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## Have you got team buy in?

People who love going to work are more productive and more creative. They go home happier and have happier families. They treat their colleagues and clients and customers better. Inspired employees make for stronger companies and stronger economies.

### One of the greatest assets your business has is your people.

Unfortunately, because of high staff turnover and lack of commitment or buy-in, they are often viewed as a liability. Turning your people from a liability to an asset does not happen by accident nor does it happen overnight. Employee engagement is critical if you are to reap the rewards of a loyal workforce. If there is no, or limited, buy-in from your team, there won't be much commitment to the goals and aspirations of your business. There needs to be a certain culture in place within your company – one that breeds loyalty and respect within your team.

### Effective Leadership

Employee engagement starts at the top with the leader of your business. This person has a tremendous impact on the commitment of their team and this should never be ignored. People lead in different ways – some are dictatorial “this is how it shall be”, others just expect their team to follow along behind with no clear path and a haphazard approach to leadership.

Most people have experienced a “bad” boss – one who rarely encourages and always seems to spot any negative things they do – always ready to pounce when something goes wrong. The effect of this can be devastating on your team's morale, motivation and personal confidence. The most effective leaders have mastered, or are practicing the art of engaging their people. It is that engagement that will inspire the commitment and loyalty that leads to true buy-in from your team.

### Who is the decision-maker?

Our view is that business should not be democratic.

Decision-making should always rest with the leader. Left to a committee you run the risk of mediocrity. Leaders must “lead”. However, in order to make good decisions it's smart to consider a variety of opinions and different viewpoints before making that decision.

Peter Drucker says that effective leaders create dissension and disagreement rather than promote consensus. He recommends you do not make a decision unless there is disagreement first. If everyone agrees at the outset – send them away and tell them to come back with some opposing viewpoints. “If everyone is thinking the same, then someone isn't thinking”. As a leader, surround yourself with people who are willing to disagree with you, and show that you are willing to listen to what they have to say.

### Give your employees a voice

Motivation, job performance and morale will increase when employees have the chance to contribute their concerns and ideas. This doesn't mean you need to please everyone (you can't) but you need to show you are willing to listen. If you only pay lip service to listening and have no intention of seriously considering their ideas – your staff will stop offering input and become increasingly frustrated in their jobs. Employees who think their leaders do listen and pay attention, are more likely to speak up, and get along better with each other, improving the operation of your business as a whole.

Your people should be respected, encouraged, and their differences celebrated. Get this right and you'll reap the rewards of a loyal workforce.

Source: Full Focus



# FRICITION in the family business

Is friction causing your family business to fail?

**A**lthough relatively straightforward to start, a family business can become complex to manage and extremely complicated to exit. Conflicts over debt and other relationship issues are often the central cause. Family members often treat each other with a lot less respect than they treat a complete stranger. This can lead to anger, hurt, resentment and a complete breakdown in communication. Getting caught up in this kind of emotional dynamic can often be at the expense of logical decision-making. Our experience shows that when failures occur in a family-owned business, it is often traced back to friction within family members.

It's not hard to recognize the typical signs of problems in a business, such as poor cash-flow, declining balance sheet and drop in profitability. At this point the business owner can, and often does, seek the help of an expert such as an accountant or marketing specialist, who can assist in these specific areas. But what of the family issues that are destroying the business? They are not so readily addressed as many are reluctant to seek assistance or handle these areas.

To effectively deal with issues in the family business requires more than making sure the numbers stack up and the documents are signed in the right manner. It requires a level of transparency and emotional wisdom that can be hard to attain or hold on to when things aren't going right (and sometimes even when they are). One of the first casualties of confronting the family dynamics is often the ability to think clearly.

