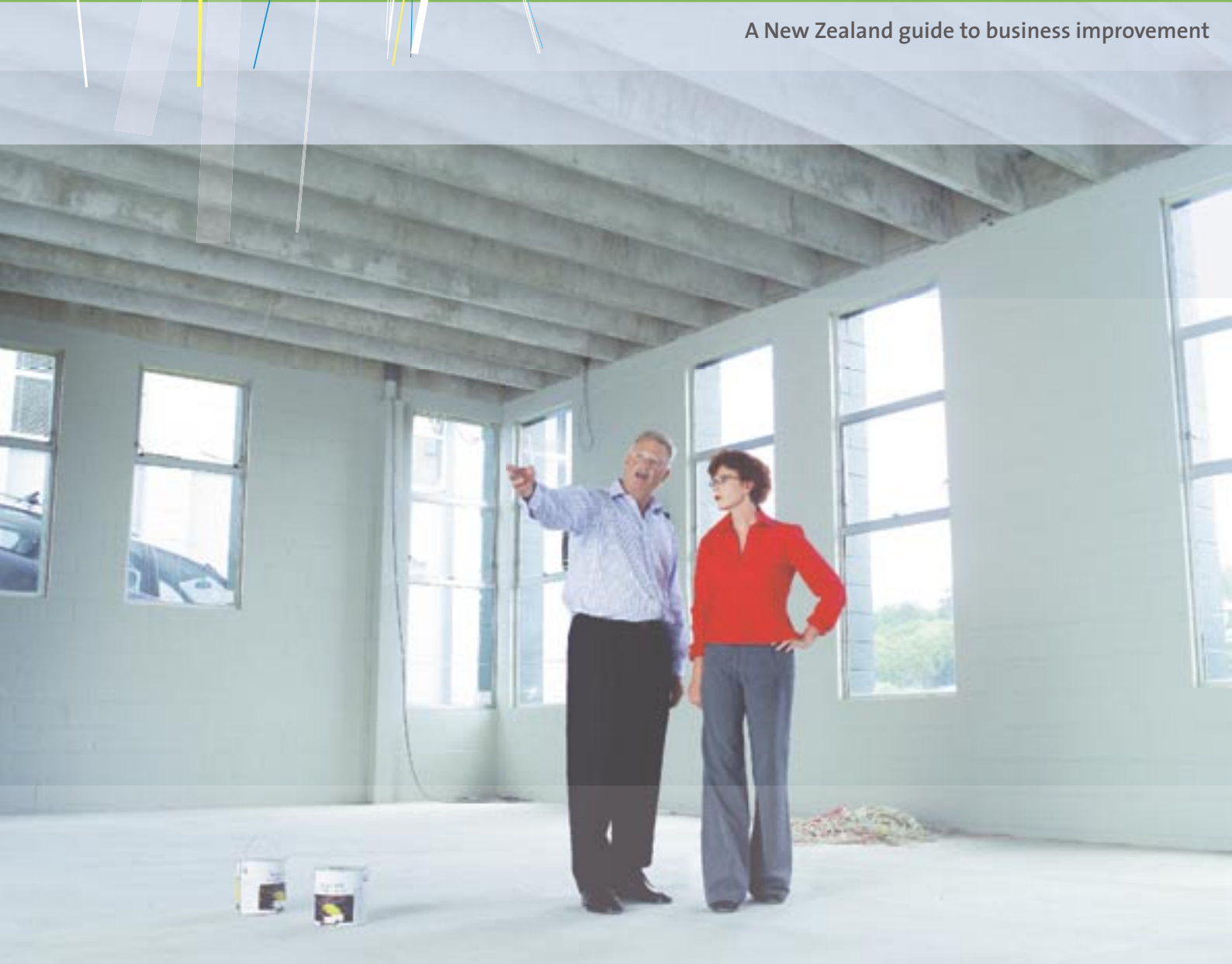


Foundations for Growth

updated September 2004

A New Zealand guide to business improvement





Foundations for Growth

a New Zealand guide to business improvement

This Guide is for: any business person who wants to learn how to improve business performance.

The Guide covers: how to improve business practices and how to get support and guidance once you've identified those areas you want to improve.

Foundations for Growth

A New Zealand Guide to Business Improvement.

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CONTENTS



INTRODUCTION	4	PART 5 IMPROVING YOUR PRODUCTS AND SERVICES	41
How Does it all Work?	4	What Are We Good At?	41
Business Excellence Models	4	Market and Customer Research	42
Before You Start	6	Planning Your Improvement or Development Process	43
How to Use This Guide	6	Involving Staff	44
Self-Assessment Questions	6	Involve Others	45
Business Improvement in Action	8	Summary	46
PART 1 YOURSELF AND YOUR BUSINESS PLANNING	9	PART 6 MAINTAINING INFORMATION ON YOUR BUSINESS	47
Leading Your Business	9	Understanding Information Management Needs	47
Promoting Shared Goals and Values	9	Are You Managing Your Information Well?	48
Your Business Planning	11	Performance Measurement	48
Summary	15	How Do You Compare?	50
		Information Security and Retrieval	52
		Summary	53
PART 2 YOUR CUSTOMERS	16	PART 7 YOUR RELATIONSHIP WITH YOUR COMMUNITY	54
Identifying and Reaching Your Customers	16	Being Environmentally Friendly	54
Understanding What Your Customers Value	16		
Customer Satisfaction	17		
Dealing With and Making Use of Customer Complaints	18		
Maintain Good Customer Relationships	20		
Understanding Change In Your Market and Your Competition	20		
Selecting Your Customers	22		
Summary	23		
PART 3 YOUR STAFF	24	WHO ELSE CAN HELP ME?	56
Recruitment and Staff Planning	24		
Ensure Staff Know What is Expected of Them	25		
Performance Appraisal and Feedback	27		
Training and Development	28		
Rewards and Motivating Factors	29		
Staff Satisfaction	30		
Safe Environment	30		
Summary	31		
PART 4 YOUR BUSINESS SYSTEMS AND PROCESSES	32	APPENDIX A CASE STUDIES	69
Understanding Your Processes	32	iQuest New Zealand Limited	69
Reviewing and Improving Your Processes	34	Nova Enterprises Ltd	69
Assessing the Quality of Suppliers and Supplies	35	Pacific Helmets (NZ) Ltd	69
Ensuring Quality to Your Customers	37	Pacific Horizon Ltd	70
Quality Management Systems (QMS)	38	Furniture by Mecchia	70
Summary	40	The Wild West Adventure Company Ltd	70
		REFERENCE DOCUMENTS	71

INTRODUCTION

This Guide is essential reading for anyone in business. It outlines key ways in which you can improve your business and explains what the benefits will be.

The Guide is written in sections reflecting key business activities: leadership and planning, identifying and working with your customers, motivating and developing staff, improving your products and services, understanding your processes and ensuring high levels of quality, managing your information, and developing your relationship with your community. It also provides tips on where to turn for help (information, funding or advice) in heading down the business improvement path.

You may find you're already doing many of the things outlined in this Guide. You might just need to formalise or fine-tune what you are doing in practice. Many examples of how New Zealand businesses are addressing areas of business improvement are included in each section, so you can get a feel for how the concepts apply in practice.

An easy reference checklist or 'self-assessment' is included on the inside flap of the front cover and also on page 6–7. It is a good idea for you to use it throughout your improvement process. It will help you look back and see what improvements you have put in place, and to measure the results of your improvement process.

HOW DOES IT ALL WORK?

This Guide identifies a number of areas within your business that need constant attention and improvement to enhance your chances of business success.

All the areas are common sense. To succeed in business today you need to be able to:

- Provide direction and set the example
- Identify, track and keep your customers
- Motivate, develop and retain your staff
- Know and improve your systems and processes
- Improve and develop your products or services
- Effectively gather and use information
- Cultivate your relationship with your community.

Every area contributes to success. The extent to which you work on and across all the areas will determine how successful you will be. For example, the feedback you get from your customers and your staff about what your customers value will drive the actions you need to take and will improve your response in meeting your customers' expectations – perhaps exceeding their expectations. It may also identify that some of your customers may not be part of your target market. It may identify that your information management system is not collecting all the information you require. It may lead you to believe that the quality of your product or service is not up to scratch and needs improving. This perspective of business improvement is based on international business excellence models.

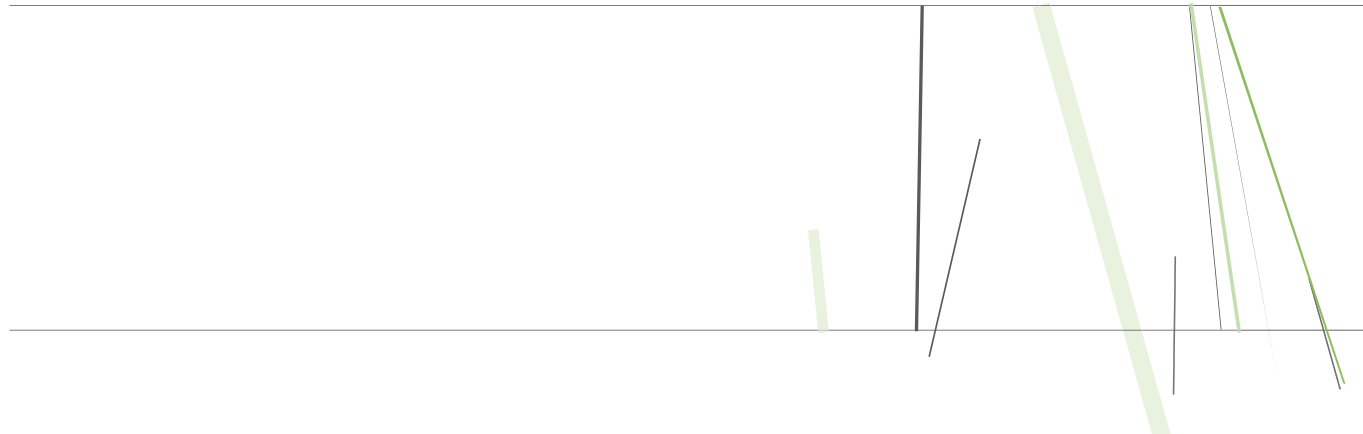
BUSINESS EXCELLENCE MODELS¹

Business Excellence Models are designed to help businesses of any size achieve 'sustained excellence'. The models are typically underpinned by seven core concepts or categories of business practice, which are: leadership, strategic planning, customer and market focus, measurement, analysis and knowledge management, human resource focus, process management and business results. Success will only be maximised if businesses have in place sound systems and processes for all seven areas.

In general, business excellence models are used by national bodies as a basis for award programmes. For most of these bodies, the awards themselves are secondary in importance to the wide-spread take up of the concepts of business excellence. By far the majority of organisations that use these models do so for self-assessment, by which they can identify improvement opportunities, areas of strength, and use the model as a framework for future organisational development.

For further information on the business excellence model and awards in New Zealand, view the New Zealand Business Excellence Foundation's website at www.nzbef.org.nz

¹ www.bpir.com



If you think about your business improvement efforts as a wheel you are trying to move forward towards the goal of business success, then you can picture each area of business practice as spokes on the wheel (see Fig. 1, below). The absence of one, or not having all the spokes fit together in a coherent way, will make it that much harder to move towards your goal and gather momentum.

There is sometimes a perception that the concepts of business improvement and business excellence are consultant-driven, and only relevant to large, established businesses. If you operate – or are part of – a small business, you may think you don't have the resources to keep up with what bigger firms are doing. Often, you might be so swamped with daily work that there is no time for anything else.² But every aspect of practices and processes in this Guide applies to every business, from smallest to largest, from retailer to manufacturer.

And the evidence is clear. Businesses that make a concerted effort towards business improvement do better than those that do not – better in terms of:

- Levels of customer satisfaction
- Improved staff motivation and productivity
- Superior financial performance.

FIG. 1



WHAT IS THE EVIDENCE THAT ACTING ON THESE AREAS WILL IMPROVE YOUR PERFORMANCE?

In New Zealand, research by the Ministry of Economic Development and Statistics New Zealand shows that leaders in the adoption of good business practices have superior operational outcomes in terms of customer satisfaction, quality, flexibility, timeliness and delivery, as well as superior sales growth, export growth, profitability and positive cash flows (Firm Foundations: A Study of New Zealand Business Practices and Performance, MED, 2002).

In Australia, research on the benefits that Australian-based business excellence award winners and finalists had achieved through business improvement showed a:

- ✓ 20% productivity increase in one year
 - ✓ 247% sales increase over two years
 - ✓ 600% increase in profit per employee in four years
 - ✓ 11% improvement in employee satisfaction in one year
- (Hausner, 1999).

In the US, the Baldrige business excellence award winners have been tracked by share price and compared with the US Standard and Poor's top 500 company indices. In 2002, for the eighth year in a row, the business excellence winners on average outpaced the US Standard & Poor's 500, this time by almost three to one (National Institute of Standards and Technology, 2002).

In addition, there is a range of other evidence from numerous case studies and articles that highlight the benefits of an approach to business improvement and business excellence (see Reference Documents on page 72).

