

RELAX, REWIND AND REFLECT

VIEWPOINT

As 2010 comes to a close, it appears that New Zealand is on track for economic recovery. However, throughout the year, it became apparent that the recovery is likely to take some time and there still could be a few bumps along the way.

The phrase 'the new normal' has almost become a cliché throughout 2010 but, like most clichés, there's an element of truth. Business owners are asking themselves if the old ways of doing things are still the right ways – and in many cases, they are, particularly where businesses are customer-focused, well-managed and disciplined in their processes.

We've been asking ourselves what we can do to help our customers achieve their aspirations. We know that running a business can be lonely – even more so in challenging times when you may have to make some hard decisions and have tough conversations with staff, suppliers and customers.

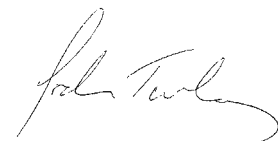
As part of our commitment to the privately-owned business sector in New Zealand, we want to help business owners spend quality time *on* their business, instead of spending all of their time *in* the business. In addition to the Privately-Owned Business Barometer Key Insights report, we are also preparing a series of supplements, the first of which, Using Cash Flow for Growth, was released during October*.

Summer's here

Like us, you will be looking forward to a very different 2011. The markets have changed and we are all adapting and making new plans. The summer break is a good time to reflect on where business growth is going to come from

and overleaf are a few of the topics business owners tell us they're thinking about.

My best wishes for a relaxing break if you are taking one, and a prosperous new year.



Graham Turley
Managing Director, Commercial

* The 2011 Privately-Owned Business Barometer survey will be mailed in February. If you didn't receive the survey last year and want to take part, contact your Relationship Manager or email your details to barometer@anz.com.

Everyone who takes part will receive a copy of the results as well as an invitation to attend a discussion forum with fellow business owners. This is a great opportunity to hear what's on the mind of other New Zealand business owners and to learn from the experiences of your peers.

Our recent Barometer supplement, Using Cash Flow for Growth, is available at anzbarometer.co.nz

Take a step back and see the big picture

If you're taking time off over the summer, then it's a great time to relax and reflect on some of the big issues that you don't get time to think about during the year.

To help you formulate your thoughts, we've identified some of the main questions that business owners tell us are keeping them awake at night. Find the answers to these, and you're a long way towards getting 2011 off to a successful start.

The 2010 Privately-Owned Business Barometer told us that 87 percent of business owners expected positive growth in 2010. Seventy two percent of respondents thought that growth was going to come from a general growth in sales.

Unfortunately for many business owners, the anticipated market lift hasn't occurred to the extent they hoped and there are indicators that suggest that the market lift may be some time off, and when it does occur, it may not rebound to previous levels.

WHERE IS MY MARKET?

If growth for your business isn't going to come from an increase in sales, where is it going to come from?

From the ANZ Barometer, 66 percent of businesses rely on the domestic market for at least three-quarters of all sales.

When combined with the growth figures, what we see is a large number of businesses who are all planning to grow their businesses by selling more of the same to the New Zealand market.

In a finite market like New Zealand, if this is your strategy, it's important that you execute

it very well, focus on your customers and look at how you can differentiate yourself from similar businesses in your sector.

What can I say about my business that no one else can say?

I WANT TO TAKE ON THE WORLD – HOW DO I DO THAT?

Around half of the businesses taking part in the ANZ Barometer have some international sales.

We often hear of businesses who have tried unsuccessfully to go international. We also hear plenty of great stories of New Zealand companies succeeding, not just in Australia and the Pacific, but all over the world. If you've got an eye to expand globally or if you want to expand your existing global empire, think about how you can best connect with those markets.

Who can help me reach new markets?

Are there natural partnerships?

Who can I learn from?

IF I WON THE LOTTERY TOMORROW, WOULD ANYONE WANT MY BUSINESS?

You could argue that if you won the lottery, you wouldn't want (or need) to sell your business, but that's beside the point.

In the past, businesses could factor in a proportion of 'goodwill' into the sale price and buyers would still be interested. But this is less the case now.

If your succession plan is anything other than 'close the door when I'm ready to retire', then getting your business into good shape now is the best step you can take to ensuring you can exit on your terms. This includes having transparent structure and records, putting the right people in place, both within and around the business and establishing processes that enable decisions to be made and consistency to occur if you couldn't be there tomorrow.

What can I do to make my business more attractive for sale?

AM I LIVING THE DREAM?

One of the real benefits of owning your own business is being able to give yourself your 'dream job'.

Most privately-owned businesses in New Zealand begin small and then grow through the hard work and ingenuity of the founder. But rather than doing what they want, many business owners tell us that they are spending a lot of time being a manager, which is great if your dream job is being a manager. If it's not, then think about how you can change your structure to make sure you're in the place you want to be in your business.

What do I enjoy doing the most?

What do I like the least?

Where can I add the most value?

Note: All figures quoted in this paper come from the ANZ Privately-Owned Business Barometer 2010, conducted between February and March 2010.

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