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LEVEL 4, 56 CAWLEY STREET,  
P.O. BOX 11 174, ELLERSLIE, AUCKLAND 1542  
TEL 09 580 1291 FAX 09 580 1292. [www.streetsmartgroup.co.nz](http://www.streetsmartgroup.co.nz)

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## 'Future Planning' - Identified By SMEs as Very Important

What type of advice would SMEs like to receive from their accountant that they're not already receiving? Again and again future planning tops the list of key issues with small business proprietors and general managers.

This was closely followed by:

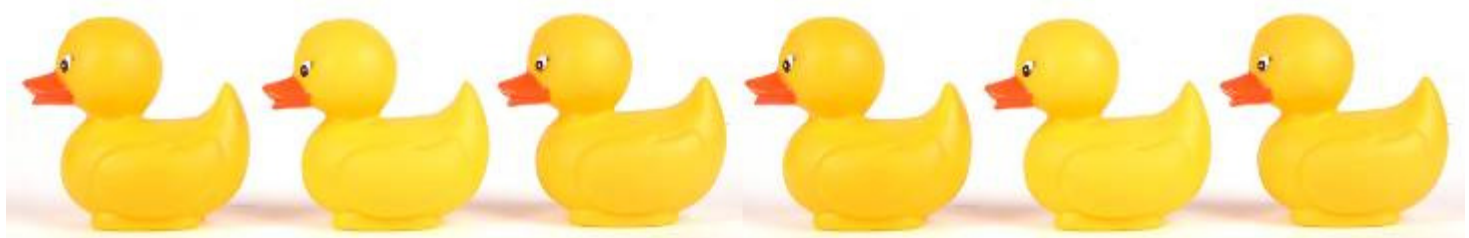
- Business Analysis and Interpretation
- Raising Finance
- Succession
- Exit Planning
- As well as Investments, Tax Planning, Information Technology and Record Keeping

*"A majority of small business owners have never discussed with their accountant the particular area that they want advice about. This suggests that they maybe unaware of the advice available and/or need more information about the area before asking" (excerpt MYOB Small Business Survey, 2004)*

Some of the areas relating to future planning include:

- Getting good staff and keeping them
- Succession planning
- Financing business expansion
- Exporting

If you would like to discuss these issues or any others relating to 'Future Planning' - please contact us.



## Succession Planning Is a Major Concern to Many SMEs

Another major challenge for SMEs is the issue of Succession Management for their businesses.

There are a number of issues to be considered including family objectives, business objectives, conflict between personal values and commercial decisions, a need to professionalise business management to ensure ongoing prosperity, funding growth, funding the retirement of the founder, management succession and future ownership of the business.

We can help and guide you in the development of appropriate Succession Planning Strategies for your Family Business.



## Pitfalls in Starting a Business

If you are contemplating starting a business, either by buying an existing business, or starting from scratch, you will need to avoid the pitfalls. This can be done by seeking advice from an accountant before signing any contracts. Sitting down with an accountant in the early planning stages can help you to not only avoid the pitfalls, but can also help set realistic goals, plus an objective, experienced voice at the outset will minimise teething problems.

The key items to help avoid pitfalls are:

- Get good advice from Accountant, Solicitor and Bank
- Market analysis and verification
- A realistic Business Plan
- Honestly review your management skills
- Undertake training to overcome management deficiencies
- Prompt and regular financial accounts
- Regular monitoring of stock and work in progress
- Chase up debtors
- Staff training, motivation and leadership
- Some knowledge of the trade or business
- A clear understanding of the hours you will have to work

We can assist you in all of these areas.



*Be sure to read each article with the mindset “How this could apply to our business”. Thinking of it that way will guarantee that you get value. Also make copies for each team member. To really make sure something positive happens, work with your business development specialists to talk your team through ideas.*