## Common Causes of Conflict

Many things can affect the sustainability of a family business. But if you dig deeper than the numbers ... revenue, profitability etc ... there are some fundamental issues that can make or break any family business. Here are just 3 of them :

### 1 Ownership

We no longer have the rules of the past where handing down of businesses, assets etc was a done deal – it just went to the eldest son. In today's society we realise the eldest son may not be the best person for the job ... and may not want it either! Handing over the family business can become a minefield and is about as emotionally sensitive as it gets. It has the ability to cause significant conflict and upset between any and all members of the

family. It is often hard to achieve an outcome that is seen as fair by everyone involved.

### 2 Control

If there are family members with significant shares in the business but not working in it, they may view family members working in the business as plunderers of their legacy. Whilst those working in the business will view family members who don't work in the business as freeloaders. The resentment this can cause is detrimental to the effective ownership of the business. The question on who has control represents a crucial decision.

Regardless of how well the family gets along, old rivalries, new in-laws or something completely unexpected can trigger conflict. Developing a governance system to direct and control the business, will help considerably to reduce the risk of resentment and tension.

A governance system will, among other things –

- Provide clarity on roles, rights and responsibilities of family members, owners and business members.
- Get the right people together at the right time, to discuss the right things.
- Provide a means to resolve differences and minimise conflict.

### 3 Jealousy

When combined with all the other emotions facing the family when they work together, envy can be incredibly destructive and is often a major contributing factor to conflict. To help ensure a more effective outcome for both the family and the business, it is crucial that dialogue is transparent, individual expectations are understood and the difficult subjects are kept on the table.

## The Good News

When there is conflict in a family business, most of the problems are caused by individuals within the family. The good news is they do have a say in their problem and they have the power to alter the outcome. Achieving this may mean working with an expert who appreciates the dynamics of family businesses. This consultant must have a high level of skill and understanding of the family business, and be prepared to go the hard yards if the outcome is to be the right one for the family business and its key stakeholders.

[www.fullfocus.co.nz](http://www.fullfocus.co.nz)

## Imputation credit account

Ensure the imputation credit account (ICA) balance is not in debit at 31 March. Companies with a debit balance in the ICA at 31 March will have to pay further income tax and an imputation penalty of 10% if the ICA has a debit balance. Remember to protect imputation credits by ensuring there is a 66% continuity of ownership. You will lose all imputation credits if this is breached. Planning is essential.

## Tax losses

If carrying forward losses, you should review any shareholder changes to ensure that the shareholder continuity test has not been breached (ie 49% continuity of ownership).

## Loss offsets

An election to offset losses within group companies must be made by 31 March in the year following the year of offset.

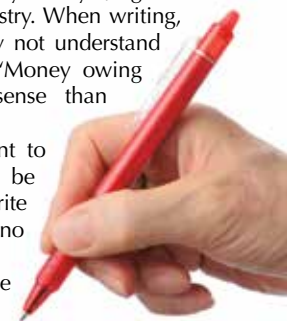
## Employee remuneration

To be deductible, payments to employees (other than shareholders-employees) must be incurred in the income year the deduction is claimed and paid within 63 days of balance date. Payments covered by the 63 day rule include bonuses, holiday pay and long-service leave.

## Better writing

**W**ould you like to improve the way you write? Here are some tips:

- Avoid long sentences.
- Use short words.
- Bullet points can sometimes make things clearer.
- Colloquial writing, such as “don't” and “can't” are less formal.
- Do sentences have to have verbs? Not necessarily!
- When advertising, feel free to break the rules of grammar if this will improve the clarity of the ad. Yeah, right!
- Think of the reader and pitch your style to suit.
- We slip into jargon very easily. Jargon is words we use in our industry. When writing, remember the reader may not understand your industry language. “Money owing to you” makes more sense than “Debtors” doesn't it?
- By the way, if you want to write a newsletter, don't be like some lawyers and write lots of boring words that no one wants to read.
- Always consider the reader.



# What is the difference between a self-employed contractor and an employee?

Employees and contractors have different rights and obligations under the employment legislation. Below are some examples of questions worth asking before starting an employment relationship.

