

# Budgeting FOR THE FUTURE



Why focus on what you can currently achieve, look to the future and determine where you want to be.

## Factors to consider when preparing the budget:

### Review all internal & external factors

A classic example of an external factor affecting most businesses would be the price of petrol. This may affect not only your own costs but those of suppliers and customers.

### Be realistic

If you budget to build an additional 20 houses in the next year but know there is a shortage of builders, then this may not be possible.

### Budget continuously

A budget is not set in stone, if a major change occurs in your business adjust your budget accordingly.

### Monitor events

Take the time to review budget v's actual monthly results. If unfavourable put together a step by step plan on how you are going to achieve your budget in the months to come.

## Short-Cut Keys

These keys are used as a short-cut to perform several functions using your keyboard. They can be used in both word & excel.

Hold down the control key while pressing the relevant letter.

\* Highlight relevant text prior to using this function

<b>Control A</b> =	Select all	<b>Control O</b> =	Open
<b>Control B</b> =	Bold*	<b>Control P</b> =	Print
<b>Control C</b> =	Copy*	<b>Control S</b> =	Save
<b>Control D</b> =	Font*	<b>Control U</b> =	Underline*
<b>Control F</b> =	Find	<b>Control V</b> =	Paste*
<b>Control G</b> =	Go to	<b>Control X</b> =	Cut*
<b>Control I</b> =	Italic*	<b>Control Y</b> =	Redo or Repeat*
<b>Control N</b> =	New document	<b>Control Z</b> =	Undo*

## Across the Ditch



**INFO**

Doing business between New Zealand and Australia

### IRD Updates - Australian Affairs

The IRD website and the Australian tax office have developed a joint initiative to help New Zealand and Australian businesses with their tax affairs. This will provide better access to information regarding tax requirements and administrative issues for business trading across the Tasmania. Check these out on the following websites:

[www.ird.govt.co.nz/yoursituation-buz/nz-in-australia](http://www.ird.govt.co.nz/yoursituation-buz/nz-in-australia)  
[www.ato.govt.au/business/](http://www.ato.govt.au/business/)

### GST - Withholding Payments and GST

If you hire a salesperson on a 'contract for service' you should pay them withholding payments and deduct withholding tax. These payments are made to people who are not employees but are employed on a contract for service basis. If they are registered for GST they will charge this on top of the goods and services supplied. Withholding tax is deducted even if the person is registered for GST. The only time you don't need to deduct withholding tax is

- If the person provides you with a certificate of exemption
- Payments to non resident contractors if they are allowed total relief from tax through a double tax agreement, and are present in New Zealand for a total of 92 days or less in any 12 month period.
- For payments of \$15000 or less in any 12 month period to or for the contract activities of a non resident contractor.
- Payments to Maori authorities, public authorities, and local authorities or any work performed by them.
- Payments to a company (not a non resident entertainer's company) in relation to any work or services performed by it.

### Tax Invoices

For supplies between \$50 and \$1000 the invoice should show the Words 'Tax Invoice' in a prominent place, name and GST registration number of the supplier, customer's name and address, date of issue, description of goods and/or services supplied and the amount charged and GST applicable or a statement that GST is included in the final price

For supplies over \$1000 the invoice must include all of the above but must show the GST amount separately at the bottom of the page.



October 2005  
better

# BUSINESS

## Don's Comments

Dear Friends

The election result has been more or less a draw! A slight advantage to Labour who will now have to cobble together a coalition with one or more parties who seem to dislike each other! At best we can expect a relatively stable Government but not much new legislation, at worst instability and an early call back to the polls!

Yet I am heartened that at worst the Government can be an inconvenience and at best we can ignore it! My belief is that we all have amazing amounts of resilience and lots of common sense, so most, if not all of us, will get on with life anyway!

Jeanette has returned from her trip of a lifetime to Europe, the UK and other places. We had been getting text messages from her at most unusual hours but she seemed to thoroughly enjoy her well earned break!

Anna is settling in well and has just bought a house in Napier. Her positive attitude and lateral thinking is very helpful and adding another dimension to our office.

Recently, Cheryl, Jo and I went to a MYOB update in Palmerston North. One of the speakers was David Smith, a former partner in the Sydney office of an Australian wide Chartered Accountant firm. He is now a private consultant to both MYOB and accounting firms.

He spoke to us about how we can improve the way we do things, to not only make us more efficient but also how we can improve the service we offer you.

We were so impressed with him that we have engaged him to come back and spend a day with us to help us in our quest for the ideal practice!

I reviewed our training record recently. At the start of the year we made a commitment that we would all spend at least 15 hours this year on external training courses. Now these courses can be technical, like tax updates or personal development such as time management. We are convinced that we must keep ourselves learning and improving, even though it means a considerable cost to the firm both in terms of time and money.