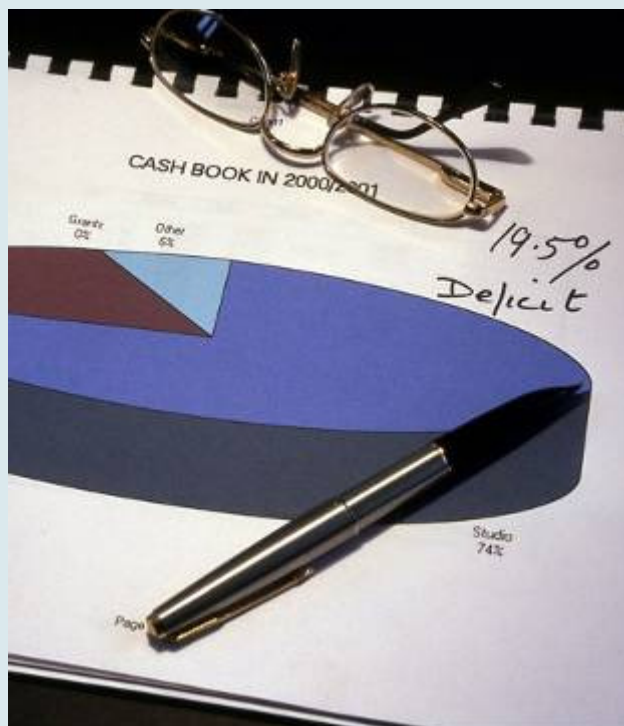
## Self-Rating For Business Start Up

To be successful in small business you have to be honest with yourself and understand your strengths and weaknesses. This includes analysing your personal characteristics and evaluating your general skills.

- How do you get on with other people?
- Can you handle failure?
- Can you set clear goals?
- Have you got drive and energy?
- Have you got self-confidence?

These and many other questions are very important in determining whether you have the characteristics to be successful in small business.

Knowing your strengths and weaknesses in business will help you to play on those strengths and work on your weaknesses. It will also help in such areas as hiring staff and in building client relationships. Contact your accountant to discuss behavioural profiling for business.



*"What you do in your model is not nearly as important as doing what you do the same way, each and every time"*

*The E-Myth Revisited, Michael E. Gerber*

## Business Plan

### Have You Got One? How Long Since It Was Reviewed?

If you do not have a business plan, or if yours is out of date, it may be time to consider drafting a new business plan.

#### Benefits of Business Planning:

- The process focuses the team on looking at future developments
- The process focuses the team on enhancing services to customers, which often results in profit improvement
- Staff involvement results in more effective implementation as they 'own the ideas' and are therefore more willing to implement the plan. Morale often lifts due to this teamwork
- The process enables clear communication of business development direction and focus
- The process makes you stop and review the whole business (the 'big picture' in its entirety), rather than a 'piece-meal' approach of decision making forced by crisis
- A plan based on who will do what and by when creates an action orientation in the business

#### Some Practical Suggestions regarding the preparation of a Business Plan:

- Go through the process annually
- Involve staff
- Treat yourself to somewhere special and do it away from work (the 'retreat' concept)
- Have staff and management put their thoughts down on paper before the meeting so that people are prepared
- Use a business plan questionnaire as a guide

April/May is a good time to undertake a Business Planning review.

## Characteristics of a Well-Run Business

You think you can tell a well-run business when you walk in the door - the staff are cheerful, the premises are under control, and queries are answered quickly and efficiently. However, behind closed doors there may be a chaos of unpaid bills and unbilled accounts. Does this sound like your business? If you are just starting up, how can you ensure your business will be well-run?

There are many characteristics of a successful business; here we list some of them (the remainder will be covered in the next issue of Business Forward). Not all of them will be applicable to each business, but approximately 80% of them will apply to all businesses.

Characteristics are:

- Personal Capacity and Development
- Customer Knowledge and Service
- Product/Industry Knowledge
- Excellent Systems
- Excellent Analysis of Results
- Cash Control
- Stock Management
- Work In Progress Control
- Debtor Control
- Cost Control



Would you like to receive further details on these items to enable you to review your business operations?

## Have You Reviewed Your Insurances?

Recent floods, storms and power outages in various parts of New Zealand have highlighted the necessity for business operators to continually review their insurance covers to ensure that they have adequate insurance cover for the various disasters that can confront an SME. Can you afford to have a week (or more) of no business, just because of rain? Some of the issues that you need to consider include:

- Have you got a detailed Asset Register? You can then check that all of your assets have been included on the Insurance Schedule
- Are you covered for replacement cost?
- Do you have Loss of Profit Insurance?
- Do you have Sickness and Accident Insurance?
- If you are in a partnership or a company, have you cross-insured your partner or co-shareholders?
- Have you got Public Liability, Product Liability or Professional Indemnity Insurance?
- If you are operating as a company, have you got Directors and Officers Liability Insurance?

Now is an ideal time to be conducting an annual review of your insurance covers.

### ***An Important Message***

*While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.*