You are in business in your own right (self-employed contractor) if you:	You may be an employee if you:
advertise your expert services and skills	have a common understanding (intention) with your employer that you are an employee.
intend to be self-employed and structure your earnings through a business	have a 'boss' who directs when, where and how you do your work
control what jobs you do, when and how you do them	apply for jobs advertised rather than advertise your own services
take responsibility for paying your own tax and ACC levies	have an employer taking responsibility for your health and safety in a workplace
take responsibility for your own health and safety in the workplace	have your tools and safety gear provided
take responsibility for the health and safety for others in the workplaces you work in	do not have to provide your own transport to travel in the job
own, maintain, repair and replace your own tools, equipment, vehicles and safety gear	face discipline if you are late for work or do not carry out work required
structure your earnings through an accountant or a company	have limited control on increasing your income by changing the work you do.
employ staff or sub contract the jobs you have to do to other people	have a written employment agreement
can increase your income by changing the jobs you do.	have paid annual leave, sick leave, and bereavement leave entitlements
have a contract for service with a principal, rather than an employment agreement	
do not receive paid annual leave, sick leave, and bereavement leave entitlements	

Source: Ministry of Business Innovation & Development

## Change to the Employment Relationship (ERA) – 6 March 2015

Significant changes to the Employment Relations Act came into effect on 6 March 2015. It is important that employers are aware of these changes, and how they affect current and future employment relationships. A brief summary of these changes are as follows:

### Rest and Meal Breaks:

The changes surrounding rest and meal breaks aim to create a more flexible schedule for breaks that allow employees and employers to balance their needs for rest, food and drink and time to deal with personal matters without compromising the flexibility or continuity of the business. Currently there are strict rules in place regarding the timing and duration of rest and meal breaks, these will be replaced with general guidelines which allow employees the right to rest or meal breaks should they require them.

The changes will allow employers and employees to work together to determine when breaks are taken, and for how long. The employer can restrict the timing and length of breaks, and in some cases, the employer is exempt from giving breaks completely (if an employee agrees to forgo breaks completely, the employee must be given compensatory measures). Any other law that requires an employee to take a break e.g. Health and Safety requirements, takes priority.

### Flexibility of Work

The changes will allow any employee (not just those with caring responsibilities) to make a flexible working request from the first day of his/her employment. There is

no limit on the number of request employees can make. Employers will be required to respond within one month of the request being made, and the restriction on the number of requests is now removed.

### Good Faith

Amendments to the provisions of Good Faith clarify that the employer is not required to provide an employee with access to any confidential information about an identifiable person where this would involve and "unwarranted disclosure of the affairs of that individual".

### The Employment Relations Authority

Changes require the ERA to provide an oral indication or determination of their findings at the end of an investigation meeting. This must be followed by a written determination within three months.

### Industrial Action

Written notice of any proposed strikes or lockouts is required in advance. This proposal must include a specified start and end time and date, or an event which would conclude the action. If the action continues outside the timeframe, a new notice is required. Withdrawal of a notice is also required in writing.

### Collective Bargaining

Changes to the collective bargaining framework include the removal of the requirement to conclude a Collective Agreement, or to continue bargaining where a standstill has been reached on a matter. Parties are able to apply to the Employment Relations Authority for a declaration as to whether bargaining has been concluded. If the Authority finds that a conclusion has been reached, a 60 day grace period must be adhered to before bargaining can be reinitiated.

Source: KnowHow

## Good systems breed success

Success in business has a lot to do with systems. Get your systems right and your work will flow better. Your systems will save you time and costs. Here are some useful tips for good systems:

- Start each day by planning what you're going to do and the order in which you are going to do it. You'll get interruptions and you may not finish the work. Put the most important work first so the remainder can be safely held over until the next day. Don't confuse urgent with important. Organising your golf for next Sunday might be urgent but it might not be important for your business. Make it wait until after work.

