

No more **WINGING IT**

*ARE YOU FLOUNDERING WHEN IT COMES TO MANAGING THE BOOKS?
STRUGGLING TO GET YOUR HEAD AROUND ALL THE RULES AND REGULATIONS?
RELATIONSHIP WITH YOUR ACCOUNTANT OR BOOKKEEPER NOT THAT FLASH?
THEN BUCKLE UP FOR YOUR FINANCIAL LITERACY CHECK-UP.*

New Zealand is one of the easiest places in the world to go into business – with just a few clicks of the mouse you can be up and running. No training, no specialised knowledge, no great investment, no worries.

It's almost too easy. And that can be dangerous.

Lisa Martin, executive director and founder of accounting and bookkeeping specialists Gofi8ure, is a trained accountant with a Bachelor of Business (Accounting) and knows of at least two university papers that would benefit business owners just starting out.

The Business Finance paper covers such basics as the impact time has on the value of money (i.e. one dollar today is worth much less a year later) – as well as funding, interest rates, how to get paid faster, how to remain solvent.

There is a Corporate Law and Finance paper which covers topics such as the Companies Act and setting up a company, directors and shareholders' responsibilities and duties, and much more.

Lisa wonders how business owners can sleep at night not knowing the basics of business finance and management. "They may think ignorance is bliss, but that's no defence as far as Inland Revenue is concerned."

She recommends MBIE's Business.govt.nz website as useful reading and research. It has numerous useful guides for the uninitiated (listed at the end of this article).

Gofi8ure has developed its own classroom-style courses in Auckland, Wellington and the Hutt Valley, covering everything from accounting software to basic bookkeeping, credit control, contracts, and hiring staff.

In terms of acquiring knowledge, Lisa's advice is don't reinvent the wheel. Consult someone in the accounting profession who has been there and done it before, and in your particular sector. "Or preferably a professional who makes a living out of helping business owners set up their business, and knows all the traps and tricks."

Even when a business has been around a while – the danger's not over. Complacency can creep in. Lisa describes the "I know" attitude

towards addressing issues – where owners develop a closed mind. A lot of it comes down to ego and security, she explains.

Another mistake made by owners is failing to see past the present; failing to plan ahead and set goals. When is the right time to hire someone and step back to work more on your business?

"Forget that number-eight DIY mentality – if you want your business to last, you'll need to acquire the daily discipline of doing the right things at the right time, with the right people," advises Lisa.

"You can't wing it in business."

PLAY TO YOUR STRENGTHS

Look at all the major successful entrepreneurial case studies and what they have in common is a business owner who played to his or her personal strengths and hired smarter people, specialists who can cover their weaknesses.

More often than not, financial literacy is not a core strength of these entrepreneurs, says Lisa.

A professional can provide that all-important outside perspective and help you conduct a SWOT analysis (strengths, weaknesses, opportunities, threats) of your business, as well as your competitors. The wrong decisions can ruin your business or ruin your reputation, so it's important to bounce your ideas off an accounting advisor – someone best qualified to analyse your business, adds Lisa.

Financial literacy and sound business management is really all about common-sense. Having a business plan (three year/one year/90 day) and strategy tied in together is paramount, as that feeds into all aspects of your business – IT, staff, marketing, how much you can spend, measuring your ROI on assets and managing your personal accountability framework.

"If you're keeping up to date on your finances and learning as you go, you'll have a much better chance of achieving your business goals, and measuring your progress," explains Lisa. "Because what gets measured gets managed."



NEW CHALLENGES

Looking towards the new decade, there will be new challenges for business owners.

Anti-money laundering (AML) requirements will increasingly keep businesses on their toes, believes Lisa, and that will again require specialised advice. Trusts and rental property are two areas where vigilance will be especially necessary.

From 2020 she predicts further changes to simplify tax and increase tax collection efficiency, as well as more developments around the Holidays Act, employment legislation and health and safety.

Meantime, Lisa urges business owners to seek help with their

finances if they're floundering. "The longer you leave it, the more it will cost to fix things," she says. "But choose your accountant wisely."

Work with an accountant who is totally supportive, Lisa says, one who can educate and enable you; one who works fast and efficiently.

"Separate your personal spending from your business spending; get online and eliminate all the manual processing; and arrange some training with your bookkeeper or accountant."

The ultimate goal is to free up time to deepen your relationship with your customers, which in turn will build revenue. It's about playing to your core strengths and, if you have to, leaving the finances to somebody else. **NZB**

USEFUL LINKS:

10-step guide to starting a business: www.business.govt.nz/getting-started/taking-the-first-steps/10-step-guide-to-starting-a-business/

Starting a business: www.business.govt.nz/starting-a-business/

Creating a business plan: www.business.govt.nz/

Hiring staff: www.business.govt.nz/hiring-an-employee/

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