips is that staff may want to take the leave before they are entitled.

For staff who already have an entitlement of 4 weeks there is speculation about entitlement to 5 weeks. Where the agreement states 4 weeks, this remains the case, unless the employer elects to be generous. Where the agreement states one week in addition to the minimum entitlement, the employees will be entitled to 5 weeks.

If you have some staff on 4 weeks and others on 5 weeks, you will need to review the relativities and make sure that it is fair.

The last thing you want to do is upset your staff for the sake of 1 week's leave.



## NEVER EVER SIGN ANYTHING (until you have discussed it with us first!)

Once again we have come across decisions made by clients which whilst are good decisions in general, were not made in the correct entities or in the correct manner.

So please phone us to confirm that what you are about to sign is correct!

## SPOTTLIGHT : Richard Swart



I joined Business Results on the 1st day of May this year and have enjoyed every minute so far. After immigrating from South Africa in April 2002 and working for a large diverse group here in New Zealand I feel we have finally found the balance between work and lifestyle. Hawkes Bay is a wonderful place to live, especially with a young family, and the region reeks of opportunity.

If there is one thing I do understand about being in business, it is the joys and frustrations, the highs and lows of self employment. About eleven years ago, after working for several companies and previously being self employed, I decided to give it another go. The first few years were very tough on the family, the

budget and friendships, spending more time with colleagues than family, always worrying about paying all the bills and the bank manager suddenly becomes your best friend. We all experience the same things: how to sell our services or products, staffing issues, stock levels, tax and not to mention meaningful forward planning and successful cash flow management.

The one thing I truly believe sets any business apart from others and has helped me outperform many competitors is SERVICE, "service with a difference". Hopefully I will be able to provide you with the same level of service you have already come to expect from the rest of the team here at Business Results Ltd.



# better BUSINESS

Business Results Limited

June 2006

## Don's Comments

Dear Friends,

This morning Cheryl and I decided that winter has indeed arrived!! The frost was twinkling in the starlight as we walked around our block at 6.00am!!

We have had a very interesting two months since I last wrote to you! Richard (pronounced Rickard) Swart has joined us and is proving both capable and also brings to us a commercial background which adds another perspective to our range of services. See his profile on the last page of this Newsletter.

Cheryl and I had a good relaxing break in early April, seeing my first and only grandchild in Melbourne and then meeting up with some good friends in Cairns for two weeks relaxation (plus a little golf!) although when we were there the last of the cyclones - Matilda - passed over the peninsular 200 km north of us. We didn't get much wind but we did get a LOT of rain!!

The pundits are saying that the economy is cooling so we have some articles this time on cash flow. Remember that

to get cash some business people panic and have a sale!! Now remember please just what damage a sale does to your margins!! And therefore to your profit!

I believe that while a sale can be good to quit stock which is either perishable or is fashion goods, for the rest of the time there are OTHER ways to make the sale enticing!!

I think LV Martin's guarantee (repeated ad nauseum in the Dominion Post - for those who don't get the Dominion let me know and I will send you a copy!) is one of the best I have seen! When I spoke to Trevor Douthett a year or so ago and asked him if it worked, his reply was something along the lines of 'we are still using it aren't we?' They use words which engender confidence in the Company.

You can also read Jeanette's article later about price versus service as well!!

Lastly, a thank you to those of you who have referred clients to us, we do really appreciate it!

And to those new clients, of course, a big welcome.

Kind regards

*Don, Cheryl, Sally, Jeanette, Heather, Richard and Anna!*

## PRICE VERSUS SERVICE

Recently in the staff room we had a discussion about "perceived service" and as our dishwasher had just broken down I was a bit irate about the length of time it was taking to get it fixed ( no kids at home any more to do the dishes!!) Their excuses were many and varied but in the end they admitted that they had finally rung Fisher & Paykell only to be told that "oh yes that's a fault in the design and you have replaced all the wrong things!! We will send you out the correct part" Now my argument was, if they didn't know how to fix it why just keep trying by replacing expensive parts? Why didn't they ring the manufacturer straight away? Not only did they not bother to let us know what was happening but we had to continually ring them to tell them that it still wasn't working properly! Three weeks later my dishwasher was finally repaired!

In contrast to this incident we sold our house at Te Awanga three years ago and I am still telling people about the excellent service. On listing the property I was sent a huge

bouquet of flowers, continually being updated on progress and a gift on completion of the sale. And then, as we bought the next property through the same real estate agency, a lovely platter arrived on moving into the new property Three years later we are still getting hot cross buns at Easter, an invite to their yearly Christmas family day, calendars and regular newsletters. Now we might not buy another property for 10 years but when we do Craig (the real estate agent at Tremains) will be the first person we call. Why? Not because his commission was any cheaper than any other company but because he offered a service way beyond what I expected.

Now I realise that the profit margin in the two transactions was poles apart but the same rules apply. If you want repeat business from clients then offer them that little bit extra. Something as simple as offering a cup of coffee or sending a birthday card will tell them that you are interested not only in their business but also that you care. If there are going to be delays call your client and let them know that they are still at the top of your list!

Postal Addresses

Holiday Rules

Richard Swart

Improving Cashflow

Making the Right Hire

## Improving Your Cash Flow

Cash shortages can prevent you from meeting your financial obligations, and they can make it difficult to plan for the future and expand your company.

That's why you should try to improve your cash flow by making some minor adjustments in your business practices. These seven ideas can provide relief and ultimately change your cash flow:

### Tighten Inventory

Keeping too much product on hand can tie up a great deal of cash. Make sure your inventory turns over at a regular pace.

