



Trial Balance

THE OFFICIAL NEWSLETTER OF NZ CA LIMITED

September 2007 ISSUE TWENTY



10 Marketing Mistakes

- 1 Not Testing.
- 2 Running Institutional Advertising instead of Direct Response Advertising.
- 3 Not ascertaining and developing your own unique selling proposition (USP) and articulating it is an integral part of everything you do.
- 4 Not having a Back-End (i.e., repeat business).
- 5 Failing to determine and address your customers and prospects needs.
- 6 Not realising that you have to both sell and educate your way out of a business problem – you can't just cut the price.
- 7 Failing to make doing business with your company easy, appealing, desirable and even fun.
- 8 Failing to tell customers the "Reasons Why", e.g. why reduced price.
- 9 Not sticking with campaigns that are still working.
- 10 When preparing a campaign, forgetting to focus on the intended customer and no one else.

Are You Stressed?

You need stress in your life! Does that surprise you?

PERHAPS SO, but it is quite true. Without stress, life would be dull and unexciting. Stress adds flavour, challenge, and opportunity to life. Too much stress, however, can seriously affect your physical and mental well-being. A major challenge in this stress-filled world of today is to make the stress in your life work for you instead of against you.

To use stress in a positive way and prevent it from becoming distress, you should become aware of your own reactions to stressful events. The body responds to stress by going through three stages: (1) alarm, (2) resistance, and (3) exhaustion.

When stress does occur, it is important to recognize and deal with it. Here are some suggestions for ways to handle stress.

Try Physical Activity

When you are nervous, angry, or upset, release the pressure through exercise or physical activity.

Share your Stress

It helps to talk to someone about your concerns and worries. Perhaps a friend, family member or counsellor can help you see your problem in a different light.

Know Your Limits

If a problem is beyond your control and cannot be changed at the moment, don't fight the situation. Learn to accept what is for now - until such time when you can change it.

Take Care of Yourself

You are special. Get enough rest and eat well.

Make Time for Fun

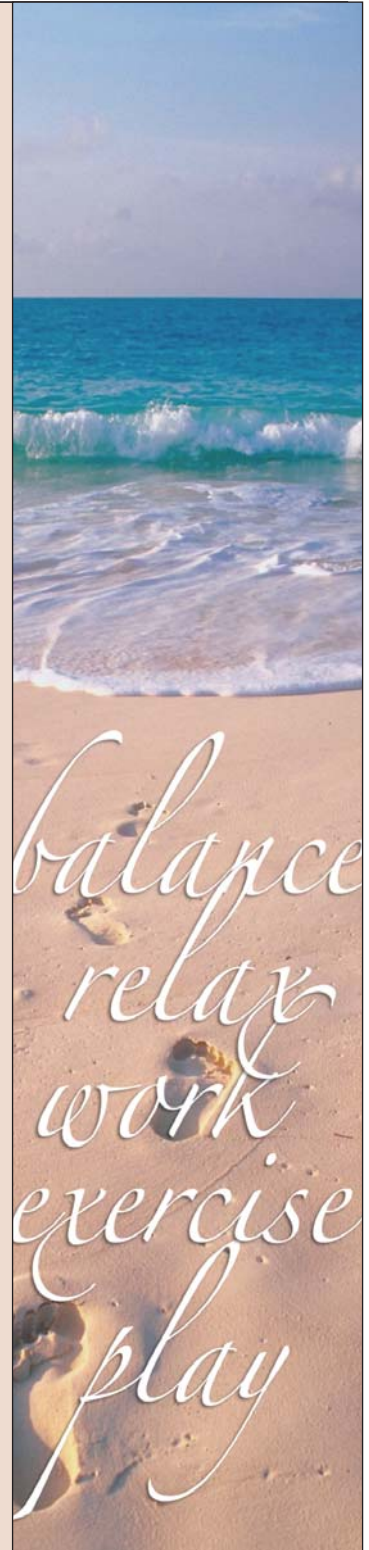
Schedule time for both work and recreation. Play can be just as important to your well-being as work; you need a break from your daily routine to just relax and have fun.

Be a Participant

One way to keep from getting bored, sad, and lonely is to go where it's all happening. Instead of feeling sorry for yourself, get involved and become a participant. Help yourself by helping other people. Get involved in the world and the people around you.

As you begin to understand more about how stress affects you as an individual, you will come up with your own ideas of helping to ease the tensions.

Contributed by Carol Clarke, Sudburys Limited, Whangarei.



A Goal Not Written Down is Merely a Wish

THERE IS A SAYING that a goal not written down is merely a wish. Sometimes, however, it is not as easy as it sounds. Do you, for example, have a budget and monitor it to make sure you are not over-spending? If you do, then you are ahead of 90% of the population.