SOURCE: See www.bpir.com

² Bell, G (2002), pp xi-xii

BEFORE YOU START³

There are some key points you should think about before embarking on business improvement: (See How to Use This Guide and the Self-Assessment Questions on page 7. For easy reference, we have also included this on the fold out flap on the front cover)

- **Know yourself and your business** – know who you are, what you do, and how you compete. Where you stand in the business improvement journey will help you and your business measure your awareness of the need for change, your readiness for any planned improvement and help identify actions for moving forward. In light of this, conducting a self-assessment could help identify your business strengths and weaknesses and areas where efforts should be focused.
- **Create a culture that supports business improvement** – the culture in your business is critical: whether your business is customer focused, allows experimentation and is open to new ways of doing things, accepts mistakes, or understands that continuous improvement is required at every level of the business and by every staff member. Business improvement requires the participation, commitment and responsibility of everyone in your business.
- **Understand the necessary time and effort** – you need to set realistic, achievable and concrete goals rather than trying to do too many things at the same time. Some actions you take need to be given sufficient time to be embedded – business improvement efforts will not necessarily result in immediate improvements in business performance. Some benefits from your efforts could take many months before demonstrating quantifiable performance improvements.

HOW TO USE THIS GUIDE

This Guide presents basic ideas and suggestions that can make your business more effective. The best way of using this Guide is to begin by considering the list of questions below. As you go through them, read the appropriate sections of the Guide for clarification and explanation. Each question covers a key element of a particular business practice.

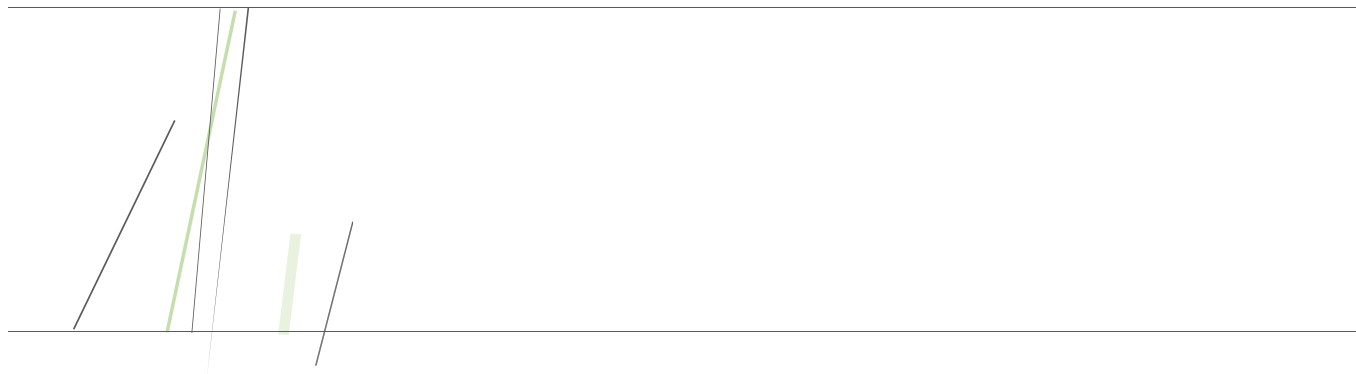
Self-Assessment Questions

Yourself and Your Business Planning (Page 9)

- Do I promote shared goals and values, involve and support others, and foster communication
- Do I set a good example?
- Do I need more training and development in leading and managing?
- Do I have a clear aim and purpose for the business?
- Do I have a business plan that sets both short and long-term goals?
- Have I consulted with my staff, my customers and suppliers in developing the purpose and goals of the business?
- Do I regularly review the goals and purpose of the business?
- Who will lead the business in my absence or departure?

Your Customers (Page 16)

- Who are my customers?
- Do I know what customers value in my product or service now and in future?
- Are my customers satisfied?
- How do I help my customers and deal with customer complaints?



- Am I doing enough to maintain my customer relationships?
- Do I know if the business is gaining or losing market share?

Your Staff (Page 24)

- Do I have the right staff working for my business?
- Am I telling my staff what they need to know?
- Am I motivating my staff to achieve the aims and goals of the business?
- Do I review staff performance? And is it on a regular basis?
- What training and development do my staff need or want?
- Do I know how my staff feel about the business?
- Do I have a safe and healthy workplace?
- Am I rewarding my staff appropriately?

Your Business Systems and Processes (Page 32)

- Do I have the right systems and processes in place to work effectively?
- What are the current processes in my business and how are they working?
- Should I review my processes and make changes to improve them?
- Am I getting the best quality materials, parts and services from my suppliers?
- Am I producing and supplying the highest quality goods or services I can?

Improving Your Products and Services (Page 41)

- Do I know what the business is really good at – our core competencies?
- Have I carried out sufficient customer and market research to know whether my products or services need improvements?
- Do I clearly plan development or improvement processes?
- Are my staff encouraged, involved and rewarded in development or improvement processes?
- Should I work with others along the way?

Maintaining Information on Your Business (Page 47)

- Do I understand the information management needs of my business?
- What information do I collect on my business?
- Do I manage my information well?
- Do I measure the performance of my business in a balanced way?
- Do I know how my business compares to my competitors and other high-performing organisations?
- Is my information secure?

Your Relationship with Your Community (Page 54)

- What is my relationship with my community?
- Do I give back to my community what I take in?
- Am I environmentally friendly?

You may wish to discuss these questions with your staff. Have an open and honest discussion about your business strengths and weaknesses. What are you good at? Why? Where do you need to make extra effort? Why?

You should then honestly identify those areas where you think your business has strengths or weaknesses. You should document these areas, and sketch out a plan of action outlining what you could do to correct any fundamental shortcomings.

If you are confident, work to implement your plan. Try and spend 30 minutes each day working on the important issue of improving your business. This is a small but critical investment.

When you have thought about these questions, identified a need to improve your business in some areas, and discussed them with your staff you may want to talk to someone else, such as a mentor or external advisor about how to improve your business.

Each chapter in this Guide also identifies other sources of assistance associated with each area of business practice. The end of the Guide also lists potentially helpful resources for every area of your business.

BUSINESS IMPROVEMENT IN ACTION

The following businesses are used throughout this Guide to illustrate the concepts of good business practice in action:

- ✓ iQuest New Zealand Limited
- ✓ Nova Enterprises Ltd (Good Beginnings Educare Centre)
- ✓ Pacific Helmets (NZ) Ltd
- ✓ Pacific Horizon Ltd
- ✓ Waikato Turnery Ltd (Furniture by Mecchia), and
- ✓ The Wild West Adventure Company Ltd.

Appendix A provides background information on these businesses. Throughout this Guide these businesses are used to illustrate different aspects of their approaches to business improvement.

PART 1 YOURSELF AND YOUR BUSINESS PLANNING

How you lead and manage your business will dictate your business success. Your actions day-by-day and hour-by-hour set the scene for your staff, customers and suppliers.

Key questions to ask are:

- ✓ Do I promote shared goals and values, involve and support others, and foster communication
- ✓ Do I set a good example?
- ✓ Do I require more training and development in leading and managing?
- ✓ Do I have a clear aim and purpose for the business?
- ✓ Do I have a business plan that sets short and long-term goals?
- ✓ Have I consulted with my staff, my customers and suppliers in developing my purpose and goals?
- ✓ Do I regularly review my goals and purpose?
- ✓ Who will lead the business in my absence or departure?

LEADING YOUR BUSINESS

As can be readily observed in business, sport and education, leadership is the essential ingredient to motivate your staff for top performance.

Leadership is different to management (although both are equally important). Leadership is about setting direction and motivating and inspiring your staff to move in that direction. Management is about organising resources and problem solving. If you are in a small business, often you have the task of being both a leader and manager.

What are the key elements of good leadership in business?⁴

Promoting Shared Goals and Values

Your staff cannot give their best if you keep them in the dark, or they don't know or understand how you're trying to grow the business or the behaviours you expect. Let your staff know why they are doing something – if your staff's goals (what they are to achieve) become the same as yours, they will work hard to achieve them. And if they share your values (how you want work to be done, for example – a commitment to quality, loyalty, taking risks, being 'green'), they will be clear about what is expected of them to achieve those goals.

Involving and Supporting Others

You do not work in isolation. It's important that your staff stay informed and know what's going on. Enlist the support and assistance of all who are going to make your business work – your staff, customers, suppliers, advisors and others will be willing and able to help you. At the same time, give support to others, particularly your staff. Staff respond to a leader who provides support for them – explaining, showing, encouraging and acknowledging contribution, providing resources and smoothing the way (see also Communication and Consultation, page 27).⁵

YOUR BUSINESS WILL NOT SURVIVE UNLESS YOU HAVE THE SKILLS TO LEAD

Assess your leadership ability, motivation, communication, and adaptability to change. Strengthen any area in which you lack expertise through retraining, buying-in expertise, or by having a mentor or person with whom you can discuss your business challenges.

⁴ See, for example, Kouzes, JM and Posner, BZ (1987), The leadership challenge – How to get extraordinary things done in organizations, Jossey-Bass Inc, California.

⁵ Bell, G (2002), pg 10

Fostering Communication

It is essential to keep the communication channels open if you want new ideas for improved products, processes and services. Customers are the obvious source of information for better products and services. Staff – those doing the work – will be an excellent source of information for improving the way you do business.

Provide opportunities for your staff, customers and suppliers to associate and interact both in a work and social sense. Lead by walking around – see what your staff are doing and listen to what they have to say. Give your staff an opportunity to offer their opinions and suggestions without fear of ridicule or reprisal.

Setting the Example

How you act – whether you are the first to arrive to work, the last to leave, your positive attitude, how you react to stress, reward achievement, keep your promises, provide feedback – sets the standard in your business. You must demonstrate enthusiasm and commitment through your leadership to everyone else in the business. If your behaviour is not consistent with the values you promote and the goals you want to achieve, your staff and customers will lose respect for them.

CASE STUDY WILD WEST ADVENTURE COMPANY LTD

At Wild West, business improvement revolves around its mission: “to provide a good safe product that customers rave about.” This flows through to a strong focus on customer satisfaction and the quality of the services that are offered.

Paul Schramm, owner and General Manager of Wild West Adventure Company Ltd doesn't believe that Wild West's small size is a barrier for the implementation of business improvement. He can see where the business needs to be and is constantly striving to get the business there.

Reasonably detailed plans are prepared for the season ahead, including rough tourist number targets for each of the tours. These plans are discussed with everyone, through staff meetings, and staff are able to suggest other possibilities. This is in keeping with Paul's belief that leadership is geared towards building consensus.

Each of the various activities offered by Wild West is run as a separate business unit, enabling better analysis of the success (profitability) of each. Doing this also provides the opportunity to give staff management responsibilities within the organisation, helping to get them more enthusiastically involved in the business and develop their skills.

Ultimately, Paul would like to reach the situation where he can take a day a week away from the operational side of the business, to do planning and strategising. He believes that this is where he can add the most value to the business.

LEADERSHIP TRAINING

The Enterprise Training Programme is available to owners or operators of small to medium businesses throughout New Zealand. Specialist training providers around New Zealand offer training courses and workshops to assist you manage your business, complemented by follow-up coaching to enable you to implement what you have learned. To find the supplier of training in your area look on the BIZ website – www.biz.org.nz – or the NZTE website – www.nzte.govt.nz/training – or call BIZ on 0800 42 49 46.

MENTORING

Business in the Community Ltd operates a nationwide Business Mentor Programme designed to enhance small business sustainability, growth and employment generation throughout New Zealand. This is a free and confidential service where the business mentor provides the benefit of their skills and knowledge to assist with the potential development of the business. You can contact Business in the Community Ltd through its website – www.businessmentor.org.nz – by email on bitc@bitc.co.nz, or call them on 0508 103 400 or 0800 103 400.

YOUR BUSINESS PLANNING⁶

It goes without saying that unless you plan what your business is going to achieve it is difficult – if not impossible – to manage it effectively.

As the head or manager of the business, you will appreciate the need to stand back once in a while and review your business performance, and the factors affecting your business. To succeed against ever changing performance, you will need to be clear about where the business is heading as well as some way of measuring business performance. If you don't know where you want to go, getting there will only be a matter of luck – and you probably won't even recognise it if you do get there.⁷

Key aspects of planning are:

- An overall aim or purpose
- A business plan
- Review of goals and purpose
- Regular review of achievements.

Aim and Purpose

Your purpose or aim for the business (sometimes called a vision or mission) is not just about creating a slogan. A good purpose statement is your dream for the business and conveys why you are in business and what you want your business to become. It articulates a credible yet ambitious future for your business, which is better in some important ways to what now exists.

Why do you need a statement of purpose?

- It sets your business apart from everyone else and tells your staff and customers what is different about your business
- It acts as a key motivational and confidence element to spur both you and your staff to greater heights: "We know where we are going."⁸

Make sure you discuss the aims or purpose for your business with your staff and other interested parties. To go in the same direction, everyone involved in your business must know what that direction is.

