

## TOUGH TIMES

For businesses, in difficult times we need to look after our existing customers. It is far harder to get a new one than to retain one you have. How are you going to go about this? Try some of the following strategies.

### Keep in touch with newsletters

Newsletters do not have to be four pages long. Half a page is better than nothing. Use your newsletter to give your customers useful ideas. Your newsletter could be a free add-on service. A painter told me recently I should wash my house down twice a year because it helps to preserve the paint.

So a painter, for example, could give advice about:

- maintaining the paint work to enhance value;
- choice of colours and the reasons for making those choices;
- the effect of sunlight on paint;
- new products;
- are all painting quotes the same, and why is the lowest price not necessarily the best?

### 'How's things' calls

Another way of keeping in touch with clients **and contacts** is to give them a call. Never use this tool to promote sales – your aim is to keep in touch. Reserve this for your most important customers. It is known as a “how's things” call. It should be brief because your customer might be busy and won't thank you for taking up valuable time. Incidentally, the “how's things” call will sometimes lead to a sale!

### Make it friendly

Almost everything you do in your business affects your marketing. How the phone is answered is vital. If you are being hassled and answer the phone quickly, you are likely to convey your feelings to the caller. It shows in your voice.

The atmosphere at work affects how your staff feel. This can affect the way they treat your customers.

### Contractors

If your prices are higher than your competitors, explain why the customer would **benefit** from paying you more money for the job. Don't just put in your price and hope. References from happy customers could be included with your quote.

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## WATCH RECEIVABLES CLOSELY

Receivables can be an indicator of how hard a business's customers are being hit by an economic downturn. They could provide an early warning sign that clients are about to cut back on their purchasing or are experiencing cash-flow problems. Remember that it is not a sale until the money is in your bank!

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## REDUCE YOUR INVENTORY LEVELS

Some businesses require high levels of inventory. Do you know what your holding cost is? Do you know what your stock turn is? Make sure you are not caught with excessive stock. Monitor slow moving stock to ensure they do not become obsolete.

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## PUTTING YOUR PRICES UP

As the New Zealand dollar continues to fall against the major overseas currencies don't be caught out if you source products from offshore suppliers. You may not realise the impact the exchange rate has had on your purchase price until a month later. You may need to put your prices up now to allow for this.

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## STANDARD SALE & PURCHASE AGREEMENTS

The Auckland District Law Society agreement used by most Real Estate Agents have some clauses that look standard but can leave you with a large GST bill if you are not careful even if you believe the transaction to be zero rated as a going concern.

Quite often these agreements are signed late at night after several counter offers with only the Agent to advise. We urge all our clients to make Sale & Purchase Agreements “conditional” on seeking legal and tax advice.

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## LAW CHANGE COMING RESTRUCTURE NOW

If you have owned property for quite some time in a GST registered entity like a farm, lifestyle block, or commercial property there is a small window of time available to you to take this property out of the GST “net” at its original cost price. After 1 April 2009 it will be required to be valued and taken out at market value. The difference can be significant.

If the new associated parties legislation is passed in its current format early in the new year, cost price will no longer be an option.

Therefore you will be required to pay 12.5% on any increase between cost and market value.

Contact us now to determine if you qualify.

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## A LONG TIME

Shirley Johansen started with us 23 years ago and retired on 28 November. Her positive personality and diligent attendance to clients matters will be sadly missed. We wish her and Roger well for their future.

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### **A MERRY CHRISTMAS BUT.....**

Before you depart for your holiday, if you have a March 31 balance date, don't forget to pay your second instalment of provisional tax due on **15 January 2009**. GST is also due on this date for two monthly returns.

### **LOSS ATTRIBUTING QUALIFYING COMPANY REGIME**

Applications for existing companies to join this regime are to be into the IRD before 31 March 2009 to apply for the 2010 financial year. Below are some of the reasons to consider if your company should be an LAQC:

1. Looking to sell your business soon.
2. Expecting some years of losses so want to offset against personal income.
3. Restructuring that could produce a related party capital gain.

### **END OF FINANCIAL YEAR 31 MARCH 2009**

Is the ideal time to transfer shares with minimal tax impact.

So if you have been considering setting up a Trust and restructuring your company shareholding now is the time to start this process.

Please contact us to discuss.

### **TAIL WAGGING THE DOG**

MYOB programs and the like are not as easy as their advertising will have you believe. We have plenty of instances where the client or their office person is spending hours loading their business data onto MYOB only for us to tell them its virtually unusable and that the old way of coding bank statements would be more cost effective.

Don't be fooled into thinking you need a fully computerised accounting system right from the start. You have plenty of other options to ease into business and quite often these options are sufficient for quite some time.

We work with BankLink, Cash Manager, Easybooks



### **PAYE DEDUCTIONS SACROSANCT**

If you run into cash flow problems, don't use PAYE money to pay your creditors. A director of a company has recently been convicted of aiding and abetting an offence by knowingly allowing PAYE deductions to be used by the company for some other purpose. Inland Revenue might also succeed if it prosecuted an officer of a company. The person aiding and abetting not paying PAYE does not have to be a company director.

### **PAYMENT OPTIONS**

During these tough times we would like to remind our clients that we offer the following payment options as an alternative to invoiced on completion due in a lump sums:

1. Fixed Price Agreement – like a quote but invoiced and paid monthly by Automatic Payment to give you certainty.
2. Estimate – paid monthly to accumulate as credit until work done then invoiced based on time incurred so may have a top up or credit, but smooths the cash flow impact.

### **OFFICES TO LEASE**

We have two offices that are surplus to our requirements.

4.5 x 4m + 3.5 x 4m approximately

Ideal for someone starting out in business or for the step out of a home office. We can offer reception functions if required.

If you know of anyone that would be interested please ask them to contact us.

### **HOLIDAY PAY & INCENTIVE PAYMENTS**

If the incentive payment is totally discretionary then they do not form part of any holiday pay calculation.

### **OFFICE HOURS**

Yes, we need a holiday too and we close on Tuesday 23 December and will reopen for business on Tuesday 13 January 2009. For any urgent inquires during this period contact mobile telephones are:

John Hewitt	021 0707234
Ian Waters	021 2629308
Maree Pauling	021 2797440

**MERRY CHRISTMAS TO ALL**