Do you know how much you need to save for that holiday, that boat or your eventual retirement? Are you saving at all? Do you know how the latest changes to taxation legislation will affect you?

If you are unsure about these, do not worry – that is why it is often best to speak to an expert who can help steer you towards your goals. The following are some examples of goals an adviser can assist with:

- Explain the benefits of the new KiwiSaver scheme and whether these will be of any use to you or your family members.
- Discuss exactly how the latest changes to the taxation of investment income work and how you may be able to reduce your overall taxation liability by using the most appropriate structure for your circumstances.
- Start a savings fund for your children's and grandchildren's education.
- Simplify the administration of your investment portfolio by using an investment management 'wrap' platform such as OneAnswer, PAN etc.
- Ensure you have enough life insurance (keep in mind that no one ever thinks they are over insured when the surviving family needs to make a claim!)
- Identify the required amount of investment for retirement, and then set in place a savings plan.
- Diversify your portfolio so you are not overly exposed to any one asset class.
- Reassess your risk profile and try to better understand the meaning of risk. For example, if it is 10 years until you need to use the money in your portfolio, you can probably afford to take on more risk to achieve a higher return.
- Minimise the cost of your mortgage and maximise legitimate tax savings.
- Reduce or eliminate high interest-bearing debt such as credit cards.
- Keep three months' living expenses in an interest-bearing 'cash account' so you can pay for unforeseen one-off expenses without ruining your savings, and
- Help you to donate your time or money to worthy charities that benefit your community.

Source : Strategi Limited

Soft Dollar, Hard Dollar – consider this

WHEN YOU GIVE a discount you reduce the price and give away "hard dollars". If, however, you give a voucher for something free or offer a reduced price next time the customer buys, the cost to you is a lot less and you leave an opportunity for further sales.

Soft dollar is where you supply goods or services, which cost you say \$5 but have a selling price of \$10. You see \$5 but the customer sees \$10.

Always try to use "soft dollars" in preference to "hard dollars".

NZCA members have some excellent worksheets, which show the effects of discounting and increasing prices.

Source : Prince & Partners

Changing People is Impossible

If some of the people who work for you have weaknesses, learn to live with them. Unless they are merely gaps in their knowledge, you cannot change them.

Conventional wisdom says we should help people to correct these imperfections. This is unproductive. Untidy people will continue to be so and you will be unlikely to change their habits.

No one is perfect. When selecting a new staff member, evaluate those things you do not like and determine whether you can live with them. If you cannot, employ someone else. People do not change.

Accounting Speak

Gross Profit Percentage – Attention Retailers

SOME EXPENSES VARY in proportion to sales. The cost of stock in a supermarket should be almost exactly the same from month to month.

Cost of stock is:

Starting Stock + Purchases - Stock at the end of the period
= Cost of Stock

Gross Profit is :

Sales - Cost of Stock = Gross Profit

The Gross Profit Percentage is: Gross Profit/Sales

If you are in a business where your gross profit margin ought to be constant from month to month, measure this figure regularly or risk going out of business.

Most Bars calculate their gross profit at least every week. The successful ones certainly do this.

You will need to value your stock to calculate the cost of stock. If necessary do some estimating but get used to the discipline of regularly measuring your gross profit percentage.

Source Prince & Partners RSM

Be Different...

IT IS GOOD BUSINESS to help others when the chance arises. When someone helps you, like referring a client to you, be sure to say "thank you". Some folk send a letter or e-mail. We know a company with a different approach. The MD buys outstandingly lovely cards to send. She just happens to be in the business of marketing.

Recently she noticed one of her thank-you cards on a clients desk, eight months after she had sent it! Imagine how many times that card has reminded the customer about this marketing company. What a way to promote the firm!

Source Prince & Partners RSM

Trusts Effective at Protecting our Wealth and Wishes

The most effective and simplest action the majority of us can take to protect our assets is to place them within a discretionary trust, and then ensure that the trust is administered validly.

IT WAS NOT MANY years ago that trusts were the preserve of the better off minority. However, increasingly our advice to clients as change takes place around property division, inheritance, bankruptcy and aged care is to give serious consideration to putting assets into a trust.

A trust will ensure our wishes are carried out when the time comes for our assets to pass to the next generation, while also ring fencing specific assets from our other business dealings.

If the first step to wealth protection is setting up a trust, the second is ensuring it is administered in a way that protects it against challenge by others. You can only achieve the latter if the rules governing decision making and record keeping have been adhered to.

