

# CST Nexia News



## STOP PRESS Lift Replacement

From 17 September 2009, the lift, at our premises, will be out of action for approximately 6 weeks, whilst a new lift is installed.

Should you need to meet with someone from the firm during the outage period, and prefer not to climb the stairs, please telephone beforehand to make arrangements. ■

## Lifetime Value of a Customer

Most businesses need to ensure ongoing education of their team on the lifetime value of a new customer.

Lifetime customers represent repeat business and repeat business equals profits:

- Assume that the lifetime period of a customer is between 7 to 10 years on average
- Multiply the average sale by the number of times you expect to see that customer each year
- Multiply the projected annual sales by the number of years' expectancy for 'lifetime'.

This will give you some idea as to what the customer is potentially worth to your business. This means that one of the most effective ways of marketing your business is to increase the number of visits that your long-term customers make to your premises, as this will add to the lifetime value of the customer.

To develop lifetime value of customers, you could consider the implementation of a referral system where current customers are encouraged to refer new people to your business with an appropriate incentive being given to the referrer. This could be a weekly lucky prize or a discount off a product in your business.

*How do you develop lifetime customers?*

- Improve your referral system
- Create outstanding service to all customers to encourage them to become lifetime customers
- Create a database of customers and offer them outstanding service
- Keep improving the level of service to customers
- Offer special events and promotions for your customers
- Go the extra mile
- Get them to say 'wow'! ■

## Xero, the way the world is heading?

We are often asked by clients what is the best accounting system for them. In some cases a shoe box is fine and for others a full blown ERP system would be appropriate.

A relatively new product which seems to reflect the way the world is heading is Xero, which has been and continues to be developed here in NZ.

Xero is ideally suited to SME's and is an online accounting system i.e. you access it through the internet, so it doesn't sit on your desk top or server. It has some great features and will be a good option for many businesses.

*Continued on page 2...*

# Xero, the way the world is heading?

*Continued from page 1...*

## *The keys of an online accounting system*

- Easy to use and keep up-to-date
- Different user functions for: business owners, their employees, the bookkeepers, and staff
- You can access the system and process information wherever you are
- Backups and upgrades are handled by the providers and not left to the users, so they do get done.
- Can reduce IT costs to the business.

Xero has automatic daily bank feeds, so cuts down manual processing time. The dashboard has up to date graphs showing your bank balance, who you owe and even more importantly, who owes you.

Xero is web-based so it's accessed solely over the internet, which means you can access the

accounting software and financial information from anywhere. That means no software installation, upgrades or maintenance. Xero supports multi-users.

## *Features include:*

- Cash book and general ledger
- Automated bank feeds
- Bank reconciliation
- Account receivable invoicing
- Accounts payable
- GST & BAS reporting
- End-of-month management reporting
- Budget and variance reporting
- Expense claims
- Contact management
- Fixed Assets
- Multi-currency.

## *Some of the things we like about it are that:*

- Customers, their advisors, independent

directors can view/work on the same financial information concurrently - eliminating importing and exporting of data files and the inconvenience of multiple versions.

- The ability to process work off site means its easier to find suitable staff and/or to continue to operate when they're away.
- Its quite user friendly, promotes e-mailing of invoices and the automatic daily upload of the bank transactions is a great feature.
- Has good management reports which will encourage people to monitor their business performance against budgets.

If you're looking at a new accounting system or aren't sure whether you're getting the most out of your existing system we'd be happy to discuss the pros and cons of Xero with you or whether the shoe box remains your best option. ■

## Survival in Difficult Times

Many business operators have already taken steps to ensure that their businesses will survive these difficult times.

Suggestions on implementing planning for survival in difficult times include:

- Review costs: Can any business cost be reduced or eliminated?
- Review labour productivity: Talk to your team members and see if agreement can be reached on improving productivity
- Review management of cashflow: Including checking applications from new credit customers to ensure that you are not inheriting someone else's problem account. Are you receiving directors' guarantees?
- Ensure follow-up of customers from the due date to ensure prompt payment, answer customer queries, so that you can resolve them as soon as possible
- Ensure tax invoices are prepared in accordance with the customer's requirements and sent promptly
- Monitor debtors' aged analysis on a weekly basis
- Ensure any payment arrangements made

with a customer are confirmed in writing including details of key dates that the customer has indicated payments will be made. Follow-up with the customer to ensure that payments are made by the due dates

- Prompt referral of problem debtors to a debt collection agency
- If you are an importer or exporter, should you consider locking in currency contracts?
- Review cost controls throughout the organisation on a monthly basis
- Contact suppliers and try to negotiate improved payment terms
- Prepare monthly financial accounts, review KPIs with managers and team members
- Review marketing expenditure: If the expenditure is directly related to current sales, it is probably worth continuing. If not, consider curtailing some expenditure until market conditions return to normal
- Monitor stock holdings: Can stock be reduced?
- Monitor stock turns: Will relocating stock within the store, or running special promotions, help move stock?

- Monitor work in progress: Are jobs being completed and invoiced as fast as possible?
- Credit Insurance: If you are selling a large proportion of your sales by credit, consideration could be given to taking out a Credit Insurance Policy. This policy will give you an insurance cover against pre-approved debtors not paying a legitimate account. The fact that you have taken a credit insurance policy may assist in negotiating ongoing loans with your bank or financial institution.
- Romalpa Clause: Are you selling goods on credit? If so, have you included a Romalpa Clause in the tax invoice and any other contracts for the sale of the goods? The Romalpa Clause is a provision in a contract for the sale that the title of the goods remains vested in the seller until certain obligations (usually payment of the purchase price) are fulfilled by the buyer. We can assist you in implementing strategies for the present difficult business environment. Please contact us if you would like to have a discussion. ■



## Manukau Business Excellence Awards

The Westpac Manukau Business Excellence Awards, one of the country's largest business excellence awards, were held at a Gala Awards evening at the TelstraClear Pacific Events Centre on Friday, 18 September 2009. Our congratulations to all of the winners and in particular our two clients: National Aluminium Ltd and Daniel Robertson winners in the 2009 Westpac Manukau Business Excellence Awards.