EXAMPLES OF PURPOSE STATEMENTS

For a manufacturing business

"Manufacturing Firm A" is dedicated to providing widgets that combine quality performance with value pricing. We wish to establish a successful partnership with our customers, our employees, and our suppliers that respect the interests and goals of each party. Constantly striving to supply what the consumer is asking for, we will continually review what is available in the marketplace, and what isn't. Improving on what is available and providing new products and services to the areas of need will help ensure our success in a market driven by consumer demand. Success will ultimately be measured by our customers choosing us because of their belief in our ability to meet or exceed their expectations of price, service, and selection.

For a retailing business

"Cafe B" aims to be a cornerstone in the community, creating a neighbourhood atmosphere where customers feel comfortable and become instant regulars. We are sensitive to our customers and cater to their needs for healthy, delicious food. We seek fair and responsible profit, enough to keep the company financially healthy for the long term and to fairly compensate owners and investors for their money and risk.

For a consulting business

"Consultancy C" exists to provide fast, reliable consultancy services to local and home businesses. By providing fast response, informed expertise, and consistently high quality solutions, we will generate enough satisfied repeat customers to provide a stable retainer base. This will generate sufficient profit to provide a comfortable living for the owner.

See www.bplans.com for over 60 examples of business plans.

⁶ Much of the information in this section has been sourced from *Minding Your Own Business-Profitably* (KPMG Peat Marwick, 1992).

⁷ Bell, G (2002), pg 26

⁸ KPMG Peat Marwick (1992), pg 6

A Business Plan

To move towards your overall aim or purpose, you need a business plan. A business plan is normally a short written document that sets out your business goals (steps towards your overall aim) and shows how you plan to achieve your goals through specific actions.⁹

Many businesses don't realise that they carry out, almost on a daily basis, the majority of activities associated with business planning. The information gathered and plans made are simply not put together in what is traditionally called a 'business plan'.

Why should you have a business plan?

- Putting all the signposts in place and following them lets you see the way forward clearly and guards against detours
- You can reduce business risk
- You can focus the effort of your staff towards specific actions
- A business plan serves as part of a loan or finance application.¹⁰

A good business plan needs to look to the future. One approach is to determine short and long-term goals. They are the means by which your business will achieve its overall aim.

Short-term goals are achievable in one or two years and might include: expanding your customer base, refinancing and reducing debt, bringing in a partner, relocating premises, or paying your tax bill at the end of the year.¹¹

Other goals might be longer term (i.e. three to five years). Long-term goals might include having the best reputation in your particular sector, or reaching a certain level of income in five years.¹² Why should you look to the longer term? Because it is highly unlikely that you can achieve everything you want from your business in one or two years, and often your investment will involve premises and equipment that have a payback period over three years or more, requiring you to think and plan beyond the short term.

Your goals should be achievable, specific, measurable and carry a deadline.

Once you have your goals worked out, you need to think about specific actions to achieve these goals, and how you can measure performance towards achieving your goals. This lets you know if your plan is being implemented and if your actions are effective in achieving your goals (also see PART 6 – Maintaining Information on Your Business on page 47).

In addition to goals and actions, your business plan should cover:

- What your customers have told you they want
- How you keep track of the market, including competitors
- What risks you face
- What strengths your business has (your 'core competencies', see PART 5 – Improving Your Products and Services, page 41)
- What your suppliers/partners can offer.

EFFECTIVE COMMUNICATION

Getting all the information needed to prepare a business plan requires effective communication with everyone involved, both inside and outside your business (staff, customers, suppliers) to make sure you are all pulling in the same direction.

⁹ Ibid

¹⁰ KPMG Peat Marwick (1992), pg6-7

¹¹ Ibid, pg 7

¹² Ibid

CASE STUDY iQUEST NEW ZEALAND LIMITED

iQuest has clear stated objectives:

- ✓ To provide value added professional solutions and services.
- ✓ To provide excellence in industrial and environmental control and telemetry systems.
- ✓ To be innovative and creative in all aspects of design and implementation.

These company objectives incorporate the targets and ideals of the company business plan with a focus to:

- ✓ Continually monitor and improve the quality of the business's products and services.
- ✓ Raise the profile and professional image of the business across all business sectors.
- ✓ Improve the business's competitive edge.
- ✓ Operate as a team focused on meeting the needs of the business's agents and customers.

When considering the way forward for iQuest, the directors get together to discuss projects that the business could undertake and reach a consensus. The current focus is on developing its business plan and budgeting further, both of which will feed into future strategy and planning processes.

David Richards, the General Manager, believes that leading businesses well requires working closely with others, being collegial and consensus based. On high-level issues, David consults with the senior management of the business to get input and to make sure that they are happy with what is planned. If a decision will commit a particular staff member to a task, then they are involved in the process.

Reviewing Your Purpose and Goals

Business planning has to be an ongoing exercise if it is to reflect the dynamic, ever-changing nature of your business. Your business will grow and change, and not everything will happen exactly the way you want it to, or within the time frame you expect. To meet your goals and overall aim, you may have to change your plan of action as different factors arise.

You should be prepared to return to the planning process at regular intervals. For example, every month you should review your monthly performance in consultation with your staff, and if needed, make adjustments to your resources, budgets and plan of action.

In addition, at least once a year you should take time out to review not only your goals but also your overall aims and purpose. Ask yourself the following questions:¹³

- Are my overall aims what I still want?
- Are my actions and goals working?
- Can I change my plan to reach my aims in a better way?

PLANNING

Planning does not have to be complicated.

The NZTE publication Planning for Success – a do it yourself kit for developing your own business plan takes you through all the steps required. Call BIZ on 0800 42 49 46 to obtain a hard copy or CD Rom interactive copy of the free publication, or download it from the BIZ website www.biz.org.nz or NZTE website – www.nzte.govt.nz/publications

Funding may be available from the **NZTE Enterprise Development Fund** to help you get external expertise in developing your business plan. Successful applicants can receive up to 50% of the eligible costs on a 50:50 reimbursement basis, currently up to a maximum of \$20,000 (GST inclusive) each year (from 1 July – 30 June). For more information visit the BIZ website – www.biz.org.nz – or the NZTE website – www.nzte.govt.nz/edf – or call the Enterprise Hotline on 0800 555 888.

Poutama Maori Business Trust provides assistance for Maori entrepreneurial and small business planning and development. There are three components to Te Putea Whanake – the Business Development Grant. Putea Kimihia helps both new and prospective businesses investigate new ideas and/or strengthen existing business activities, including business planning. See the website – www.poutama.co.nz – for more details.

¹³ KPMG Peat Marwick (1992), pg 8

CASE STUDY NOVA ENTERPRISES LTD (Good Beginnings Educare Centre)

Leadership is co-operative in Good Beginnings, with the three owners of the business sharing management responsibilities for training, finance, building and maintenance between them (sometimes on rotation). Staff have opportunities to input ideas.

The business plans one and three years ahead and sets goals for finance and equipment and maintenance. Management plans are written in objective and measurable terms. These plans show how the centre intends to fulfil its charter commitments and are a reflection of the overall strategic plan. For each of the objectives there is a cumulative record of the various efforts and activities that have been planned to achieve the intended goals.

As areas of development are achieved, their completion is recorded. They are available for the centre's ongoing review process and guide future financial planning.

Goals are also set for the children's development and progress is recorded systematically each week and shared with parents.

The overall view of leadership in Good Beginnings is that it is about building enjoyment into the work, providing good working conditions, and listening to and providing for staff.

Leadership Continuity and Succession

When you own and run a business, and you want it to continue (and continue well) if you are unable to work, or simply if you wish to take an extended holiday or retire, you need to plan for continuity and succession.

Continuity and succession planning is all about picking who will take on your responsibilities and having them ready to take over when you want to leave or do something different.

Unless an action plan for continuity or succession is considered now, your business has a greater chance of failing:¹⁴

- If you become ill or have to leave suddenly the business will deteriorate unless key employees, partners or directors know how to carry on
- If you are unable to continue in business, your immediate family could be left without income or the business might be unsaleable.

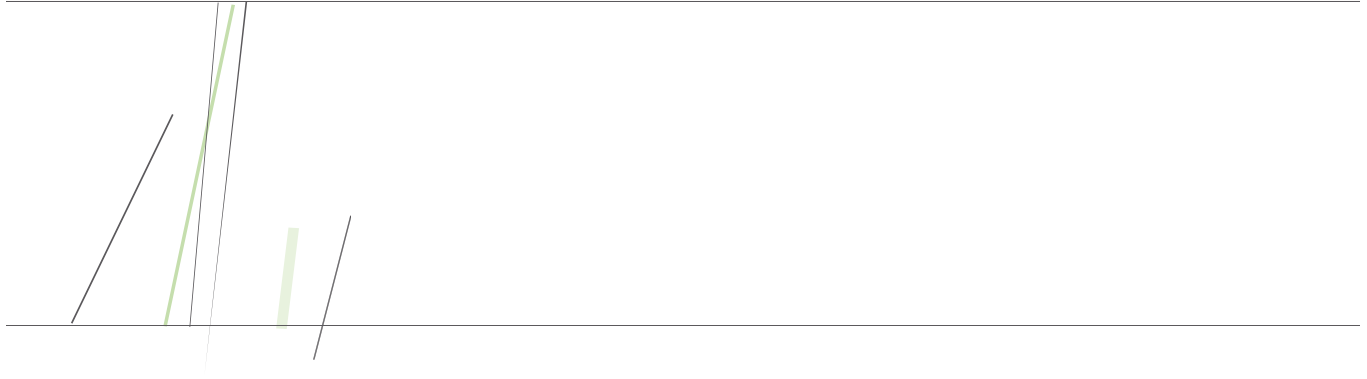
You need to think early on about who is to take on your responsibilities, and they should gain a gradual increase in decision-making. The person taking over must have the mutual commitment of you and your staff, which can take some time (months or years) to build up.¹⁵

You might think about:

- Training an employee in the skills required
- Training a son, daughter or other relative in the skills required
- Bringing in a partner.

¹⁴ Senior, G and McBride, I (2000), pg 282

¹⁵ Senior, G and McBride, I (2000), pg 281



SUMMARY

Leadership is an essential ingredient to business. The key elements of leadership are promoting shared goals and values, involving and supporting others, communication and setting the example.

You need to assess your leadership ability, motivation, communication and adaptability to change as you work in business. You should strengthen any area where you have identified a weakness in your expertise through training, buying-in expertise, or by having a mentor or person with whom you can discuss your business challenges.

It goes without saying that unless you plan what your business is going to achieve, it is difficult (if not impossible) to manage it effectively. You need to stand back every once in a while and review the performance of your business, and assess the factors affecting your business.

The key aspects of planning are an overall aim and purpose, a business plan, and a review of the goals and purposes of the business. You need to ensure everyone in your business (including suppliers and customers) contributes to the direction of the business.

The aim or purpose of your business (sometimes called a vision or mission) will outline why you are in business and what you want your business to become.

A business plan is normally a written document that sets out the goals of your business and shows how you plan to achieve the goals through specific actions.

To meet your goals and overall aim, you may have to change your plan of action as different factors arise. You should be prepared to return to the planning process at regular intervals to ensure the business keeps moving in the direction you want it to.

To ensure your business will continue into the future, you need to ensure there is someone in the business who can take over from you should you be unavailable (either through taking a holiday or for unexpected reasons).

PART 2 YOUR CUSTOMERS¹⁶

Satisfied customers who keep buying your product or using your services are the lifeblood of your business.

Some key questions to ask are:

- ✓ Who are my customers?
- ✓ How do I know what customers value in my products or services now or in the future?
- ✓ Am I sure my customers are satisfied?
- ✓ How do I help my customers and deal with their concerns and complaints?
- ✓ Am I doing enough to maintain my customer relationships?
- ✓ Do I know if I am gaining or losing market share?

IDENTIFYING AND REACHING YOUR CUSTOMERS

Information is the key to understanding what will attract customers to your business and the best information will come from potential (or current) customers. Be prepared to invest some time, effort and money in identifying and reaching your potential customers.

Use your business planning process and research (see Finding Out Directly From Customers on page 17) to help you identify what, who, and where your target market is.

Your customers may be in a specific geographical location, part of a particular sector, interested in a particular activity (e.g. adventure tourists), active at a particular time (e.g. seasonal products or services), or have the ability to spend the amount you want to charge for an activity or service.

Reaching your customers can be achieved in a range of ways, such as: your website and links to it from other relevant sites, word-of-mouth, and advertising (flyers, brochures, information pamphlets and direct mail, telephone canvassing, exhibitions, sponsoring local events, television/magazine/radio/newspaper advertisements etc). You must choose your media carefully and direct your promotion at the area and customers you can, or intend to, supply.

Once you have identified and reached your customers, you need to consider what practical steps you will take to keep these customers.