We have reviewed our computer security recently. With the increased speed of broadband internet and the increasing use we make of it we are aware that all sorts of people could be trying to break into our system.

So security is an important aspect to us – and you!

We have got some very good articles for you to read this time – please let us have your comments about our 'Better Business' newsletter.

Lastly, we are going to introduce some performance standards in our office. Including the maximum time we will take to respond to your telephone calls, emails and letters.

We already have stated that we are aiming at a seven week turnaround for annual accounts this year. To date we have, by and large, achieved this target.

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

## How old are you?

Yes, we all know our chronological age! But HOW does our lifestyle increase or decrease our real age?

For those of you who are concerned about our modern lifestyle take the Real Age Test and find out just how old (or young!) you really are!

Log onto [www.realage.com](http://www.realage.com) and take the test – it only takes about 5 minutes of your time and the results will amaze you!

## FEES

At the end of this financial year we are going to introduce a small increase in fixed fees. As time goes on the CPI has eroded the return we receive so on 1<sup>st</sup> April 2006 we shall be instituting a small increase.

## BE WARNED!



We have been made aware recently about some schemes which seem to offer a huge, guaranteed monthly return. Be aware that most, if not all are scams. You see what the artful promoter does is promise these huge returns, which are 'guaranteed', take your money and instead of investing it where they say they will, they use some of it to pay out returns and use the rest for themselves.

**At some stage the whole pack of cards will fall over!**  
If in doubt give us a ring!

# BUSINESS CARDS THAT REALLY WORK

**In your marketing armoury nothing is more important than your business card. After your smile, greeting and handshake it's part of the formalities you exchange on meeting someone that will help determine the first impression they have of you. Yet, to my astonishment, everywhere I go I come across people who either do not carry their business card or have ones that do them a disservice.**

So here are some simple rules to observe about business cards:

1. Always carry them with you everywhere- you meet people with whom you may wish to establish a business relationship everywhere you go so just because you're relaxing by the pool or walking through the supermarket doesn't mean you shouldn't be carrying your cards.
2. Make sure everyone in your office has a card- the cheapest marketing material you will ever have is the business cards you give to your team so that whenever they meet people they can pass on a card that may bring them into your business.
3. Train your team so that they know how to use them - they should provide a card to everyone they meet particularly after they've been asked the question "where do you work?" to which they must answer "I work for the best widget dealer in town... let me give you my card."
4. Proffer cards with a flourish... not an outlandish one... but with some theatre so that people know that your cards are of value. Produce them from a silver card holder, for example, rather than fumbling through your pocket or purse for one.
5. Accept other people's cards with respect so that they know you are interested in them, their card and value it (even if you are going to dump it later!).
6. Have a card that is memorable - most business cards are boring, bland and they never deserve a second look so it's important that you incorporate a memorability factor into your card.

**Here's how to have a great looking, memorable card:**

1. Your name should be the most important feature of the card... companies don't build relationships, people do.
2. That means your company name and logo are secondary to your own name so make sure your name is more prominent in the natural centre of eye gravity of the card.
3. For maximum comprehension your name should be printed using a serif typestyle (times roman or bookman, for example) with only the first letter of each element of your name in upper case, never all (like this Theresa Smith not THERESA SMITH).
4. Never use a bland title like Manager, Partner, Consultant or Sales Executive because these rate low on the memorability scale. If you are good at what you do (and, if you're not, why are you doing the job) you should tell people.

5. So choose a title that uses a word that implies expertise like authority, expert, wizard, doyen, genius, specialist, legend or guru. You could be an insurance expert, a customer service wizard, a mortgage expert or even, dare I say it, a marketing guru!
6. More than half your market probably need glasses to read so don't use small type that makes them go looking for their glasses because, by the time they've found them, they'll have forgotten why they went for them.
7. That means then next most important elements, your phone number, e-mail address and web site, should be in at least 12 point type (and please no difficult e-mail addresses with full stops, underscores and other fiddly, hard to read bits.)
8. When it comes to phone numbers less is more so don't have business, mobile and after hours. Where possible have one number where people can generally get you or that has a re-direct facility. Forget the fax number unless it's vitally important to your business and new prospects have unquenchable urges to fax you immediately.
9. Now you can add that which normally dominates business cards... your company name and logo... preferably down the bottom of the card. Remember, nobody cares about your company until they know what you can do for them.
10. Personally I'm not a big wrap for photos on cards but if you believe that your countenance is irresistible or it will aid their memory go ahead and put it on. Frankly, my photo would not assist me... who would want to deal with someone that looks like me?
11. You may want to have a statement that really succinctly and simply summarises your business. For example, my card reads "Ideas and inspiration to make you say WOW!" frankly, it's not necessary if you get your title right (see 5 above).
12. Now give it to your designer and get them to make it look pretty without breaking these rules. Remember we want our card to help us feed families not egos.
13. Resist the urge to design and print your own card on your computer. They always look like they've been done on the cheap and create a negative perception of you. Keep our artists and printers employed... use their skills and talents!

