

BEHIND THE NUMB3RS—2010

March 2010 —Issue 34

DO YOU LIVE TO WORK OR WORK TO LIVE?

We have all heard that telling question ‘**do you work to live or do you live to work?**’ An employee or manager is likely to be considerably less attached to the business compared to the owner who is more vulnerable to the trap of ‘living to work’.

Where do you feel you are positioned? “Imprisoned” because you are stuck in it or driven by the opportunities that you feel your business presents, that there is unfinished business?

Perhaps it is time to sit down and prepare a business plan. If you have never needed one, and its probably because the bank didn’t request one, then you have never really had the opportunity to pencil out what you or your business are capable of doing. All those brilliant ideas and dreams you have had, at the gym, in the shower, on the bike, middle of the night, here's the opportunity to recall them and explore them further.

If in putting together the plan it creates no spark or interest then you **are** “imprisoned”, there's a need for a change of work and the life you want to live.

Equally, changing your lifestyle through better eating, better relaxation, sleeping,

recreation, friendship and down time can alter your outlook.

A written plan is always a great opportunity to test the alignment.

For a Business Owner there are successful processes and practices you can work through to extract yourself from day-to-day management of the business. **But for those of us who love what we do**, then our joy is the opportunity to own and manage our business.

To meet that responsibility we must constantly grow our ability to do both roles.

We know that the journey is forever, and we can never escape the challenge the business puts to us.



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Business owners not looking to sell

If you are looking to buy a business to get your start as a business owner you may have trouble finding sellers, a new survey from ASB suggests.

The latest ASB Succession Planning Monitor found that although sentiment towards selling is slowly picking up, the majority of business owners are now not planning to sell their businesses for at least five years.

ASB Bank chief executive relationship banking James Mitchell said the proportion of business owners who might sell their businesses after five years was the largest since the survey began in the third quarter of 2008.

The number had climbed 14% since the lowest recorded level of 40% in the fourth quarter of 2008.

The quarterly survey found a net increase of 13.4 points to -62.9 on the overall ASB Business Seller's Index, showing that while more are thinking of selling the sentiment towards selling is still overwhelmingly negative.

"Businesses can't yet see much of a window of opportunity in the short term," Mr Mitchell said. "However, with the recession easing, there are some indications that some could be setting their sights on selling after five years".

Customer base was considered the most important factor in determining the value of a business, with close to 90% of all respondents consistently ranking this above other value-drivers, including profit and product/service range.

The survey also found that many businesses are unprepared for events such as unexpected illness, the departure of a business partner or a sudden offer from a new buyer.

Nearly one quarter (23%) of business owners surveyed felt they weren't prepared for events that could trigger a sudden change in business ownership and smaller businesses were the most unprepared, according to Mr Mitchell.

Cooking the BooksAccountants with Taste

Sam's Delight



Position:

Who:

What:

Receptionist

Sam Coffin

Beef Schnitzel Cordon Bleu

4 Pieces of beef schnitzel

4 Slices of ham

4 slices of cheese, such as feta

2 t spoons of tomato paste

1 egg, beaten

1/2 cup of milk

1 cup of bread crumbs

1/2 cup flour

salt and pepper

12 toothpicks

Olive oil

Using a meat hammer, pound the schnitzel all over and on both sides. Place a slice of ham in the middle of beef schnitzel. Place a slice of cheese on top of the ham. Then put 1/2 a tsp of tomato paste on top of the cheese. Fold the beef schnitzel around the edges and use the toothpicks to hold in place.

Spread the flour onto a tray and season it with salt and pepper. Beat the egg and milk together in a bowl. Put the breadcrumbs onto a tray and prepare to coat the meat.

First coat the meat with the flour. Then dip them into the egg and milk mixture. Finally, roll them in the breadcrumbs. Heat the oil in a frying pan on a moderate heat. When hot, add the beef schnitzel and cook gently on both sides until golden brown. This will be around 5 minutes on each side.

Drink Match: Cabernet Sauvignon

Our first newsletter presents a great opportunity to wish you all the very best for the new financial year!

"Your vision of where or who you want to be is the greatest asset you have"

How prepared are you for a Natural Disaster?

Recent Natural Disasters affecting our Pacific neighbours highlight the importance of getting an emergency plan together. It is no different if you're in business, be prepared to expect the unexpected.