UNDERSTANDING WHAT YOUR CUSTOMERS VALUE

Your money comes from your customers - so provide what they think is of value to them. This sounds obvious, but very few businesses do it well. Most businesses only provide what they think their customers want, need, and value. They try and sell what is convenient to them, which may not be what the customers value.¹⁷

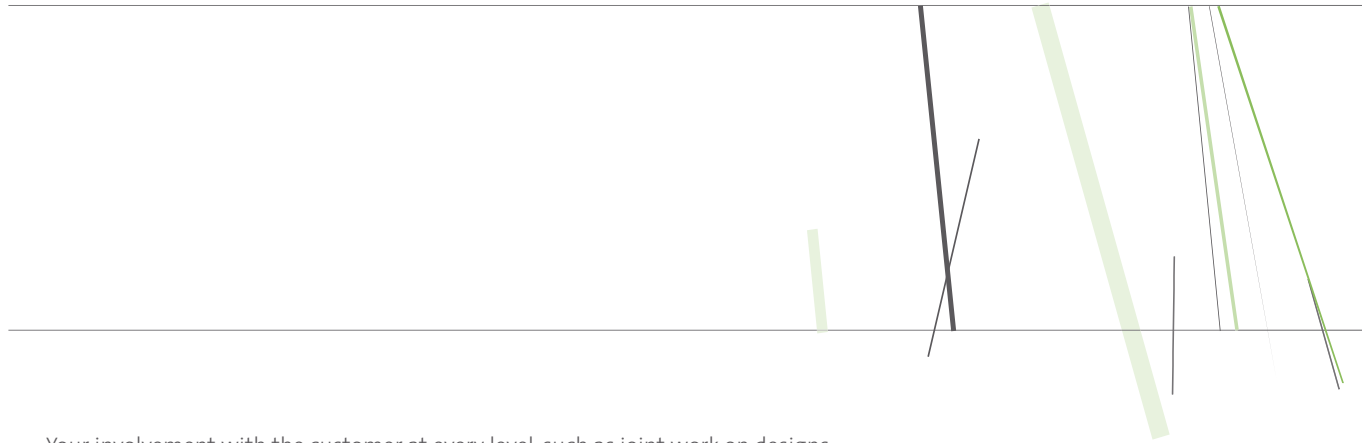
Most businesses see their products or services just from their own eyes – in terms of what they design and deliver and how much it cost. But from your customers' perspective, the overall product or service is likely to represent a mix of the following:¹⁸

- Price and payment terms
- Availability
- Friendly approachable staff

¹⁶ Much of the information in this section has been sourced from Bell, G (2002), The Competitive Enterprise – 10 principles of business excellence for increased market share (McGraw-Hill, Australia).

¹⁷ Ibid, pg 60

¹⁸ Ibid, pg 68; DTI (1997a), Section 2: Understanding customer requirements.



- Your involvement with the customer at every level, such as joint work on designs, marketing and developing new products
- Consistent quality
- Speed to meet deadlines
- How the product or service is delivered
- Reliability.

The gap between your perspective and your customers' perspective could be enormous. Customers are looking for benefits – added value – as well as the actual product or service. Remember, customers rate these requirements differently – for one customer price is the key, while for another it might be reliability. The point is, never assume anything – especially how your customers feel about your business.¹⁹

CUSTOMER SATISFACTION

In addition to knowing what customers value, you must collect information on customer satisfaction on an ongoing and regular basis. This tells you how successful you have been in building the relationship, dealing with any problems, creating value and keeping up with market changes.

To be meaningful, you should measure customers' perceptions formally. This means you must have a process for asking, recording responses, and modifying the way your company goes about its business.²⁰

Some businesses make the mistake of waiting until the end of the year to ask their customers how satisfied they are. Don't forget that your customers' needs are constantly changing, and your competitors are not standing still. If you wait until the end of the year it could be too late.

A word of warning – care should be taken when evaluating customer satisfaction surveys. Meeting your customers' requirements may satisfy them, but satisfaction does not equate to customer loyalty. If a customer would be happier with another product, then they will switch.

Finding Out Directly From Customers²¹

So how do you find out what your customers value and whether they are satisfied? You must get the information directly from your current or potential customers – what they like, what they don't like, and the degree of importance your customers attach to the customer requirements listed above. No amount of discussing with professionals, friends or colleagues will ever replace the information from a real customer.

The main ways you can get this information are:

- **Ask them**
When you are dealing with existing or potential customers, strike up a conversation with them and informally ask them. Ring them and ask some questions over the phone. Or, if you can, watch what they do and how they use your products and services.
- **Questionnaires**
You could distribute questionnaires that ask some key questions and encourage customers to fill them out.

QUESTIONNAIRES

See Chapter 2 of Planning for Success for tips on how to develop questionnaires and a template. Call BIZ on 0800 42 49 46 to obtain a hard copy or CD Rom interactive copy of the free publication, or download it from the BIZ website www.biz.org.nz or NZTE website – www.nzte.govt.nz/publications

¹⁹ DTI (1997a), Section 2: Understanding customer requirements

²⁰ Bell, G (2002), pg 85-86

²¹ Information from this section has been sourced from Bell, G (2002), pg 63

- **Focus Groups**

Gather a number of your customers together, sit them down and discuss a range of issues relevant to your business.

- **Research**

Good information can often be obtained by reading newspapers and magazines, scanning the Internet, contacting industry associations, or even commissioning specific reports from researchers.

CASE STUDY WILD WEST ADVENTURE COMPANY

Paul Schramm positions Wild West's products at the high-quality end of the market in adventure tourism. It is his policy to provide clients with the best of adventure experiences at the most reasonable price possible. Sometimes Wild West's prices are higher than others in the industry, but customers consistently report that they are happy with the price. Paul believes they appreciate the added value and friendly, helpful customer service his company supplies and are happy to pay a little extra.

Paul says that many New Zealand adventure businesses under-charge for their products thinking they will get more customers, but he believes that customers equate low prices with low service, low safety and low quality. He says it certainly means low profitability and limits the ability to deliver a quality product over the long term. However, positioning at the high-quality end of the market does mean that the business has to deliver on this expectation.

As a result, Wild West puts a lot of effort into ascertaining the level of satisfaction of its customers. At the completion of each tour, customers are asked to complete written surveys that seek feedback on issues such as comfort (e.g. coldness), enjoyment, expectations versus outcomes, and the guide. Paul also often wanders around when groups are doing their debrief, asking what people thought of the trip.

Periodically (every few months), Paul will conduct more formal interviews with customers. This provides a more focused appraisal of a particular guide, but it is generally done to expand on trends identified through the survey.

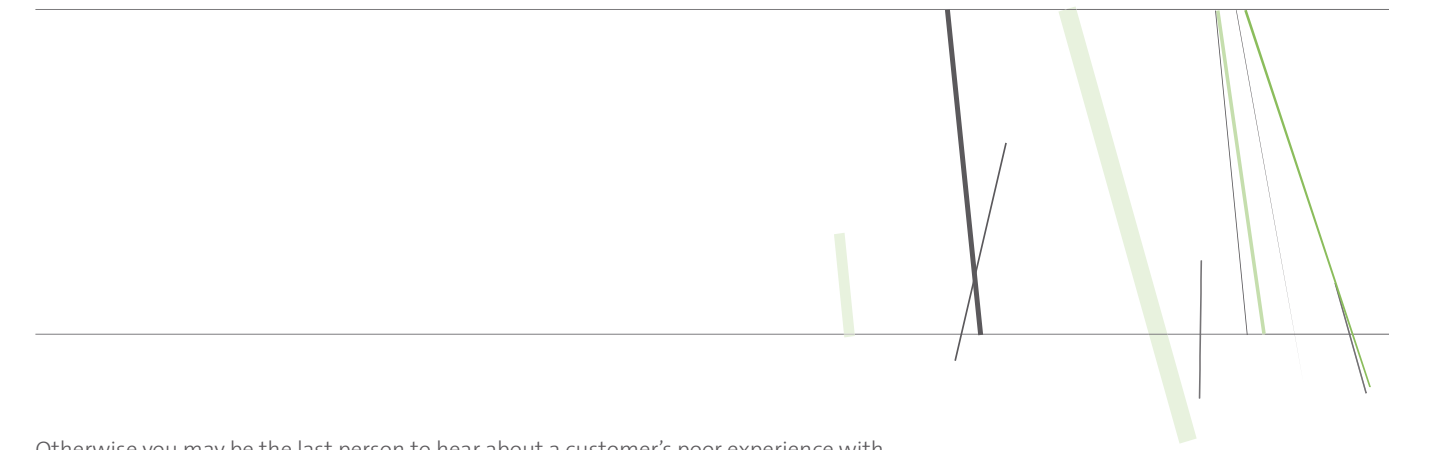
DEALING WITH AND MAKING USE OF CUSTOMER COMPLAINTS

At times, things will go wrong and customers will come back to you with complaints. You should not think of these customer complaints as an indictment of your business. Complaints represent opportunities for your business to improve – the customer is taking the time to tell you directly what he or she does not like, so wants to continue to do business with you and help you improve – and if they are well handled you can build an even better relationship with your customer.²²

You should actually encourage your customers to tell you when they feel let down and thank them for raising their problems with you. You need to create an environment where your customers feel they are an important part of your business. Only then will they take the time and effort to give you the feedback you need.²³

²² Bell, G (2002), pg 67

²³ Ibid



Otherwise you may be the last person to hear about a customer's poor experience with your business. The vast majority of people who receive poor service do not complain, unless things get really bad. What's worse is that customers often go out and talk to others – friends, family, and colleagues – about the poor service.

An important issue in complaint management is prompt and effective resolution. This can lead to complete recovery in customer confidence and even very loyal customers. Customers are essentially looking for their problem to be:²⁴

- Easy to report
- Acknowledged
- Dealt with quickly, sensitively and fairly.

You, or a specified staff member, should have responsibility for liaising with your customers to identify problems and resolve any issues and misunderstandings. This means that staff dealing with complaints need to be enabled – have the skills, knowledge, authority, and resources – to anticipate and handle any problem that is thrown at them by customers.²⁵

Dealings with customer complaints should also be based on set procedures – consistent methods that all staff know and adhere to. Your staff should not always have to run back to you or their supervisor to get permission or find out how to do something for customers. This is bad for both customer relations and staff morale.

Some key steps involved in dealing with customer complaints are:²⁶

- Having someone speak to the customer in person – do not rely solely on answering written complaints or providing written responses
- Once details of the problem have been taken, advising the customer what will happen next
- Ensuring the customer is happy with the proposed solution before proceeding
- Keeping the customer informed of progress during the process and clearly advising the customer of the outcome of their problem
- Ideally within one week, following up with the customer to check that everything has been satisfactorily resolved
- Keeping a record of all problems and complaints raised
- Monitoring and evaluating complaint patterns and trends.

Many businesses stop short and merely try to make the complaint go away by fixing the problem just for that customer. But the real benefit comes from sharing the information with staff and using it to improve your processes so that customers never have cause to make complaints about the issue again. Your business can learn from its mistakes if this simple rule is followed. But a customer is unlikely to stay with you if your business makes the same mistake more than once.

CUSTOMER SERVICE GUIDELINES

The Ministry of Consumer Affairs provides information packs for new retail and service businesses. These free packs cover a wide range of useful information. Packs can be obtained by emailing mcainfo@mca.govt.nz or by ordering from the Ministry's website www.consumeraffairs.govt.nz/publications/orderform.html or by phoning (04) 474 2750.

²⁴ Ibid, pg 79

²⁵ Ibid, pg 79-80

²⁶ Byrne, P (1998), Section 9: Handling complaints – turning complaints into compliments

MAINTAIN GOOD CUSTOMER RELATIONSHIPS

Ensure that you understand who your best customers are. Typically the 80:20 rule applies – 20% of your customers will provide 80% of your revenue. It is critical that you understand who those good customers are and concentrate on delighting them, and don't run the risk of losing them.

Getting your good customers to come back to you is far less expensive and time consuming than trying to get new customers.

In managing your relationship with customers, you should consider:

- Customer access – how you ensure customers have easy access to do business with you, and to find appropriate people when they need help and things go wrong. Do you make it easy for them to contact you and your business? Or are you only available to do business at times and places that are more convenient to you than to your customers? Do you use technology (e.g. email and the Internet) to overcome difficulties with location and time?²⁷
- Staff at all levels of the organisation should have some contact with customers to receive feedback from customers. Visits to major customers are considered essential. In addition to being an important activity in its own right, it is often one of the few times that a customer actually gets to meet you, or a representative from your business, and is able to put a 'face' to the organisation.
- Maintaining trust – a good customer relationship is built on trust. You can do this in three key ways:
 - Do not over-promise, or promise what you cannot deliver
 - When there is even a hint of failure to deliver, go out of your way to resolve the issue. Your customers will remember that you did all you could to solve their problems (even if it's not completely resolved)²⁸
 - Treat your customers fairly and ethically – avoid making false representations, deceptive pricing, and providing unsafe products (also see PART 7 – Your Relationship with Your Community on page 54).

UNDERSTANDING CHANGE IN YOUR MARKET AND YOUR COMPETITION

The market you operate in is more than the sum of your existing customers. To focus on your existing customers alone is a risk, you must keep abreast of changes to the market – such as fashion, competition, regulation or technology – so you are not attempting to sell an obsolete product or service.

You should constantly monitor the following:

Your competitors

You need to understand how well you meet your customers' requirements compared to how your competitors perform. What are your strengths and weaknesses compared to your competition? Why do customers come to you to do business in the first place? Why do they go to others? You should be aiming to build up pictures of your competitors, which coupled with your knowledge of your customers, can help you spot trends and gaps in the market and take advantage of them. At a minimum you should be aware of competitors' prices, positioning in the market, location and who runs the business. See How Do You Compare? on page 50.