When setting up a trust, the key is tailoring it to your specific requirements, and for that reason we encourage the involvement of a lawyer as well as a financial advisor in determining if a trust is the right approach.

For example, there may be value in setting up more than one trust – one to protect what might be regarded as core family assets and others to manage investment property or trading operations.

Once a clear understanding of the functions the trust must achieve are resolved, it is important to ensure the financial and legal requirements of the trust are administered properly.

Some people are put off trusts by the perceived cost of setting one up, and then ongoing administration charges. But these are negligible in comparison to the loss that can occur in the event that your wishes are not followed, or the trust does not stand up to scrutiny when challenged by the State or a third party.

From our experience, many trusts can be established for between \$1500 and \$2500, and can be administered as required. Some clients successfully manage their own trusts with a little guidance from us.

Take the first step by asking your accountant their views on whether a trust might be right for you. Their knowledge of your affairs, along with some questions about your intentions, will enable you to take the first step.

A point that needs to be kept in mind is, the longer the trust is in existence, the more robust it will be against challenges and the greater the benefits that will accrue through gifting rules.

Source : campbell.tyson.cooper.white

Personal Guarantees

A PERSONAL GUARANTEE is a pledge, by someone, that he or she promises to pay any deficiencies on a specific loan or commercial commitment. It should be noted that most bank guarantees are also indemnities which make the guarantors principally liable with the borrower.

Did you know?:

- Personal Guarantees do not cease when you die and repayments can be taken from your estate.
- A Guarantee is still in force even after a debt is repaid, and could be used for other debts (whether past, present or future), unless you have limited your obligation to a particular loan.
- When the customer is a trust, and the supplier has named the trustees personally, then the trustees are personally liable to the supplier and the supplier does not need to get guarantees from them.
- Each individual who signs a guarantee, even if they are only a 10% owner in a business, is 100% responsible for the amount being guaranteed.
- If you bank with the same bank you have a personal guarantee with, they can simply take money from any of your accounts without permission.
- The terms of agreement on Personal Guarantees can often be negotiated with lenders.
- Personal Guarantees can be cancelled, and you will only be liable for the debt to that point, though it should be noted that the bank can retain this for 2 years in case of any claw backs against the loan.

Source : SFS Newsletter July 2007

Knowledge Is Power

A RESEARCH FIRM in the US recently telephoned more than 2000 companies and asked whoever answered the phone this simple question:

“How much does your service or product cost?”

Here are the results of that survey:

- 79 percent of the companies didn't even ask for the caller's name;
- 86 percent didn't ask for the address or phone number so that a salesperson could follow up;
- 52 percent took more than eight rings to answer the phone;
- 44 percent gave the price and told the caller about other products or services, but make no effort to actually close a sale or arrange an appointment;
- 28 percent put the caller on hold for more than two minutes while they tried to find the answer;
- 38 percent gave the price and then hung up as soon as the caller said “thank you”.

Why don't you test your business on how staff handle these matters? Hopefully the results will please you but if they don't at least you can take corrective action.

Source : Inside Business Success : Sarnia Financial Services

**Procrastination is
the art of keeping
up with yesterday.**

Don Marquis (1927)

Smile it won't hurt!

TOO MANY PEOPLE arrive at work looking glum. Some stay this way all day and never realise the impact it has on those around them. Customers, in particular, notice.

This leads me to an important piece of business advice. People prefer to deal with those they like. Be friendly, be liked and your business will increase. Sounds too easy doesn't it.

A bank set out to increase its share of the market. Its first thought was to produce a new and better product. This is exactly what it did. Its share of the market did not change. Then someone in the organisation had a brainwave. Why not ask the customer what they

wanted. The answer came back loud and clear. Customers said they wanted to deal with friendly tellers and their share of the market increased.

Some years ago National Bank promoted itself as the friendly bank. Do you think National Bank would have sustained their advertising as the friendly bank if there had been no mileage in it?

If you want an outstanding example of the power of a smile, look at how hospital staff attend their patients. A cheerful friendly greeting makes a huge difference and many hospital staff are very good at this. So our advice is "Smile. It won't hurt. Smile!"



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What Articles Would You Like?



IF YOU HAVE any questions you want answered or have any topics or ideas you would like to see included in a future newsletter, please contact Sandra at sandra@prince.co.nz or Heather at heather@nzca.com.

We are endeavouring to make the newsletter easy to read, broad and interesting. Your assistance and input would be much appreciated.

I tried paying my taxes with a smile. They wanted money!

Changes in Particulars

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* Physical address * E-mail address * Phone and/or fax numbers * Shareholdings * Directorships * Trustees
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