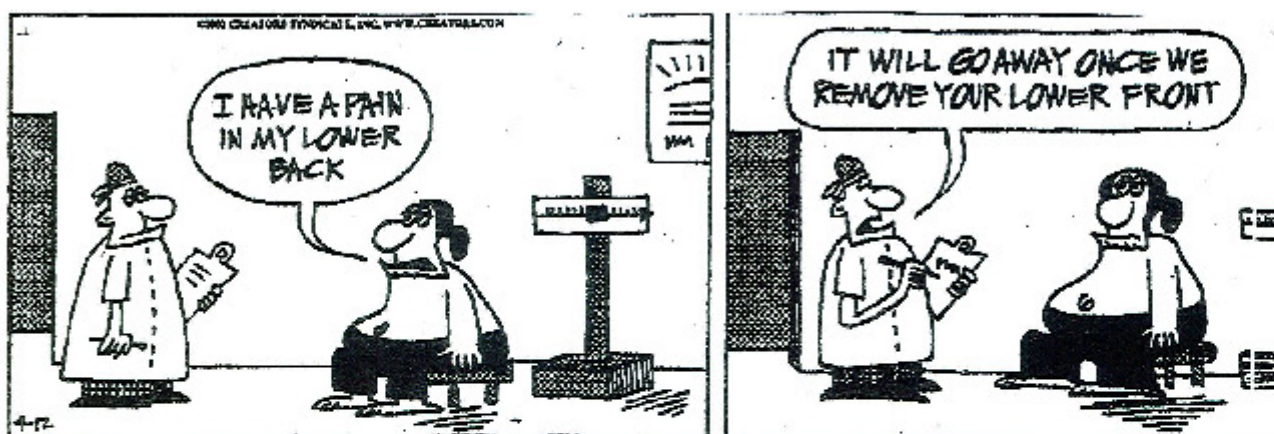


KiwiSaver - Why Put Off Joining?

When we ask our self employed clients if they have signed up for KiwiSaver, we find there are still a few who whilst understanding what the benefits of KiwiSaver are have various excuses for not joining. So in this article, we will deal with four common excuses and the counter arguments.



- ♦ **Excuse No 1** - The Government might alter the rules. ..The scheme is very generous and probably will be changed by some future Government, which is all the more reason for you to join now and get the maximum benefits while they are there. The 2025 Taskforce chaired by Don Brash has already suggested that the KiwiSaver incentives be abolished.
- ♦ **Excuse No 2** - I cannot afford KiwiSaver... For self-employed people this is a very weak argument. Self-employed people have the option of paying the absolute minimum, which for most funds is \$20 a week. Some funds even accept zero contributions per week so that you would still get the \$1,000 kick start. \$20 per week is only four coffees!
- ♦ **Excuse No 3** - I might lose my money...There are more than 40 different KiwiSaver funds. There will be funds that are low risk but low risk generally means low rates of return. Another way of looking at the risk of losing your money is that it is not your money that you will be losing if a particular fund goes bankrupt. For someone that is putting in \$20 per week, the government will actually put in more money than you do. So it is the Government's money that you will be losing.
- ♦ **Excuse No 4** - I don't want to tie my money up until I am 65... Once again, if a self-employed person is paying the minimum amount, it is mostly the Government's money that you are tying up. However, you can get your money out before you are 65 if you are buying your first home, have a serious illness, are moving permanently overseas or suffering serious hardships. Having your money locked away means you cannot take it out and spend it. Instead, it will be there when you retire. Don't put it off any more if you haven't already joined.



MEN AND WOMEN ONLINE

Which sites have the greatest affinity with men and women? Nielsen research shows men are clicking on finance, sport and technology and women are heading to fashion, magazines, entertainment and family sites.

FEMALE WEBSITE VISITORS

Brands with the greatest percentage of female audience, October 2009

	% OF FEMALE AUDIENCE	FEMALE UNIQUE BROWERS	
fashionz.co.nz	87%	21,791	Lifestyle
healthyfood.co.nz	83%	37,127	Magazines
nzgirl.co.nz	83%	44,204	Entertainment
kiwifamilies.co.nz	82%	26,724	Kids and Family
nzwomansweekly.co.nz	81%	26,605	Magazines
nestle.co.nz	79%	22,793	FMCG
cleo.msn.co.nz	78%	24,461	Magazines
classichits.co.nz	77%	21,623	TV and Radio
garden-nz.co.nz	76%	29,801	Lifestyle
kidspot.co.nz	78%	71,247	Kids and Family

MALE WEBSITE VISITORS

Brands with the greatest percentage of male audience, October 2009

	% OF MALE AUDIENCE	MALE UNIQUE BROWERS	
directbroking.co.nz	72%	28,740	Business and Finance
findata.co.nz	69%	20,463	Business and Finance
radiosport.co.nz	69%	21,339	Sport
nzx.com	67%	47,544	Business and Finance
virtualrugby.jimungo.com	59%	56,591	Sport
pcworld.co.nz	59%	34,008	Technology
allblacks.com	58%	55,218	Sport
nbr.co.nz	55%	50,354	Business and Finance
gameplanet.co.nz	55%	35,291	Entertainment
getfrank.co.nz	55%	28,423	Lifestyle

Finding The Right Staff Takes Talent

As a business owner we spend time researching buying capital equipment, premises and bring expertise and often take a DIY approach to our biggest expense – Staff. Some work well but many end up as disasters and cost plenty.