²⁷ Bell, G (2002), pg 77

²⁸ Bell, G (2002), pg 82-83

Market Trends, Threats and Opportunities

You need to monitor the market's potential and your ability to tap into the customers you wish to target. But simply taking spot checks on your market is probably not enough because infrequent checks may not reveal the trends that develop.

You should compare the market today with historical information. Are new products or services emerging? Are buying habits changing? Are your customers' needs changing? Are there emerging competitors? Is new technology changing the way you should be doing business?

Finding out information on your market trends and competitors can seem daunting – but it need not be a difficult or time-consuming task. There are plenty of sources of information easily available and many are free:

- Annual reports
- Business directories
- Newspapers, magazines and advertising
- Informal networking through local business groups
- Industry associations
- Your staff or suppliers (who may have an ear to the ground)
- Statistics New Zealand
- The Internet (competitors may well have websites).

CASE STUDY PACIFIC HORIZON LTD

Because it is hard to sustain any long-term differentiation in the motorhome rental business, reputation is one of the key competitive assets for a company such as Pacific Horizon. To maintain its reputation, it is essential that the firm is customer focused, and highly responsive to changes in customer needs.

Pacific Horizon actively runs a quality improvement programme aimed at being responsive to customer feedback. The business has always used customer satisfaction questionnaires to help predict and accommodate customer needs. Over time, the questionnaire has also been used to garner important marketing information that would otherwise be prohibitively expensive to acquire.

90% of Pacific Horizon's customers are overseas tourists. To accommodate this market, the company maintains extensive relationships with overseas wholesale and retail travel agencies which specialise in New Zealand. It also prints brochures in German, and employs a German speaking employee at its Auckland depot.

Additional accessories such as televisions, BBQs, picnic chairs and child car seats can be hired with the vehicles to meet customer's needs. To ensure that the client is prepared for their hire, an hour is taken where an employee sits down with the hirer, carefully explaining the rental agreement and shows them through their motorhome, demonstrating characteristics such as how it is driven, and how the stove, fridge, shower and toilet work.

As John Liddell highlights: "We've only got one product... the motorhome, and we have to make sure we give the customers a motorhome they want".

INFORMATION ON YOUR MARKET

Statistics New Zealand collects, analyses and distributes statistics relating to New Zealand's people, social trends, lifestyles, businesses, international trade, economy and environment.

An Information Centre is available to help you. Staff can discuss your requirements and help you find relevant information. Simple queries are handled free of charge. You will often be referred to Statistics New Zealand website where much information is available free of charge. If questions are more complex – typically the case with projects – this may incur costs. You are always given a free no-obligation quote to help you decide if you wish to proceed.

The Business Helper section of Statistics New Zealand website has been specifically designed to help businesses gain an introductory overview of the information available. This can help you prepare your questions before contacting the Information Centre. Go to www.stats.govt.nz/businesshelper.

To contact the Information Centre, phone toll free: 0508 525 525 or email infor@stats.govt.nz. There are offices in Auckland, Wellington and Christchurch. See Statistics New Zealand's website – www.stats.govt.nz

SELECTING YOUR CUSTOMERS

You do not have to accept every arrival and order as a customer and there will be some customers that you may not wish to keep. You can and must choose those customers that lead to your goals because:²⁹

- You may not be capable of meeting the customer's needs, despite your wish for their revenue
- Late payment by a big customer could bankrupt you
- The customer may want you to do things that are against your values.

You will only know this by taking the time to assess whether or not you can meet their needs, and also by looking at the profitability profile of your customers. Put simply, if you are not making a profit from some of your customers, why do you keep them? Ask yourself if they see your product/service as value for money and if they might be willing to pay more. You need to identify your key customers – make a list of who they are.

If you determine there are certain customers you do not want to retain for whatever reason, be sure you communicate those reasons to your customers. This will ensure there is some clarity around your decision. Your customers will be less likely to take it personally and may actually come up with some good ideas that are attractive to both of you.³⁰

CASE STUDY WAIKATO TURNERY LTD

Customers are number one at Waikato Turnery simply because they “represent money coming in the door.” Gavin Mecchia makes the point that customers can start off being someone buying a \$2 doorknob, but might come back tomorrow and make a large order.

Because Waikato Turnery makes custom furniture, its clients tend to be quite particular about what they want and focus on the product they are getting rather than the price. As well as getting a high quality product, Gavin believes that a lot of customers really like having the full story behind the furniture in terms of where the wood came from, its properties, playing a part in designing it and seeing it at various stages of completion.

Gavin had to prove himself to the clients when he took over the business. His father was very good with clients so there was a need to maintain the high standards. He believes clear communication is important in maintaining good client relationships. For instance, Gavin informs clients of the time they are likely to have to wait for their product when they first come in, to avoid any misunderstandings.

If a customer is unhappy, Gavin attempts to deal with the issue immediately and is always open to negotiation. Gavin holds himself personally responsible for customer satisfaction. Customers are treated with respect, and the focus is on gaining their trust.

FAIR TRADING

The **Commerce Commission** carries out enforcement activities under the Fair Trading Act, which prohibits misleading and deceptive conduct, misrepresentations and unfair practices such as bait advertising and pyramid selling, and provides general information to both businesses and consumers about their rights and obligations under the legislation. Under the Fair Trading Act, the Commission also enforces six Product Safety Standards Regulations and four Consumer Information Standards Regulations.

To contact the Commerce Commission with information about unfair or misleading trading practices, or anti-competitive behaviour by businesses, telephone their Contact Centre on 0800 94 3600, email contact@comcom.govt.nz, or visit its website – www.comcom.govt.nz.

The **Ministry of Consumer Affairs** website has a section specifically for businesses and traders called ‘Business Information’ – www.consumeraffairs.govt.nz/businessinfo/index.html. This section of the website provides information for retailers, manufacturers, importers and service providers, to help achieve a fair and informed marketplace.

You have obligations under certain Acts. Information about your obligations under these Acts is explained on the Ministry's website in everyday language. The ‘Business Information’ section of website is specifically written for retailers, manufacturers, importers and service providers. It covers a variety of topics including the Consumer Guarantees Act, the Fair Trading Act, the Credit Contracts and Consumer Finance Act, Customer Service and Complaints, Hire Purchase, Internet Trading, the Layby Sales Act, and Motor Vehicle Sales.

The ‘Business Information’ section also contains useful links to on-line legislation and to other relevant sections of the website for businesses and traders on Measurement and Product Safety.

See the website – www.consumeraffairs.govt.nz/businessinfo/index.html – or contact the Ministry on (04) 474 2750 for more information, or to obtain a free information pack.

²⁹ Bell, G (2002), pg 74

³⁰ Bell, G (2002), pg 82-83

SUMMARY

Use your business plan to help you identify what/who your target market is. Your customers may be in a specific geographical location, part of a particular sector, interested in a particular activity (e.g. adventure tourists), or have the ability to spend the amount you want to charge for an activity or service.

You need to understand what your customers value and whether they are satisfied with your product or service. What is important to one customer may not have the same level of importance for another. Customers are looking for added value as well as the actual product or service.

Collecting information on the level of customer satisfaction can tell you how successful you have been in building the relationship, dealing with problems, creating value and keeping up with market changes. You can collect this information in a variety of ways: by asking customers directly, through questionnaires, forming focus groups, and doing some research (using newspapers, the Internet, contacting industry associations, etc.).

Customer complaints are not a personal attack on you or your business. They are an opportunity for your business to improve. Manage any complaints you receive promptly and ensure an effective solution is offered to the person making the complaint.

A set procedure should be developed for dealing with complaints – that way you have a consistent method that all staff members know and can adhere to. The real benefit to be gained from customer complaints is from sharing the information with staff and using it to improve your processes so that a customer never has cause to make the same complaint again.

Remember that, typically, 20% of your customers will provide you with 80% of your revenue. Ensure you understand who your good customers are and concentrate on keeping them. To keep a strong relationship with your customers, you need to ensure customers have easy access to do business with you. Visit and network with your key customers, and build a high level of trust.

To keep and grow your customer base, make sure you understand who your real competitors are, and monitor the market trends, threats and opportunities regularly as they may reveal significant changes in buying/spending abilities of your key customers.

Remember, you do not have to accept every customer or order that comes through your business. You can, and must, choose the customers who can help you achieve your aims and goals.

CUSTOMER SERVICE TRAINING

The NZTE Enterprise Training Programme offers free training courses and workshops on how to identify, monitor and keep your customers. To find the supplier of training in your area look under Enterprise Training Courses on the BIZ website – www.biz.org.nz – call 0800 42 49 46, or look under the NZTE website www.nzte.govt.nz/training

KiwiHost provides a range of programmes for service-based businesses to help them analyse their customer service needs, such as: workshops designed to help management and staff improve their customer service skills and techniques, ongoing support and advice to help businesses improve the quality of their customer service, and feedback on what customers think about service delivery. There is a charge for most services and workshops, although KiwiHost does provide complimentary seminars on the basics of customer service. Contact KiwiHost on 0800 801 233, email admin@kiwihost.co.nz or visit the website – www.kiwihost.co.nz

PART 3 YOUR STAFF

The people who work with you are your most valuable asset. People provide the knowledge, skills, enthusiasm and energy in your business.

Communicating with and motivating staff are two major areas that you should consider when your goal is to have a smoothly running business. Staff that are happy with their jobs and workmates, and enthusiastic about their futures and their lives will contribute most effectively to your business.

Understanding staff, getting them to share in the goals and vision of your business is a key to growth and profitability. Ask yourself:

- ✓ Do I have the right people working for my business?
- ✓ Am I telling my staff what they need to know?
- ✓ Am I motivating my staff to achieve the aims and goals of the business?
- ✓ Am I reviewing their performance? And is it on a regular basis?
- ✓ What training and development do my staff need or want?
- ✓ Do I know how my staff feel about the business?
- ✓ Is the business a safe and healthy place to work?
- ✓ Am I rewarding my staff appropriately?

RECRUITMENT AND STAFF PLANNING

When your business starts to grow, you will need to assess how many people are required to run the business and what skills they will need. Staffing requirements tend to be based around:³¹

- Sales forecasts – future production levels and resource requirements can be predicted from this
- Looking at the amount and type of work to be undertaken.

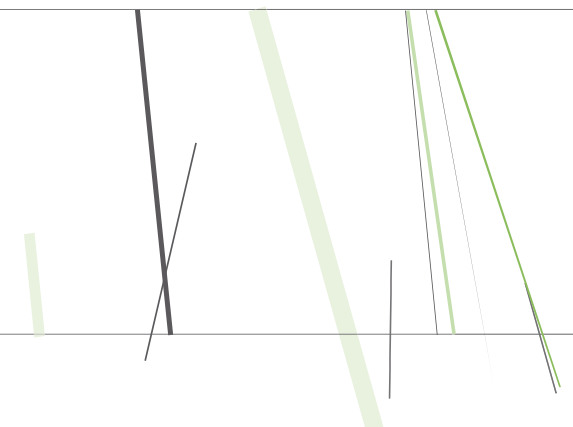
Hiring the right person for a job is critical. Taking on a new staff member can be costly when you consider the time and money spent on recruitment, salary, training and other benefits your business might provide.³² A good recruitment process involves:

- Thinking about the short- and long-term needs of your business – do you need to bring a new skill into your business that none of your current staff has? If this is just a short-term rather than a permanent requirement, you might consider employing temporary staff. Has workload increased? If so, will this continue in the future or is it temporary? Can additional work be distributed amongst your existing staff?³³
- Creating a job and person specification – this defines the tasks that will be associated with the job and the skills and experience required to carry out the tasks. Clear specifications should be set so staff understand their responsibilities, their level of authority, their reporting lines and generally what is expected of them. If you are replacing a staff member who has left, think about the skills and experience they had. This may help focus your thoughts on the job specification. A comprehensive job specification should include:
 - a brief description of the job and its major objectives
 - the key tasks and activities of the job
 - the qualifications required for the job (e.g. computer programming, engineering, architecture)

³¹ BusinessLink (2002b), pg 1

³² BusinessLink (2002a), pg 1

³³ BusinessLink (2002a), pg 1-2



- skills and special characteristics required for the job (e.g. numeracy, literacy, relationship skills)
 - any specific issues associated with the job (e.g. willingness to travel)
 - a list of the resources required for the staff member to complete tasks
 - the key results and standards required for each major task
 - the authority the staff member has in the job
 - the staff member's subordinates, if any, and who the staff member reports to.
- Finding out as much about what candidates have to offer as possible. You will want to think carefully about the information you can obtain from using application forms, the questions that will be asked at interviews, and possible testing (e.g. skills on computer programs) or for aptitudes and personality characteristics.³⁴

If you select the wrong person for the job, rectifying the mistake can be time consuming and expensive. Rather than merely taking on someone who is liked, it is essential that possible recruits be judged against the skills and competencies needed.