**So there we are then. A few simple ideas that will make your business card work gangbusters for you. That's assuming, of course, that you have one to give to every one you meet because business cards stuck in desk drawers or left on the bedside table guarantee that you'll have skinny kids.**



# Methods for Building Customer Loyalty

Don't let your customers go after just one purchase. Win them back time and time again with a follow-up programme

## 1 Thank You Notes

Take the time to show your customers that you genuinely appreciate their business. They'll remember your thoughtfulness because most of your competition won't send out thank-you notes. Just make sure you don't do it the same time each month or they will feel used.

## 2 Postcard Mailings

Send out monthly mailings that make good refrigerator fodder, such as "Quote of the Month," "Recipe of the Month" or useful tips on such topics as time-management, gardening or anything else that interests the bulk of your customers.

## 3 E-Mail Updates

Providing your customers with regular product, service and customer updates via e-mail at least once a month will convey a sense of positive momentum. This keeps your customers in the loop and, over time, gets them excited to be involved with you and motivates them to pass on referrals.

## 4 Getting together over coffee or lunch

Try to spend face time in a non sales environment with your customers. Ask about their family, hobbies, personal goals and so forth. When you show customers that you really care about them on a personal level, they're yours for life. If you have a lot of customers and this is simply not possible then choose your top 20% ... the ones that purchase the most and are the best to deal with.

## 5 Birthdays, Anniversaries, and other special occasions

These occasions are very important to your customers and their families and friends. Be among the few who actually remember a customer's special days, and that customer will never forget you! But of course, you will need to keep this information in order to use it!

## 6 Follow Up on Well Being

For example, if you find that a customer's wife has been sick, call periodically just to find out how she's recovering.

## 7 Pass Referrals

One of the most powerful ways to encourage loyalty in customers is to pass them referrals. When you get a chance, scroll through your customer database and think through people you know who might add value to your customers.

## 8 Entertaining at your home

Throw a party for your best customers. You'll be amazed at how much rapport and goodwill you can build with people when you get them in your home environment. Your guests will also find value in your party as a networking opportunity for them. If you don't have the type of home to entertain in then invite your customers to a function / ball at a quality venue.

## 9 Post Sale Feedback

Demonstrate that you care about the quality of your service. Ask questions like:

- Are you pleased with the service you received?
- What did you like most about working with us?
- What would you like to see improved?

## Tactics to Avoid Lowering Your Price\$

**Many small businesses find themselves feeling pressure to lower their prices. It may come when a low-priced competitor shows up in your market, or when a pinched economy hits your industry. Yet few small businesses can afford to get themselves involved in a price war.**

**There are a handful of times when dropping prices makes sense; for example, when your cost of doing business has dropped and you want to pass along these savings. But if your existing prices are set to cover expenses and necessary profits, lowering them could damage the bottom line.**

**What's the answer?** Consider using these tactics to attract and retain customers without getting out the red pen.

### Emphasize customer service

By demonstrating the added value you give customers, you may be able to justify higher prices while keeping the competition at bay. You can showcase superior customer service through generous return terms, longer than average warranties, free delivery, express ordering for regular customers, or other customer care techniques. This tactic is more strategic than getting into pricing wars with competitors because it encourages long-term client relationships. Competing on price often leaves companies catering to fickle customers who may or may not return in the future.

### Package products and services together

You can create more value for customers by grouping related products and selling them for a price that is greater than any single item, but less than it would cost to buy each one separately. For example, a bookseller might package elegant pens with journals or a dictionary with an atlas and thesaurus. This tactic can help you avoid permanently reducing prices on any single item while increasing your overall sales.

### Decrease amount along with price

If you find the market is demanding lower prices, consider whether or not there is a way to offer goods and services in smaller amounts. For example, if you're a Web designer, are there efficiencies you can build into the project development process that would allow you to offer services at a lower cost? If you sell beauty supplies, can you package products in 6.5-ounce containers rather than 8-ounce? This tactic can give customers the perception that you've lowered prices while helping you to keep costs in line.

### Add services

Instead of cutting prices, maintain them and include an additional service for the same amount. For example, a bookstore owner might offer free gift-wrapping with each order, or a personal trainer might offer an hour of nutrition counseling with the purchase of 10 sessions.