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Insurance for SMEs

It's no use working very hard in building up a small business if you then have a fire, flood or cyclone or are sued by a customer or client and potentially lose a lot of money or even your business, when for a relatively small cost, you could have insured against many of these catastrophes. The Westpac Bank has indicated that one in three small businesses is under-insured.

Just as you plan how your business is going to operate from a marketing, staff, operational, premises point of view, you also need to plan appropriate insurance covers which give you a realistic amount of cover in the event of a loss.

Many small business operators utilise the services of an Insurance Broker to research the market and make recommendations to the SME operator on appropriate insurance covers available within the market.

You need to prepare a list of the assets owned by your business and ensure that those assets are insured for their replacement value. This is normally referred to as 'Fire & Specified Perils' insurance cover.

Team Member profile:

Name: Murray White

Position: Accounting technician

Time with us: 4 months



A bit about Murray:

Murray grew up in Waikanae and has recently completed a diploma in business at Whitireia. He is a keen golfer and is settling really well into the team here. Murray follows the V8 supercars, He's a Ford man.



Marketing Will Help You Succeed

In this day and age marketing is a multi-layered activity which can make a massive difference to your clientele, your growth and your bottom line.

You need to ask yourself some questions:

- What do you want to achieve in your business?
- What are your personal goals?
- What are your business goals?
- Have you set any goals?

These types of questions need to be answered before undertaking the task of preparing a business plan.

What are your differences? What makes you unique? What are your strengths and weaknesses?

Many people consider marketing to be advertising or promotion, however marketing is much more than that. Marketing is a number of related activities which start from producing products and services that meet people's needs, making those products and services available and letting potential customers know of the existence of the products and services. The key strategy is to concentrate on keeping the customers and clients coming back again and again. Marketing is concerned with everything involved in the transfer of goods or services to your customers.

"You can't overestimate the need to plan and prepare. In most of the mistakes I've made, there has been this common theme of inadequate planning beforehand. You really can't over-prepare in business!"

Chris Corrigan, 2003



What's it Mean?

Accounting Period Any period of time utilised to measure accounting performance e.g. 1 year, 1 month, 3 months.

Benchmarking The comparison of operating figures, both financial and non-financial, from one firm with another, or a group of others. Comparing your business to others undertaking the same sort of work can help you to see how yours is doing and can assist in achieving Best Practice Management.

Capitalisation Rate In valuing businesses the future maintainable profit is expressed at a Capitalisation Rate. The Capitalisation Rate is the rate of return that a prudent, arms-length, interested - but not anxious - investor would require from an investment in this type of business after the allowance for reasonable management salaries.

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.



Staff Affect Your Bottom Line!

Be aware that staff attitudes are the prime contributor to bottom line profitability.

No matter how good your business' products or services are, or the manuals that have been developed, or even the names of customers that are on your customer database, without a well motivated, trained and inspired staff, your business will never achieve its ultimate bottom line profitability result.

As a manager, you are responsible for bringing out the best in the people your business employs and to create an environment whereby they can work in a highly creative and productive manner, to enhance their own well-being, the well-being of their work colleagues and families and ultimately the overall well-being of the business.

Ways of effectively managing your staff would include:

- Using systems to ensure that the best possible candidate is offered employment in the business
- Implementing an induction system to ensure that new employees are made to feel part of the overall team and to understand the team's and the business' goals and aspirations
- Setting targets or objectives. Have weekly job meetings to review progress and to encourage input from all employees
- Monitoring results throughout the period. Be aware of and record other factors such as teamwork and attitude toward customers
- Performing regular appraisals or reviews by setting aside regular times (e.g. fortnightly) for a brief discussion with each employee. Let them know where they are under-performing and performing well. Conduct a formal appraisal at least every six months
- Consider development activities and training requirements to overcome inadequate performance or to further improve good performance

Planning is the key to ensure staff performance. Employees must understand and have documented job descriptions and objectives. A good employer knows that communication with staff is vital and that the empowerment of work teams to achieve productivity targets within the business are essential if the business is going to survive and prosper. Regular staff appraisals can help to achieve the desired outcome.

Staff Appraisals

The way you conduct the performance appraisal is critical to its success:

- Ensure there are no interruptions
- Give the employee your full attention
- Establish rapport
- Seek agreement on past performance
- Remain calm and build on their strengths
- Identify and agree areas for improvement

It is important to close the interview on a positive note and leave the way open for future discussions. Performance appraisals can be a daunting process for both managers and employees. Planning and effective communication during the interview is the key.

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.