A commitment to a diverse workforce can also encourage a stronger pool of talent. A diverse employee mix enables firms to identify better with, and meet the needs of, a similarly diverse customer base. A diverse pool of staff also brings a range of perspectives to creative thinking and problem solving, which lead to solutions drawn from different backgrounds and experiences.³⁵

ENSURE STAFF KNOW WHAT IS EXPECTED OF THEM

Your staff need to know:³⁶

- What you are trying to achieve – your aims and goals – and where you are at in achieving these aims and goals
- What their job is and what you expect from them – and how that job contributes to the aims and goals of your business
- How to do their job – they need knowledge and resources.

Staff need to be appreciated and to be challenged if they are to enjoy being a part of your business and be enthusiastic contributors who bring forth good ideas. PART 1 – Yourself and Your Business Planning on page 9 discussed the need for you to get people to share your aims and goals for the organisation. It is your job to communicate what you are trying to achieve in terms that your staff can understand.

When your staff know how the business is tracking, this can provide the incentive for them to modify processes, find out what is or is not working, or to work harder to reach the goals and objectives.

In addition to a job specification, which outlines the general tasks associated with a job, each staff member should have a performance agreement. The performance agreement should cover the major objectives for the months or year ahead, which need to be consistent with the goals of the business, the tasks to be undertaken to meet these objectives, and the results expected, standards and timelines for each task. This will allow staff to see how they are contributing to the success of the business. If they do not know, they are unlikely to be able to make the best decisions about what needs to be done and probably not as enthusiastic as they could be.

RECRUITMENT

Recruiting new staff requires considerable preparation and it is often wise to engage professional advice before beginning the recruiting process. Job descriptions and employment agreements should also be at hand before starting the recruitment process. **The NZTE publication Planning for Success** - a do it yourself kit for developing your own business plan – outlines steps involved in recruiting new staff. Call BIZ on 0800 42 49 46 to obtain a hard copy or CD Rom interactive copy of the free publication, or download it from the BIZ website www.biz.org.nz or NZTE website – www.nzte.govt.nz/publications

The Employment Relations Service also has a function on its website which allows you to 'Build an Individual Employment Agreement' – www.ers.dol.govt.nz/relationships/builder

If you need to employ extra staff or if they need extra training to get up to speed, Work and Income may be able to help. Work and Income is committed to supporting New Zealand employers with numerous programmes aimed at introducing potential employees to employers: Job Plus and Job Plus Maori Assets, aimed at helping to pay some of the costs associated with new employees' wages; Job Plus Training, offering specific skills to help pay for certain kinds of training; Modification Grant, aimed at assisting employers to augment their workplace for disabled employees (e.g. special equipment or premises modifications); Taskforce Green, providing workers (and contributing to their wages) to supplement any environmental programme or community-based project; Work Experience, an internship-style programme where employers host potential employees for up to a month, giving them on-the-job training and experience; Seasonal Work, supporting employers when they're at their busiest. For more information on these free services, contact Work and Income on 0800 778 008 or see the website – www.workandincome.govt.nz

³⁴ BusinessLink (2002a), pg 5

³⁵ Department of Trade and Industry (2004), pg 4

³⁶ Bell, G (2002), pg 224

You should review the specific objectives for your staff, in consultation with them, on a regular basis as the business goals change. Staff tend to behave in accordance with the measurement criteria (see Performance Measurement on page 48–49).

To ensure that staff know how to do their job when they are new to the business, you should also develop an induction programme and checklist. Induction is used to introduce the new staff member to their colleagues, the business and their new role. General areas to cover in the induction programme include administration, terms and conditions of employment (e.g. hours of work, sickness and holiday procedures), health and safety issues, training and development and office systems.³⁷

Communication and Consultation

All communication should be open and honest. Make sure you share not only the good news with staff members, but also the bad news, and the issues facing the business. Staff are an important part of your business – ensure they are kept informed of where your business is going, how it is doing, and where it needs improving.

Communication can be through formal means, such as regular meetings, employee newsletters or work teams. It can also occur informally, through you and other managers being highly visible, having morning and afternoon teas with staff, through a staff suggestion scheme, or through social events and celebrations of achievement in the business.

Find out what your staff really want and what motivates them – which may be very different from what you think they want. You should also value and encourage employee suggestions and contributions (see PART 5 – Improving Your Products and Services, page 41). A focus on staff communications and involvement leads to more productive employees, an atmosphere of trust, better solutions and higher standards of service. Any disputes or misunderstandings are solved more quickly and amicably thanks to good communication channels.

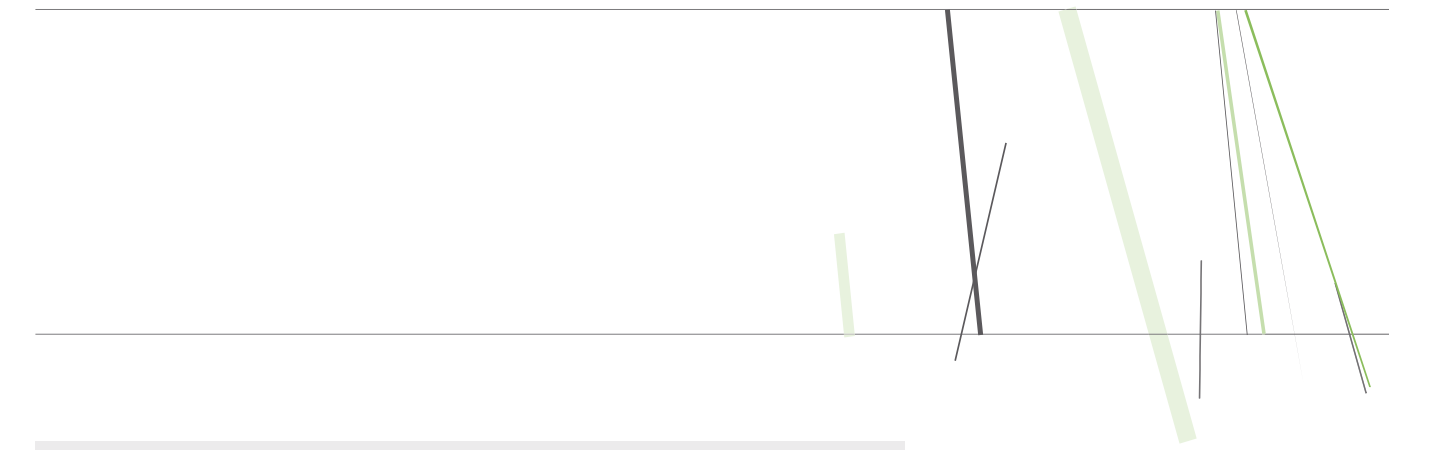
CASE STUDY NOVA ENTERPRISES LTD (Good Beginnings Educare Centre)

Staff work co-operatively as a team at Good Beginnings. There is a congenial working environment, where all employees share tasks, undertake common planning and positively interact with the children.

The management team jointly shares personnel management. The three business partners take responsibility for the day-to-day co-ordination of the staff roster and allocated staff duties. Scheduled meetings for the staff of seven provide opportunity for dialogue on supervisory matters and programme development. Informal interactions are also regular. A staff-only day at the beginning of the year and regular staff meetings are used to plan curriculum delivery, share professional insights and discuss workplace issues. Records of meetings are well maintained.

A number of performance management practices have been instituted. Management undertakes a formal annual appraisal with all staff and each employee is also required to self appraise her own performance. Goal setting and identification of professional development needs is included in this process.

³⁷ BusinessLink (2002d), Induction of new employees



There is equitable access to professional development for all staff. A budget for staff training has been determined. Opportunities are provided to attend courses, undertake professional development and training to improve qualifications. The business pays half the fees of staff doing the 3-year NZ Childcare Association diploma course. Staff are given the opportunity to share in the professional insight gained by other employees in planned workshops. An annual record of all planned professional development and courses attended is maintained.

Systems to manage and record employment-related responsibilities and concerns are well established and documented. These include:

- A staff handbook outlining centre provisions, expectations and guidance for staff
- Procedures relating to appointments, professional development, and work-related entitlements
- Personal files for each staff member, containing signed individual employment contracts and a job description relating to their designated role
- Records of professional development undertaken by staff.

Staff are provided with good and safe working conditions and employees have scheduled breaks to fit in with daily routines. All personnel are aware of the procedures for handling emergencies and accidents and all staff have first-aid certification. Civil defence emergency drills are carried out and recorded.

PERFORMANCE APPRAISAL AND FEEDBACK

A regular performance appraisal is very important to keep your staff motivated. All staff need (and generally want) feedback. Even high-performing staff have a chance to improve if they receive feedback on their strengths and weaknesses.

Plan regular meetings (quarterly or six-monthly) where you will discuss with each staff member the achievement of objectives as set out in their performance agreement.

The objectives of the assessments are:³⁸

- To allow you to evaluate the contributions and progress made by individual staff members
- To help create training and development programmes that will develop each staff member's specific strengths, eliminate weaknesses and grow new skills
- To provide a formal means in which staff can discuss any worries they have and their aspirations for the future
- To document each staff member's development and progress in your business
- To set new work objectives and targets.

Staff should be encouraged to initially assess themselves against the targets and objectives in their performance agreement. You can also seek the views of other staff, customers or suppliers on the performance of staff to feed into the performance review. Staff should be given the opportunity to nominate persons you can contact to discuss their performance.

³⁸ KPMG (1999), pg 31

But you should not rely on a periodic review to provide feedback to staff. You need to give your staff feedback constantly on their performance. The actual appraisals should not produce any surprises for your staff.

CASE STUDY WAIKATO TURNERY LTD

Waikato Turnery has a team culture where all staff within the company are treated at the same level with little or no hierarchy. Staff turnover is low with the average tenure being around 5-10 years and there is a waiting list of people seeking a job in the company. Waikato Turnery takes on staff from both straight out of school and from other wood turners, but Gavin Mecchia tends to prefer getting apprentices from school because it is easier to shape their minds to the business culture.

The business has monthly staff meetings and there is an open door policy for other times when people wish to raise issues with Gavin. Staff have appraisals every two months, which incorporates a self-assessment component. Productivity is measured mainly through a jobcard system.

Gavin tries to instil pride in the good name the company has in employees to maintain high standards. When he receives positive feedback from customers he passes this on to the people who worked on the product. Other informal rewards like drinks and morning teas are provided for jobs well done.

Training at Waikato Turnery mostly revolves around on-the-job training. The business uses mentoring, where more senior staff assist the newer recruits. When new machines or processes are introduced there is a session to instruct staff on how to use them.

Gavin lets employees know as much as he can about what is going on within the business. Employees help in making decisions within the business, particularly in their areas such as assisting in the selection and purchase of new equipment.

TRAINING AND DEVELOPMENT

In business, keeping up with change requires constant re-training. How can you expect your staff to do their job if they do not have all the right skills for that job? New staff need training in the technology and processes they will now have to use. Existing staff will need training whenever you change your processes or technology.

The cost of developing your staff is often insignificant compared with the cost of new equipment and the rate of return. An investment in training and development is just that, an investment in your business future – not a cost of employment.³⁹ And staff want to develop their skills and help grow the business.

Considerable research exists to show that successful businesses invest more in training than their less-successful competitors. The benefits of developing your staff include:⁴⁰

- Improved motivation
- Improvements in productivity
- Likelihood of higher sales through better service

³⁹ KPMG (1999), pg 30

⁴⁰ Ibid

STAFF AND INDUSTRY TRAINING

Enterprise Training Providers based in regions around New Zealand offer a wide range of workshops in training and development. To find the supplier of training in your area look on the BIZ website – www.biz.org.nz – or the NZTE website – www.nzte.govt.nz/training – or call BIZ on 0800 42 49 46.

The Tertiary Education Commission (TEC) brings overarching responsibility for all tertiary education and training in New Zealand together for the first time.

The TEC is responsible for funding and for building capacity of all post-compulsory education and training offered by universities, polytechnics, colleges of education, wananga, private training establishments, foundation education agencies, industry training organisations and adult and community providers.

One of the TEC's key roles is to oversee implementation of the Tertiary Education Strategy and associated set of priorities. This includes facilitating collaboration and co-operation throughout the tertiary education system, and connecting the system with wider New Zealand businesses, communities, iwi and enterprises.

The TEC supports workplace learning that raises skills and boosts competitive advantage for business. It can support your business through independent advice on assessing your staff's skills and knowledge gaps and ways of fulfilling those gaps, and provide information on training available in your particular industry. TEC can put you in touch with industry training organisations (ITOs), Modern Apprenticeships co-ordinators, and Gateway co-ordinators in secondary schools.

For more information, see Who Else Can Help Me? on page 56 of this Guide, contact the Tertiary Education Commission on 0800 TEC INFO (0800 832 463) or visit its website – www.tec.govt.nz

REWARDS AND RECOGNITION THROUGH LEARNING AND DEVELOPMENT

Investors in People is an International Standard based on four pragmatic key principles: Commitment; Planning; Action; and Evaluation. The international standard sets a level of good practice for linking the learning and development of people to the achievement of organisational goals and objectives. Investors in People New Zealand (IIPNZ) is the organisation responsible for the management and growth of the Investors in People international standard in New Zealand. Investors in People can be contacted by email – info@iipnz.co.nz, by phone on (09) 360 4025 or see the website – www.iipnz.co.nz

- Reduction in costly errors
- More innovation by staff
- More committed workforce
- Reduced absenteeism
- Reduced staff turnover.