- Use checklists. Whenever you have repeating work, develop checklists so you don't overlook anything. If you've made a mistake in a costing, for example, change your checklist so it never happens again.

- Keep a notebook. Any ideas you get should be written down immediately. If you leave this till later you're sure to forget that good idea.

- When you're organising papers to take to your accountant, get a system to make the job easy. For example, if you receive dividends and interest, have a folder or some place where you always put the details of each amount when you receive it.

- Systems apply just as much to selling. Some situations call for scripting exactly what your staff member is to say when selling.

# 2015 BUDGET

## Summary

The Budget 2015 has been unveiled with a few, if any surprises. The media has already called it a “give and take” budget – much like the previous few years’ budgets.

### The key features of this year’s Budget:

- A \$790 million child hardship package which includes a \$25 increase in core benefit for beneficiaries with children; minor adjustments up and down in Working for Families payments depending on income.
- The wiping of the \$1,000 kick-start contribution on signing up to KiwiSaver.
- A new “border clearance levy” for arriving (\$16) and departing (\$6)

- passengers, expected to raise \$100 million p.a.
- \$80 million operating boost over four years to research and development growth grants.
- \$1 million for a new effort to attract research and development by global companies to New Zealand.
- \$500 million reduction in ACC levies
- Confirmation of the two-year rule for property sale.
- Increased obligations on beneficiaries regarding finding part-time work.

## Proposed Government tax crackdown on housing

The government has proposed new rules which are to be imposed from October 1 which require all non-residents and New Zealanders buying and selling property other than their main home to provide a New Zealand IRD number as part of the land transfer process with Land Information New Zealand. All non-residents are required to have a New Zealand bank account before they can get an IRD number and will have to provide tax identification from their home country along with current identification (ID) requirements such as a passport.

In addition the government has announced a bright line test which requires that gains from residential property sold within two years of purchase be taxed unless the property is the seller’s main home, is inherited from a deceased estate or sold as part of a relationship property settlement. The new bright line test adds to the current IRD “intentions” test which means that property bought with the intention of being sold for profit will still attract tax even after the two-year cut-off.

The government has proposed that the Inland Revenue Department be given an extra \$29 million in the Budget to assist in investigating property investors, tighten rules on investment gains and link transactions to IRD numbers. It also proposes to assess a

withholding tax for non-residents.

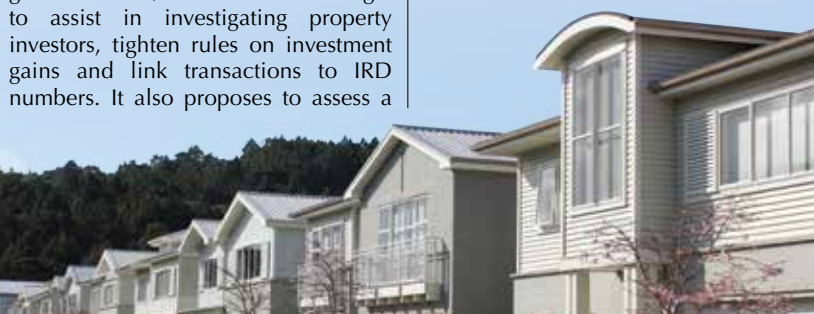
The \$29 million in extra funding brings the IRD’s total funding for investigating property investors over the next five years to \$62 million per annum. This is forecast to generate approximately \$420 million of extra tax in that period.

Revenue Minister Todd McClay says that the extra information disclosure requirements for property buyers will help Inland Revenue track and identify transactions that are likely to be taxable and will allow IRD to share information about non-residents with overseas tax authorities.

This is just a brief summary of the proposed changes which have already been discussed in detail through media releases. We will provide you with further details once they are available.

In addition to the new proposals above the Reserve Bank has also announced new lending restrictions targeting Auckland. It is proposed that a new asset class be created covering property investors defined as a mortgage on a home that is not owner occupied. The result will be that more capital will be required to be held against these loans.

Source: RSM Prince



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