### Bill early and often

Bill a project when it's complete, and invoice products as soon as they ship. Keep a detailed receivables report and act immediately on overdue accounts.

### Don't expand until you have the cash to support growth

Figure out what your projected expansion will cost and make sure you have the cash to cover it.

### Have a cushion to cover a cash flow crunch

Chances are, a cash crunch will come sooner or later - perhaps due to a temporary slump in the economy or your industry. If you're prepared for rough times, you can ride them out.



### Stretch out payables

Don't pay every bill as soon as it arrives - wait 30 or 60 days and keep the cash on hand. If suppliers want their money more quickly, ask about discounts for early payment.

### Consider raising your prices

Check out what the competition's doing and make sure your prices or rates aren't too low.

### Comparison shop.

The Internet makes it much easier to compare prices for everything from airplane tickets to office supplies to computers. Start using the Web to get the best deals.

4. Punctuality is a key indicator of how an employee will act once hired. If an applicant is late for an appointment, dismiss them from consideration unless they have an incredibly good reason.

5. Appropriate attire should always be worn to an interview. Dirty, scruffy clothing, rags or hats, and other unsuitable clothes should immediately dismiss an applicant from consideration.

6. Listen carefully as the applicant explains why they left their previous job(s). Someone that continually has problems with supervisors and/or co-workers will probably have the same conflicts with your company. Don't hire an obvious problem no matter how desperately you need help.

7. Always hire someone that you find likable. You don't need to become bosom buddies but you must be able to work with them in a harmonious environment.

8. Create a job description that you can give to your applicants. A properly written job description will answer a great deal of questions and eliminate later problems if the person is hired.

9. Take the time to check references. Previous employers can give you a much clearer description of an applicant's ability, a great deal more than personal references.

10. Always make your job offer in writing. This will preclude any misunderstandings.

Take the time to make quality hires and your business will reflect your time and effort in the performance of your employees and your company's bottom line.

## Selling Your Business What do you want?

1. When selling a business make it look attractive.
2. Sell obsolete assets and stock not essential to running the business. This helps keep the sale price down. Compile a comprehensive list of plant and equipment you are selling. Tidy up your customer data bases, formalise verbal agreements or contracts.
3. Write a formal manual (or refresh the manual if you already have one) of all systems and procedures. This manual may be entitled 'How to run this business efficiently and profitably' (sounds far better and more enticing than 'This Business's manual!') It should include all your knowledge, intellectual property, skills, processes and procedures so any buyer can effectively buy a turn key business. This makes it more attractive as it reduces the risk to the purchaser! And therefore the sale price may be higher!
4. Prepare a brochure to give to prospective buyers. Put in plenty of pictures and make it an easy to read and understand and an enjoyable and persuasive read. Explain what is going on in the business and show the potential buyers why your business is so desirable. But make sure that all the claims you make are true!
5. Include an overview of your business accounts. If you have nothing to hide, give the buyers the full picture. Remember that trends are as important as the actual year by year numbers.
6. Buyers usually look at the bottom line first, so make the income statement clear by adding back such costs as Use of Home as Office, Interest on debt etc. This will reduce clutter in the accounts and show a fairer profit.

### Small Business Stock Control

To maintain an in stock position of wanted items and dispose of unwanted items, establish adequate controls over stock on order and what is on hand. There are several proven methods of inventory control.

- Visual Control. Examine stock visually to determine if additional stock is required. In very small businesses, records may not be needed at all.
- Tickler Control. Physically count a very small portion of the inventory each day so each segment is counted every so many days on a regular basis.
- Click Sheet Control. Record each item as it is used on a sheet of paper. This information is then used for re-order purposes.
- Stub Control. (used by retailers) Retain a portion of the ticket price when the item is sold. Use the stub to record the item.

As your business grows you may find you need a more formal inventory control system.

### Keep your Temper!

Nothing can actually make us angry and require us to lose our temper. Before you lose yours, ask yourself how you could react differently to this situation and still express what you think needs to be expressed. The alternative to anger shouldn't be saying or doing nothing, it should be saying or doing something productive rather than blowing your top!

## Are your customers satisfied?

**A well designed satisfaction survey can give you the answer to your MOST critical question: Are my customers satisfied? (And remember that you can't satisfy all your customers all the time!)**

### Satisfaction Survey Objectives

- Understand the expectations and requirements of your customers, patients and clients.
- Determine how well your company is meeting those expectations.
- Develop service or product standards based on your findings.
- Follow trends to make changes quickly.
- Establish priorities, standards and goals to assess how you can meet them.
- Evaluate the impact of a change in a policy, product or service.

### Satisfaction Survey Results

- Helps to improve customer, client and employee loyalty.
- Allows you to react quickly to changes in the market.
- You can identify and capitalise on opportunities which you may not have been aware of.
- Beat the competition (I love this one!)
- Retain and/or gain market share.
- Increase revenue (because you are giving the customer what they want!)
- Reduce costs.
- Creates the ability to maximise investment in changes by knowing which has the biggest payoff!

## POSTAL ADDRESSES (Most Important)

We have received a note from N Z Post that says they have been redirecting poorly addressed mail for the last 12 years!

From now on they will be returning mail not correctly addressed!!

Please note ALL correspondence to us must be addressed to our box number and NOT to our street address!

In addition they are bringing in post codes. Therefore please adjust your records to:

**Business Results Ltd  
PO Box 8448  
Havelock North 4157**



We would appreciate it if you could ring Jeanette and let her know what your new post code is so that we make sure our mail to you gets delivered!