But training for the sake of training or training undertaken without planning is not likely to be effective. The training effort must be linked to your business needs, the needs of the job and the needs of the individual staff.

This information on training needs can be obtained from staff performance appraisals (see Performance Appraisal and Feedback, page 28), or even simply through a frank discussion with staff. After identifying weaknesses in fundamentals (e.g. reading, writing or mathematics) or personal skills (e.g. communication, delegation, negotiation, time management, teamwork), you can then put in place training programmes to improve and develop your staff. The key is to be as specific as possible in identifying the weaknesses or areas that can be improved.⁴²

In addition to on-the-job and external training, you should provide opportunities for staff to learn, practise and demonstrate new skills. Developmental opportunities can be achieved through a combination of delegation and supervision, teamwork, meetings and workshops, secondments or job rotation.

You should ensure that:

- Staff know about further opportunities in the business
- You follow up training to ensure that the skills learnt are actually applied in the workplace
- You keep a record of the training each member of your staff has completed.

You also need to measure the effectiveness of training and development – how else do you know whether it was a good use of the time and money? To do this well, you should think about the behaviour change you want to see as a result before you agree to the training and development. Then effectiveness can be measured by the extent that the desired behaviour is achieved.

REWARDS AND MOTIVATING FACTORS

A good manager will mentor, train and develop their staff, by giving them more responsibility, recognising their efforts and by rewarding them. Staff who are motivated will respond to the challenges of work, and this will lead to growth and business success.

In addition to rewards, staff are motivated by:

- Recognition – Praise and feedback stir staff to want to achieve
- Accomplishment – Most staff will want to contribute, and will work hard if they feel they are doing something worthwhile. Involve staff in key decisions as they will offer a greater commitment
- Advancement – Staff want to be involved in more challenging situations and will generally make increased efforts to cope in these situations or when promoted

⁴² Ibid

- Responsibility – Staff need a chance to practise their skills and use their intelligence. Delegate work so that your challenges become their challenges.

Flexible working conditions, such as flexi-hours, working from home, and family friendly policies (such as maternity or paternity leave) also have a positive impact on the motivation, morale and performance of staff, as they feel accommodated and valued.

Rewards

Following from clear job specifications, performance objectives and training and development, the measurement of performance should be linked with rewards.

Many organisations have instituted reward-sharing schemes of some sort, ranging from simple bonus incentives, through to profit-sharing plans, and employee share ownership and schemes. This can do wonders for morale and productivity, and eliminate various forms of wastefulness.

Rewards are not always monetary in value. Other ways of rewarding staff include: gift vouchers, paying for dinner, giving them time off during the working week, or even a note of appreciation for a job well done.

STAFF SATISFACTION

You should gauge, on a regular basis, how your staff feel about your business.

Each member of your staff will have a different perception of what is valuable and satisfying for him or her – money, influence, excitement of creativity, being part of a team, solving problems, or having fun.⁴³ You should try and find out what your staff value and what they like or dislike in much the same way as you would for customers (see PART 2 – Your Customers on page 16).

You need to act on the results of these assessments and work to overcome those things that staff dislike for the same reasons as providing value to customers. Often these factors relate to inconsistency between the business's purpose and their own, a lack of control or choice over their own actions and ability to contribute, or a lack of sense of achievement and development.

SAFE ENVIRONMENT

Safety is often a workplace issue that is regarded as a regulatory or compliance issue for businesses. But it makes good common-sense – not only will a healthy and safe business reduce costs in terms of time lost due to sickness or absence, lost production, retraining, and insurance – but staff who feel safe and healthy will be more productive.

You should be aiming for no accidents, incidents, or work-related illnesses. A good way to start is to include staff in helping you identify all potential hazards in your business. There could be physical hazards such as a tripping hazard, poor wiring, flammable materials or dangerous parts of machinery, or task or process related hazards such as repetitive work, high noise levels or excessive workload. You should record hazards identified so new employees and temporary staff can be made aware of them.

STAFF MANAGEMENT AND OBLIGATIONS

The Department of Labour's Employment Relations Service promotes and supports productive employment relationships. It does this through information, with numerous fact sheets and publications available from its website –

www.ers.dol.govt.nz – problem resolution services such as mediation, and enforcement of minimum employment standards are through the Labour Inspectorate.

Publications cover hiring new employees, resolving employment relationship problems, and using mediation services, as well as providing information on minimum employment standards, paid parental leave and other employment issues. The website also has a free online Employment Agreement Builder tool, to allow businesses to create their own customised employment agreements.

The Human Rights Commission has two primary functions. These are to:

- Advocate and promote respect for, and an understanding and appreciation of, human rights in New Zealand society
- Encourage the maintenance and development of harmonious relations between individuals and among the diverse groups in New Zealand society.

The Human Rights Commission website – www.hrc.co.nz – contains information and fact sheets on the Human Rights Act (including recent Amendments), Race and Ethnic Relations, Education and Training, Disputes Resolution (including sample complaints), Sexual Harassment, the Rights of Women and a lot of other useful information.

⁴³ Bell, G (2002), pg 234

On a regular basis, take a good look at your workplace to identify these hazards – watch your staff at work, how they work and what they work with. Talk to your staff and find out if work is affecting their health. Even trivial complaints can become major problems over time. Look at your sickness records for clues.

Decide whether existing procedures for dealing with these issues are adequate or whether more should be done and the steps to be taken to remove or control risk. Ensure that staff are adequately trained in the safe use of all equipment, substances and any protective clothing they are required to use, and that they have appropriate information on safety issues such as emergency procedures and accident reporting.

SUMMARY

Value your staff – they are your most valuable asset. Communicating with and motivating staff are two major areas that you should consider when your goal is to have a smoothly running business.

Hiring the right person for the job is critical. Think about the short- and long-term benefits (and costs) of recruiting and staff planning. Ensure a good job and person specification is developed, and find out all you can about what potential staff members have to offer the business.

A good way to ensure your staff are working in the same direction as your plan for the business is to have performance agreements. A performance agreement should outline the major objectives for the staff member for the months ahead, and the tasks to be undertaken to meet these objectives. You should review the specific objectives of your staff with them and provide feedback on their performance.

Communication is vital in managing staff and can occur in a formal or informal setting. Find out what your staff really want and what motivates them. Motivation can be achieved through giving staff more responsibility, recognising their efforts and rewarding them appropriately. A regular performance appraisal is crucial.

Keeping up with the changing environment requires constant retraining, not only of yourself, but also of your staff. The cost of developing your staff is often insignificant compared with the cost of new equipment and the rate of return. You should follow up on any training that has been undertaken to ensure it is being applied in the workplace, and keep a record of what training your staff have completed.

Staff will be more productive when they know they are working in a safe, healthy environment. A safe environment for your staff will reduce costs in terms of sick leave, rework, retraining and insurance. On a regular basis, take a good look at your workplace to identify any hazards and talk to staff to find out if work is affecting their health.

WORKPLACE SAFETY AND HEALTH

The Department of Labour's Occupational Safety and Health (OSH) Service works to support safe and healthy workplace practices and reduce work-related illness, injury and death. OSH provides information and guidance to help workplaces self-manage health and safety; investigates workplace complaints and accidents; and enforces health and safety legislation. For information on health and safety planning, and help with health or safety problems at work, visit the OSH websites – www.osh.dol.govt.nz – or www.workinfo.govt.nz – or contact your nearest OSH Regional Office.

PART 4 YOUR BUSINESS SYSTEMS AND PROCESSES

A proper process for what you do in your business gives you a sound basis for growth and continuous business improvement.

Processes are the fundamental building blocks of all businesses. Processes transform inputs into outputs and are the steps by which your business adds value. Everything you do is a process, whether it is documented or not, and in each area of your business there are many processes taking place.⁴⁴

For your business to succeed you will need well-planned systems and processes. You need to think about:

- ✓ What are the current processes in my business and how are they working?
- ✓ Should I review these processes and make changes to improve them?
- ✓ Am I getting the best quality materials, parts and services from my suppliers?
- ✓ Am I producing and supplying the highest quality goods or services I can?

UNDERSTANDING YOUR PROCESSES⁴⁵

The key processes in your business will be related to:

- Understanding markets and customers
- Developing your aims and goals
- Designing products and services
- Sales and customer services
- Developing and managing your staff
- Managing financial and physical resources
- Managing information
- Production and delivery.

There are many elements to a process and it helps if these can be defined to clarify the process, so that there will be a common understanding throughout your business.

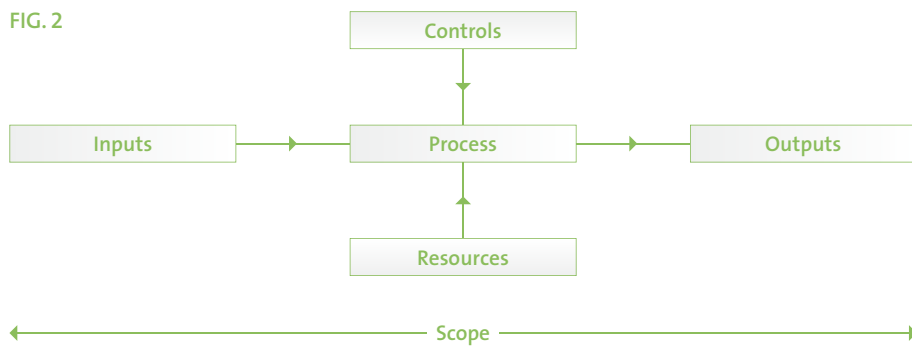
The key elements of a process are:

- Title – should be simple and define the key outcome of the process
e.g. 'Design new product'
- Purpose – should always begin with 'Is to...' e.g. 'Is to bring a new product to the market within an agreed timeframe'
- Scope – defines precisely where the process starts and ends, and what is included and excluded e.g. the process starts with writing a product plan and ends when the customer accepts the final product
- Inputs – the things that are transformed by the process into the end product or service required (e.g. written research, materials)
- Outputs – the products or services
- Controls – specifications, requirements, checks
- Resources – the things that a process must have to be able to convert the inputs into outputs (e.g. people, software, equipment)

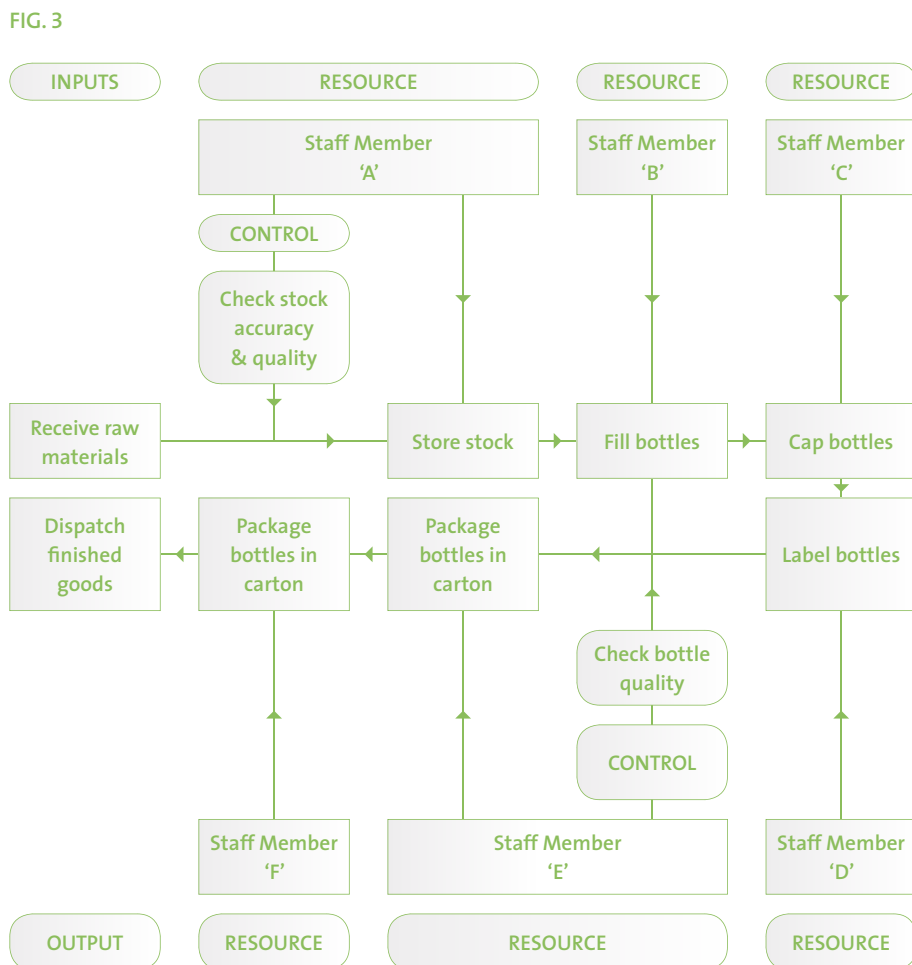
⁴⁴ DTI, Process Understanding and Improvement (www.dti.gov.uk/quality)

⁴⁵ Information for this section was sourced directly from Process Understanding and Improvement DTI, UK – www.dti.gov.uk/quality

One of the simplest ways of identifying all the elements of a process is to develop a process flowchart:



For example, a bottling process might be represented by the following flowchart:



You need to develop the BIG picture first before you attempt detail. The maps of your processes can also be developed into checklists, which are of real value to staff that are doing routine or precision work.

