



We take care of your financial planning and compliance, so you can have more time at the beach.

### Three Easy Ways to Increase Sales:

1. Ask for referrals. Set up a system that encourages or rewards people for giving referrals. Even the offer of a bottle of wine can sometimes secure thousands of dollars of extra sales. (By the way, Sharon will give you a bottle of wine for every client you successfully refer! ☺)
2. Make sure all leads are followed up. Do it yourself. Be honest, how often have you let a potential sale disappear because you were reluctant to pick up the phone? Make those calls and see your sales increase.
3. Send out thank you notes or cards. Not only with the person you thank for giving you their business come back again, but you'll get more referrals! See next page for more ideas.

## Employment Trial Periods

The new National government was elected last November, and promptly passed a bunch of legislation before Christmas. One of the laws they passed was the Employment Relations Amendment Act, taking effect from 1 March 2009.

Given all the misinformation that's been flying around, it's worth sorting out exactly how this law applies, and who it may affect.

### What does it mean?

When an employer and employee enter into an agreement, they will have the option to include a provision for a trial period of up to 90 days. The provision must state the length of the trial period and that the employee may be dismissed within that period with no entitlement to bring a personal grievance or other legal proceedings for unjustified dismissal.

This trial period differs from the probationary arrangements already allowed for in the Employment Relations Act 2000. These probationary periods can be any length and the probationary employee is still entitled to bring a personal grievance claim if fair dismissal procedure is not followed.

### The inclusion of a trial period is voluntary.

It must be in writing and can only be included if both parties agree to do so in good faith at the beginning of the employment relationship.

It cannot be forced on an employee, but instead must be the result of a fair bargaining process.

### Who does it apply to?

Only employers with 19 or fewer staff at the time of entering into the employment contract can use a trial period. There is no distinction made between full-time and part-time or casual staff, so each would count as one employee. Independent contractors or volunteers will not be counted as staff for the purposes of this calculation.

Employers can only use trial periods for those employed after 1 March 2009. They cannot have been previously employed by the employer, and an employer cannot use a trial period for an internal promotion or returning employees.

### Conclusion

Trial periods have the potential to increase opportunities in the job market by encouraging SME employers to give a chance to someone they might not otherwise have considered. Nevertheless, the provision should not be seen as a ticket to 'hire and fire at will' as there is still legal recourse for a trial employee who is treated inappropriately. Good management at the recruitment stage, soundly prepared employment agreements and a professionally handled trial period should help avoid problems.

Check out our new website:

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

for up-to-date information, useful links and important dates on the tax calendar.

## Money Market

As at 8 May 2009 the money markets were at the following levels:

### Official cash rate

**2.50% (down from 3.00)**

90 day bill rate: 2.90 (down from 3.00)

1 year swap rate: 3.00 (down from 3.08)

3 year swap rate: 4.17 (down from 4.20)

10 year bond rate: 5.67 (up from 5.30)

Kiwi dollar: 0.5870 (up from 0.5670)

## Housing Market

The housing market is showing a little more confidence with increased number of sales. Low interest rates are having an effect, but prices are low compared with 18 months ago.

Loans are still difficult to obtain, with banks and other lenders wanting larger deposits. Borrowers are being cautious due to concerns about job security.

Sellers who have accepted the new level of market value are selling, and those that have not have withdrawn from the market. This has resulted in a limited range of stock available for purchase. There are some great buys out there right now.

## Rental Market

Recent figures provided by the Department of Building and Housing show that the median national rental of a standard three bedroom across the country is unchanged from last year at \$310 per week. In Auckland it declined over the past year from \$450 to \$435. In Wellington the median rental actually increased from \$440 last year to a high of \$470.

Property managers have advised us that in the Auckland area vacancies are increasing particularly with the more expensive properties. This may be explained due to fewer companies transferring their executives around or providing them with alternative less expensive properties. For residential landlords the recent drop in mortgage interest rates (especially if they are floating) will have more than offset the loss of income from more static rentals and a slight increase in vacancies.

Talk to Sharon before buying a rental property. She's an expert in the area of setting up the right entities.