*National Aluminium Limited wins Westpac Business of the Year Supreme Award plus both the Manufacturing and Innovation & Strategy Categories.*

NALCO's has its headquarters in East Tamaki and originated back in the '60s. The company provides complete aluminium solutions tailored to specific client needs, which includes designing, manufacturing, importing and exporting aluminium extrusions

and related products.

*Daniel Robertson, founder of Fishpond, was named as Manukau City Council Young Business Person of the Year.*

Daniel Robertson, started online bookstore Fishpond in his bedroom in 2004. The company is probably Australasia's biggest online bookstore with more than 2m books, 188,000 CDs and 12,000 DVDs on its virtual book shelves. Fishpond employs 30 people at its Airport Oaks location. ■

## Personal Grievances set record award levels



Deirdre Little

The number of personal grievances broke records in 2008 according to a recent Employers and Manufacturers study. A record 521 personal grievances were heard with the trend highly in favor of employees overall (67%). However the variations between regions continued. In Wellington the average compensation paid was \$6,474 compared to Auckland's \$4,851. Claims of constructive dismissal (where the employee claims they

were pressured to resign by the employer) were the hardest for an employee to prove with only 45% of cases won. The most common claim is unjustifiable disadvantage which is perceived to be easier for an employee to win. This is the test of whether a dismissal was justifiable given what a fair and reasonable employer would do.

If you need help with any employee issues I'm more than happy to assist. I can be contacted on 261-1392 or by email [dlittle@cstnexus.co.nz](mailto:dlittle@cstnexus.co.nz). ■

## Nexia Natter

Jocelyn How was promoted to Manager - Business Advisory Services in January of this year, after beginning with CST Nexia Ltd as a Graduate Accountant in 2005. The promotion was a reflection of the Partners confidence in Jocelyn's ability to produce high quality work and to consistently deliver on deadlines. Senior Business Advisory Services Manager Steve Young said management were also impressed by Jocelyn's strong technical

ability, excellent attitude and evidence of her ability to supervise/mentor junior staff effectively long before her promotion.

Jocelyn has an interest professionally in investment portfolios and has in the past regularly attended a Taxation special interest group run by the New Zealand Institute of Chartered Accountants. In her spare time she enjoys playing Indoor Netball, dining out, movies and travelling. ■



Jocelyn How



## Recognised for his years of service

Pictured is Trevor Hynds, one of our consultants, receiving a District Commander's Certificate of Appreciation from Superintendent Mike Bush, District Commander, Counties Manukau Police. The award is in recognition for his work on the Counties Manukau DARE committee as a volunteer in the role of committee treasurer between 2000 and 2009 and states "The diligence and professionalism you have shown has been instrumental in raising funding to allow the DARE committee to promote drug awareness and resistance education in the Counties Manukau region. The professionalism and dedication you have shown in the vital area of drug education, awareness and community support has enhanced the reputation of the DARE programme to educate young people to be in control of their lives." ■

## CST Nexia sadly farewells two staff members

Gaye Dunbier retired on 17th September before heading off on a well deserved holiday to Canada taking in the Rocky Mountains, Quebec and Niagara Falls. Once back from holidays Gaye plans to spend more time with family and friends and work on various craft projects. Gaye began with CST Nexia in 2007 when the company merged with the Chartered Accountancy practice of Spencer, Milliken and Hynds of which she had been a loyal team member for an amazing 29 years! Staff at CST Nexia will really miss Gaye's smiling, happy face in the office and extremely kind nature. We would like to thank her very much for all her hard work, fantastic work ethic and wish her all the very best for her retirement.

James Miller began with CST Nexia as an Accounting graduate in April 2006 before qualifying as a Chartered Accountant in 2008. James will leave CST Nexia on the 25th September to head off on his O.E. to the United Kingdom. He plans to look for contract work in London but future plans include a trip to France to try out the language he studied while at high school and university. James was president of the Social Club in 2008 and has been involved in expertly mentoring some of our junior staff. CST Nexia would like to thank him for the huge contribution he made in only a few short years. We all know James will have a thoroughly fantastic time overseas but hope he comes back to CST Nexia one day to work with us again. ■

## Legislative Update

The Minister of Labour has appointed a working group to review the Holidays Act. The terms of reference include:

- Costs and complexities of the calculations
- Trading annual leave for cash
- Transferring public holidays
- Casual employees
- The fact that the act is not easily applied to all businesses or industries

The review must be provided to the Minister of Labour by 15th December 2009. It will be interesting to see of any developments following on from this as many people feel the act is overly complex particularly for small and medium enterprises.

EMA seek clarification regarding immigration employment issue.

Currently under New Zealand law an employer must terminate the employment of an employee who no longer has legal right to work in New Zealand and it is an offence for an employer not to do so. The law allows employers to give a termination notice period as per the employee's employment agreement however it is unclear if the employer commits an offence if they require an employee to work out this notice period for which they are being paid. The Employers and Manufacturers Association is currently looking to have this issue clarified once and for all, which is good news for some of our clients who have struggled in the past with this issue. ■