

Issue Seventy Eight

LAUNCHPAD

Create a great team environment



We spend most of our lives working rather than with the ones we love, so it seems only sensible to ensure the relationships we have at work with our colleagues or employees are healthy and happy, as well as professional.

It's not about suddenly spending time together outside of work, but about enjoying the people around you and strengthening your relationships with them while you're there. By doing so, you may be surprised at how much you enjoy heading into the office each day. In turn, this positivity can help build and support a great team. This flows through the work environment and into your interactions with customers.

For the most part, relationships will generally begin organically, but it's not always that easy. There are a few simple steps you can take to help the process along.

Set the scene

As a business owner, make sure the areas where your team take their breaks or stop for a breather are bright, clean and cheerful. It would be counter-productive to make them toooooo comfy so maybe hold back on the sauna or the sun lounge (oh wait ... they're good ideas!). But make sure they're inviting enough - somewhere where team mates might share a chat.

Lead from the front

If you want your team to get on well with each other and with you, set the tone with an open, inclusive personal style. Perhaps share these tips with your less involved team mates.

Slow down

Rather than sidestepping a workmate at the water cooler and racing back to your desk, pause for a moment. Listen to what others are talking about and get involved. It only takes a few minutes while the kettle boils or the tea brews, to join a conversation and perhaps add your own two cents' worth.

Make the first move

Be proactive about building relationships by asking questions. Learn about those you're working with by finding out what they like to do in their spare time. People love to talk about themselves. All you have to do is ask.

Plan

Schedule a walk or coffee with a colleague over your lunch breaks. See if you can organise a social gathering one afternoon. Perhaps even look at inviting partners and family.

Good workplace relationships are important. They can lower the potential for workplace conflict, gossip or bullying and if issues arise, can prevent things from escalating. Conversely, a toxic office environment undermines everyone and white-ants the business itself. Active steps to build good relationships at work can change the attitudes of those around you for the better, as well as your own.

Nurture a welcoming environment at work. A bright positive team culture provides strong support for the overall success of the business.

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**He aha te mea nui o te ao
He tangata, he tangata, he tangata**

What is the most important thing in the world?
It is the people, it is the people, it is the people

Maori proverb

Delight your customers

How you prioritise delighting your customers can make all the difference to your brand. Free your imagination on how this might look for your market.



As a window into how the other half lives, the Ritz Carlton's policy allows an employee to spend up to \$2000 a day to meet a need, resolve a concern or ensure an outstanding experience for any single guest without requiring funding approval.

Stories abound. A laundry manager, unable to get the stain from a dress, flew from Puerto Rico to New York to return the dress in person. In Dubai a waiter overheard a man with his wheelchair-bound wife, lamenting that he couldn't take her down to the beach. The waiter and maintenance got together. The next day a wooden walkway led down to a tent where dinner was set up for them on the beach.

You may not have the margins (or the luxe market) to deliver this kind of customer service. But think about what you can do to make your service exceptional. Start with the basics, such as making sure everyone answers the phone with a smile. Offer visitors a juice or a coffee. Be attentive to customers and listen to what they're really saying. Respond quickly to enquiries. And make sure excellent service is a priority for everyone on the team.

Think about your industry and what might set your business ahead of the pack for service. What are the things that could build your reputation for outstanding service?

Turn Complaints around

No one looks forward to dealing with a complaint from an unhappy customer. It's uncomfortable and confronting and it's hard not to react when someone is rude or angry.

The customer might be unhappy about the product or the service. Sometimes it's as clear-cut as a product defect. Sometimes it's a case of 'that's not what it said on the box' and customer expectations have not been met. It can take patience to hear the complaint and get to the bottom of what has actually gone wrong before you can even start to fix it.

How you respond can make all the difference. Take a breath and appreciate the opportunity this customer is giving you. Thank them and mean it. Sure it feels uncomfortable. But this customer has taken the trouble to come back (or call) and tell you about it. They are giving you the opportunity to sort it out. They could have just walked away and you would never have known there was an issue.

Tips for responding to unhappy customers

- Be patient, stay calm and listen.
- Ask 'please can you tell me what happened'. Sometimes the customer just needs to vent. Weather the storm and keep your focus. It is important that they know they are being heard.
- Don't be tempted to jump to conclusions or think about what you're going to say ahead of the facts.
- Use active listening skills.
- Make eye contact and ask questions to clarify if you need to. Keep your voice tone low and even.
- Repeat your customers' concerns to make sure you understand and they know you understand. Make this a point of agreement with them. Let them know you understand how they feel.
- Apologise with a good grace whatever the rights and wrongs of the situation are. Try 'I'm sorry that you're not happy with our product (or service)' or 'I'm sorry you've had such an unpleasant experience with this.'
- And then move straight into 'Let's see what we can do to make this right.' Ask your customer what would solve the situation for them. Look at the options together. Again make this a point of agreement.
- Make sure you follow up until you know the customer is satisfied with the outcome.