# Do you know what the minimum wage is? A lot of employers don't!

Minimum Wage Category	Applies to employees who are:	Per hour:
Adult Wage	Aged 16 or over and who are not new entrants or trainees	\$12.50
New Entrants	Aged 16 or 17 unless they: -Have completed either 200 hours or three months* employment; or -Are supervising or training other workers; or -Are trainees	\$10.00
Training Wage	Aged 16 and over who are doing recognised industry training involving at least 60 credits a year.	\$10.00

\*Previous employment must be taken into account when calculating the 3 months or 200 hours.

Talk to us if you have a salary plus commission scheme, and the salary is not at or above minimum wage. Phone Sharon 09-279-0336.

## Riding out a Recession

Can you do it? The answer is yes, it's possible. We suggest you focus on what you can do, and then do it. If you need someone to talk ideas through with, call us. We'd love to have a chance to contribute to you and your business in this way.

Points to consider:

### 1. Start spending.

Wisely. Look at what will make a difference and do that. Possibly adding another staff member will enable you to pick up customers who may be disgruntled by other companies cutting back on service. Spending more on smart marketing will help you retain existing customers and gain new ones. Increase incentives for staff to encourage greater effort. Test every dollar and make sure you're getting a good return.

### 2. Make friends.

Building relationships is crucial right now. Relationships with your suppliers, your customers and your staff. Be in communication so if any problems arise you can get them sorted fast.

### 3. Clean your glasses.

Now is the perfect time to take a good hard look at your business, at the products and services you supply and at what's working and what's not working. Which customers give you the best profit margin? How can you get like them? Which customers give you low or no profit? Can you shed them? Make sure you really know what's going on - then make the tough decisions.

### 4. Find new suppliers

There may be nothing wrong with your existing ones, but if they go under are you vulnerable? Maybe now's a good time to make sure you have a range of suppliers and distributors so you don't have all your eggs in one basket.

### 5. Smart Marketing

Do you really understand how your customers behave in normal times? Or if their behaviour has changed due to the tough times? Can you appeal to them in new or different ways?

Get excited about meeting your customers needs and they will get excited about buying again. Test every dollar. Stretch every dollar.

## Following Up After a Sale

Do you know how much you spend getting a new customer? Do you know the lifetime value of that customer?

What system do you have in place to follow up a new customer after that first sale?

Think about things you've bought or services you've used in the last six months. How often did you hear back from any of these businesses? In most cases, probably not at all.

One approach that has been proven successful, is the 1-5-15-30 day follow-up programme.

Day 1: Within 24 hours of the first sale, send a short, handwritten note thanking your customer for doing business with you.

Day 5: Around five days after the sale, deliver a small gift. It could be a small pot plant, some flowers, a book, or a couple of movie passes. Include a note thanking them for their business.

Day 15: Around two weeks after the sale, phone the customer and ask them how their

purchase is going. If they have any problems or concerns, you're there to sort them out.

Day 30: After a month, send another small gift. It does not have to be expensive.

This system is not suitable for all businesses, so look at your business and see if a variation of this programme would work for you.

Perhaps a 1-7-30-60 system would be better for you. Whatever you do, set up a system and stick to it.

## Fast Facts:

### Disputes Tribunal:

The government has announced that the claim levels for the Disputes Tribunals are to be lifted. The maximum claim level will rise from \$7,500 to \$15,000, and from \$12,000 to \$20,000 if both parties agree.

### Company Registered Offices:

You are required to keep a company register at your registered office. This should contain specific information. So if you need help setting this up, call us. We can be your registered office.

### Foreign Income:

You must include all income in your tax return every year, including any income from overseas.

## HUMOUR

*A committee is a group that keeps minutes and loses hours. - Milton Berle*

*A committee is twelve people doing the work of one.*

*A conclusion is the place where you got tired of thinking.*

*A consensus means that everyone agrees to say collectively what no one believes individually. - Abba Eban*

*A conservative is a man who believes that nothing should be done for the first time.*

*A good slogan can stop analysis for fifty years.*

*A couple of months in the lab can often save a couple of hours in the library.*

*A crisis is when you cannot say "let's just forget the whole thing."*

The information in the newsletter has been prepared with a great deal of care. However, we recommend you consult your normal expert advisor and do not rely solely on this newsletter. If you have any questions or concerns, please call Sharon Marryatt on the number below.

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