The job market has shrunk in the past 12-18 months, which means organisations have reduced their churn of talent markedly and taken stock of what to do once the economic outlook starts to improve. So how should we go forward?

First, **employ talent**. Most talk about lower margins, which means either getting used to lower returns of thinking differently and engaging people who will help you think differently. But if it's all too risky, then you need to rethink your strategy of how you engage people.

A predominantly permanent workforce does not necessarily give you flexibility to manage costs, or engage expertise to meet changing demands. A healthy balance of permanent and temporary staff could be your greatest asset because it allows you to control and manage the business.

The challenge for most employers is how to find and attract the people they need. And it takes talent to do that.



What's going to happen to my Tax Refund?



What is going to happen as a consequence of the looming tax changes?

Depreciation

Removing depreciation on Residential buildings—**yes** . Will it apply to commercial property —**not sure!**
Chattels will still be able to be depreciated—**uncertain**.

Who's it going to hit the hardest?

Those cash poor investors with negatively geared properties. Our research indicates that taking away depreciation may make a difference of around \$40 per week that you will have to further top up the property by—start planning for this now and it will be more manageable.

Consequences

Some investors will be forced to sell their property, others will hang in there. **What will you do?**

Trend

Investors will have to look for cash flow positive properties (rather than relying on tax benefits to make the deal stack up). **That's going to be tough.**

Capital Growth

Who knows? But what we can say is that it is unlikely to be anywhere near that of yester year.

Ring Fencing of Losses

An even more contentious issue is the ring fencing of losses so that they are either limited or alternatively are not able to be used to offset other income.

Whilst this was not specifically covered by John Key when he provided the indicators to depreciation and GST, we believe a form of it could still be on the agenda and this opinion is based on Keys making the following comments

“That it was an injustice that someone earning \$60,000 to \$70,000 and being able to offset this against rental losses can end up paying no tax”, “that wasn't right”.

Consequences

We feel that any tax changes effecting or limiting losses could result in an influx of investment property hitting the market.

**Lock In 20 May
Budget Day!
The Tax Plan Cometh**

“The Shredder”

A young engineer was leaving the office at 3.45pm when he found the Acting CEO standing in front of a shredder with a piece of paper in his hand.

“Listen,” said the Acting CEO, “this is a very sensitive and important document, and my secretary is not here. Can you make this thing work?”

“Certainly,” said the young engineer. He turned the machine on, inserted the paper, and pressed the start button.

“Excellent, excellent!” said the Acting CEO as his paper disappeared inside the machine, “I just need one copy.”

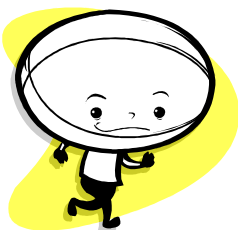
Lesson:

Never, ever assume that your boss knows what he's doing



Cashing in on the Rugby World Cup

The 2011 Rugby World Cup for New Zealand means business and potentially business for us all. It will be the single biggest event ever staged in New Zealand.



How will your business be looking to cash on this extravaganza?

The year ahead

We are of the opinion there is still a tough year ahead. Our advice to all our clients is be prepared. Prepared in the sense “Expect the unexpected”,



Plan for this and you will be a winner

STAFF ROOM

We welcome Veronica Griesel to our permanent staff who was also our employee of the month for January/February voted by the staff.

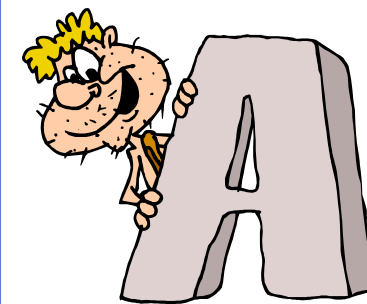
Abdul is leaving us at the end of March to catch up with his brother in the UK and we wish him all the very best.

Sally Evans has just had a well deserved break in Fiji.

Rosalie become a Nana for the 2nd time—
Congratulations.

Attitude

The year of the big **A**.



We had a family meeting on the Sunday night before school started this year and my four kids (5, 8, 9 and 11) were

asked about their goals and aspirations for the year.

Then it was Mum and Dad's turn to see what they wanted from the kids and we just had one word for them. It wasn't to be the best, or to do your best, to compete, to try hard and or win at whatever you do it was simply just have **attitude**. Approach everything you do with a good positive attitude, show good sportsmanship, show respect and be gracious in defeat.

Bundle all that up in one and you have got “**Attitude**”.

Regardless of our status we can all set personal goals to enrich our personal balance sheets. It need not be a bucket list of things to do before you die, more like challenges to spark our lives and keep us all sane.

Walk the Milford Track.

Run a marathon or if the legs are no good put the Speedos on and do a 3km swim.

Enter a bike race

Catch a fish

Write that short story you have often thought about.

Take action on an idea you have dreamed up.

There shouldn't be any magic about these. The thing that I believe is the most distinguishing facet in you achieving these is—**Attitude, Attitude and Attitude**.