'Thank your customer for complaining and mean it. Most will never bother to complain.

They'll just walk away.'
Marilyn Suttle, Success Coach

Take a minute

If you have had a confrontation with an angry customer, take a minute for yourself after you resolve the situation. Clear your head and let go the stress from your encounter. It's important that you can be positive and upbeat with the next person you speak with. If you need to, go for a walk round the block or just as far as the water cooler or the tea room. Then you can give your best side to colleagues and customers again.



BUSINESS SATELLITE

Got to love your P&L statement

How often do you look at the Profit and Loss (P&L) statement for your business? Only once a year? It could be more useful to monitor it more often.

Your P&L statement gives you a great way to keep an eye on how your business is doing. Like the name suggests, it shows profit and loss for a given period. That might be monthly, quarterly or annually, as often as you like.

Your P&L statement charts revenue and expenses - incomings and outgoings - so that it can help you see what's actually happening with your cashflow. This is why it's also sometimes called an income and expenditure account or a statement of financial performance.

The basics

When you look over your P&L statement, look for a few basics:

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|------------------------------|--|
| This year/last year? | How do this year's numbers compare with last year's? |
| What's the margin? | What's the margin between revenue and expenses? After you've taken away all your expenses, the remainder is your profit. This will give you an idea of how much you can take out of the business and how much you are likely to need for your normal business costs. Is there room to factor in a buffer amount for unexpected costs? Do the numbers fit with what you know you need for upcoming tax payments? Should you be reinvesting in the business? |
| What are the trends? | Do revenues or costs rise or fall in a regular pattern from month to month? Can you see why the patterns occur? |
| What bucks the trend? | Can you see any incomings or outgoings that don't fit with the pattern? With windfall revenues, is there anything you could do to extend them so they become the norm rather than the exception? With sudden unpredictable spikes in your costs, are these easily explained or are they symptoms of emerging business risk? |

Take action

Regularly checking in with your P&L is a great risk management strategy. And if you're trying new marketing techniques or running new product lines, it's a good way to track whether they're performing well.

You know we love this stuff. We would be happy to talk you through how to gain more meaningful data from your P&L.



Your business performance in perspective

Your P&L statement is accrual based and also includes non-cash expenses such as depreciation.

It will show all income and expenses for the period, whether or not the income has been received or the expenses paid for.

This presents a more comprehensive picture of business performance which makes it a great tool for you to use for analysis or planning.

ENGINE ROOM

FYI... Cash or accrual accounting

You'll often hear the terms cash or accrual accounting. Is this when you tune out? They're the two main methods of keeping track of income and expenses. They work in different ways so it's good to understand how your financials are put together.

Cash

The **cash** accounting method records income in terms of the date the cash is actually received and not necessarily the date when the sale was made. In the same way, expenses are recorded as at the date you actually made the payment, and not the date when you committed to the outlay. With credit transactions, the key date is when it's charged to the card.

Accrual

With the **accrual** method of accounting, income is counted from the date the sale is made (and that might be the date the customer put in their order or the date of delivery, depending on your terms). In the same way, expenses are counted as at the date you committed to the outlay. Sometimes it can be a little confusing to work out the date of transaction. The job completion date is all important here. If everything to do with the purchase has been received and installed, the job is complete and it can go on your books at that date.



Many smaller businesses use cash accounting as that suits them best. However, larger businesses use the accrual method. It is also important to note that generally businesses are required to recognise income on an accruals basis for calculating income tax. Therefore even if a cash accounting method is used for budgeting or cashflow purposes, adjustments for accrual accounting will be required to determine the correct amount of tax payable.

Cash vs accrual accounting - pros and cons

The advantage of cash accounting is that it's easier to understand. You see exactly what your cashflow is and you can see your cash reserves clearly. The disadvantage is that you don't have an easy way of tracking how much money you owe your creditors or how much money your debtors owe you. It doesn't take future expenses into account. So it can sometimes be hard to assess long-term profitability in your business and it can be hard to spot the risks where money you owe will undercut your incoming revenues. As mentioned above, your income tax payable will also need to be calculated using the accrual method of accounting, so adjustments will be required to determine your tax liability.

The advantage of accrual accounting is that it's easier to see amounts owed by debtors (so you can do something about them). It's a more accurate picture of activity in your business for any given period. You can see the sales you've made and your costs, regardless of when the money is actually received or paid out.

The downside is that it is more complex to administer. It's where the so-called double-entry bookkeeping system comes into the picture (let's leave that for another day). It may be necessary to make accounting adjustments at the end of the reporting period to account for sales which have been made but the money has yet to be received for them. Similar adjustments will be made for expenses incurred but not yet paid for. Generally, making these adjustments for you is where we come in.

If you want to know more about what method is used for your business and how it works, call us.

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.