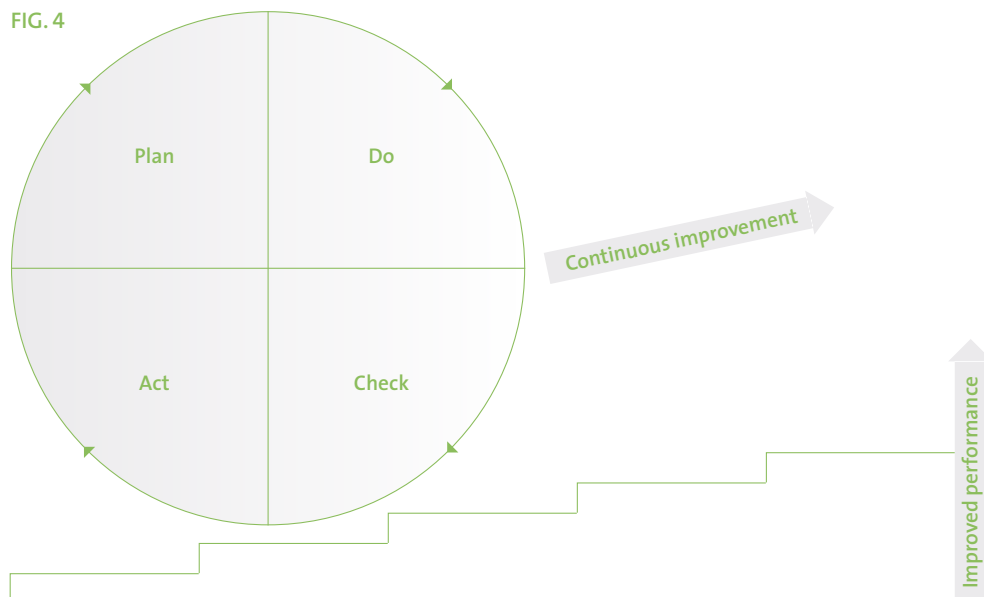
The advantage of documenting your processes using a flowchart and checklists is that people working in the process can follow the procedures – they do not have to discover and invent it for themselves every time. This will help you be consistent in your production and reduce variation in what you deliver. The mapping and documentation alone can identify inconsistencies, repetition, bottlenecks or even redundant processes.

REVIEWING AND IMPROVING YOUR PROCESSES

The opportunity to improve your processes can be huge, but must be focused. It is critical that the number of process improvement activities you undertake are matched by the resources available and your ability to implement the changes without disrupting the production and delivery of goods and services.

The key steps to follow when thinking about reviewing and improving any process are often illustrated as the Plan-Do-Check-Act Cycle:

FIG. 4





TRAINING ON PROCESS IMPROVEMENT

Enterprise Training Providers based in regions around New Zealand offer a wide range of workshops in process improvement. To find the supplier of training in your area look on the BIZ website – www.biz.org.nz – or the NZTE website – www.nzte.govt.nz/training or call BIZ on 0800 42 49 46.

What do these steps mean?⁴⁶

- Plan – this involves:
 - Selecting a small and achievable number of processes, those that most directly affect your business goals and aims
 - Understanding the scope of the process and key sub-processes, where it starts and ends, what is included and excluded – this can be done through a flowchart (see bottling process flowchart [figure 3] page 33) that lists the major inputs, outputs, controls and resources acting on the process
 - Understanding the historical performance of the process, obtaining views of both current and historical performance from staff, customers and suppliers, defining the required performance of the future improved process, and agreeing how it will be measured
 - Analysing and reviewing the information that has been collected, identifying problems or opportunities and making recommendations for improving the process, including the timeframe and resources required
 - Developing an action plan that translates the steps identified into a project plan with milestones, performance measures and targets, as well as how to manage the change and train all staff in the new process. You will also have to bear in mind that improving one process may have an effect on another process – and that may also require a change.
- Do – this involves putting the action plan into effect. This is when changes are actually made to processes with the aim of bringing about improvement and any training is undertaken.
- Check – the collection of data to measure the outcomes of the actions taken, again by obtaining views of performance from staff, customers and suppliers, and comparing these to the targets set in the Plan stage.
- Act – assessing the successful aspects of the action plan to make them become permanent features of the process.

The cycle continues by returning to the Plan phase to set objectives for further improvement opportunities that have been identified.

ASSESSING THE QUALITY OF SUPPLIERS AND SUPPLIES

A good relationship between you and your suppliers can have a positive impact on the success of your business, so time spent choosing your suppliers, and getting to know them, is time well spent. Important questions to ask when choosing or dealing with suppliers are:⁴⁷

- Do they have the ability to do the work – ask for evidence that they have done similar work in the past and check with their other customers that they receive a good job. Aspects to think about are reliability and continuity of service and consistency of quality. Check whether they have a quality certification
- Do they understand what you want – your specifications must be clear and it is worth ensuring the suppliers restate it in their offer to supply
- Financial stability – a supplier with cash flow problems might not be able to deliver goods or services on time

⁴⁶ DTI, Process Understanding and Improvement (www.dti.gov.uk/quality)

⁴⁷ DTI (1995), Supplier Appraisal

- Are they easy to deal with – how easy is it to speak to your contact at the suppliers? Do they return your calls? Do they deliver quotes quickly? Are they located near you?
- And, of course, what price are they charging – but this needs to be balanced with quality and reliability.

You are only as strong as the weakest link in your supply chain – running out of materials can bring your business to a halt, goods that fail to meet your standards can lead to rework, stocks of goods that come in before you need them cost you in working capital. So quality assurance of your suppliers is essential to give you confidence that you will receive the goods and services you want, performing as specified, at the time you want them. Your business can assess your suppliers on a regular basis by:⁴⁸

- Writing down the performance you expect from the supplier on aspects such as quality, price, delivery on time, and communication
- Inspecting the goods or assessing the performance of services as you receive them. Some of these will be relatively straightforward to assess (such as price and delivery on time) but some are subjective (like communication). You could use a simple rating system out of 5 (with 5 being exceeds expectations) on the performance you expect
- Recording the performance in a register
- Checking the results on a periodic basis (perhaps quarterly).

Tell your suppliers what you are measuring and how and why – most probably don't know what you expect and will welcome the chance to perform to standards.⁴⁹ For service based businesses this could be developed into a service agreement contract with your sub-contractor that clearly states the conditions of the contract and the standards you require to be met.

Discuss the results of your assessment with your suppliers and use the results to set improvement programmes.⁵⁰

Building a good relationship with your suppliers takes time. If you are in a new business you will not be able to prove your worth to suppliers immediately as you will have no history of trading. But you can begin building the relationship by asking them what they think makes a good customer and seeing if they can make any suggestions as to how you can work together.

It can be beneficial to concentrate your efforts on your key suppliers. These are the suppliers who provide the essential products and services for your business or those you spend the most money with. The 80:20 rule for customers applies in a similar way for suppliers – you will probably find that 80% of the value of your purchases of goods and services come from 20% of your suppliers. You should see if you can come up with answers to the following questions:


- How many suppliers do I have? What is the average spend with each per month?
- Who were my top five or ten suppliers by value?
- What are the most expensive items I purchase from suppliers?

The most important aspect of building a good relationship with your suppliers is to make sure that your business is of value to them. Trying to force suppliers to cut their prices could mean that your business is no longer profitable for them – price needs to be balanced against quality and supply of goods and services.

⁴⁸ DTI (1995b), Vendor Rating

⁴⁹ Ibid

⁵⁰ Ibid



Your suppliers are as valuable to you as you are to them – suppliers are a good source of information on market and competitor trends and can help you improve the design of your products, services and processes. To maintain a good relationship, deal with your suppliers ethically – keep their information confidential, don't lie, and don't abuse any commercial power.⁵¹

CASE STUDY IQEST NEW ZEALAND LIMITED

Because some of iQuest's products are used in situations where there is zero tolerance for failure (for example, a failure at a water treatment plant could result in widespread illness or even fatalities), ensuring quality is crucial to iQuest being able to sell its products.

iQuest has a set regime for managing the quality of its products. Every item produced is benchtested against a checklist. Documentation of these tests goes out to the customer with the product. There is a similar process for on-site services provided by iQuest.

iQuest is ISO 9001 certified to the 2000 standard. ISO certification has also been crucial in gaining some work - Regional Councils in particular tend to require it.

ENSURING QUALITY TO YOUR CUSTOMERS

As discussed in PART 2 – Your Customers (page 16) you should define quality according to your customers' needs and expectations. You must delight the customer by fully meeting or exceeding these needs and expectations.

The ability to meet customers' requirements is indeed vital – but not just external customers. There exists in each department, each office, each business, a series of suppliers and customers. A personal assistant is a supplier to a manager – are the manager's requirements being met? Does the manager receive error-free reports set out as specified, when required? If so, then the personal assistant is providing a quality service. Does the staff member responsible for payroll receive timesheets with all the required information from sales staff in time to organise wages? Or is rework the way you do things?⁵²

Rework is costly – it increases your costs if you have to constantly fix something that doesn't work, it stops you moving on to things that are more productive. Preventing rework in all areas of your business can really impact on your bottom-line.⁵³ What you will often find is that any internal customer problem usually finds its way to your outside customers – errors and variations accumulate from activity to activity. Detecting an error earlier in the production process is often much less costly than further down the track.

There are a variety of formal techniques and measures you can use to reduce and eliminate rework and ensure quality throughout your processes. But the basis of all of these is to simply expand your view of customers beyond the outsider that actually purchases or uses the ultimate product or service, to anyone you or your staff give a part, service, or information.

⁵¹ DTI (1995b), Ethical dealings with Suppliers

⁵² DTI (1995c), Quality Chains and Internal Quality Chains

⁵³ Bell, G (2002), pg 114

You should encourage all your staff to identify:⁵⁴

- Who are my internal customers?
- What are their true requirements?
- How do, or can, I find out what the requirements are?
- How can I measure my ability to meet the requirements?
- Do I have the necessary capability to meet the requirements? (If not then what must change to improve the capability?)
- Do I continually meet the requirements? (If not then what prevents this from happening, when the capability exists?)
- How do I monitor changes in the requirements?

CASE STUDY WILD WEST ADVENTURE COMPANY LTD

Paul Schramm takes personal responsibility for ensuring the quality of Wild West's services. He runs trials of new tours and occasionally goes on the tours to audit the performance of the guides and the satisfaction of the clients.

Wild West has a quality standards manual, which is mostly customer-service focused. In dealing with customers, the company always aims to provide a professional appearance. There are standard scripts for talking over the phone and for guides to give prior to the trips to make sure that the product is standardised and that all safety information is provided.

Physical or emotional incidents (e.g. injuries or getting cold) are all recorded – and for serious problems Paul tries to deal with the issue himself, preferably immediately. A compilation of these incidents is given to new staff so that they can avoid making the same mistakes.

A supplier of crucial importance to the business is the mechanic who services and repairs Wild West's vehicles. Slow or defective service in this area can force the cancellation of tours, which costs money and damages reputation. Because of this, Paul works quite closely with the mechanics to avoid problems.

QUALITY MANAGEMENT SYSTEMS (QMS)

Your business can benefit from taking quality a step further and establishing a quality management system (QMS).

The main thrust of a QMS is in defining the processes that will produce quality products and services consistently, rather than in detecting defective products or services after they have been produced.

Imagine your business's improvements as a wheel you are pushing up a hill – as illustrated in the Plan-Do-Check-Act cycle. It is hard work and the wheel is always trying to roll back on top of you. You need a "wedge" to help you to stop the wheel from moving back. This wedge is a QMS and it will help lock into place all your hard-earned business improvement gains.⁵⁵ A QMS will cover the full spectrum of your business practices including planning

⁵⁴ Ibid

⁵⁵ DTI, Quality Management Systems (www.dti.gov.uk/quality)

and leadership, customer focus, staff management, information management and performance measurement, continual improvement and your processes.

A QMS basically requires your business to formally:

- Identify who will be responsible for the quality system
- Develop a documented quality system that includes processes to ensure the materials and services you purchase from suppliers conform to your requirements, and to test all products and services as they move through the production process
- Establish a system for investigating and fixing problems that occur
- Collect and maintain quality records
- Conduct internal quality audits to ensure the system is up-to-date and working properly.

Any QMS identifies the need for documenting processes, not to emphatically lock you into a rigid set of procedures that cannot be changed, but to foster consistency and to provide a recognised base for further improvement.

Having a recognised QMS may provide your customers with an additional level of assurance of the quality of your product or service. Some customers may well choose your product/service over that of another business that does not have a recognised QMS. This is especially likely if you are selling your product or service to customers that you do not have personal contact with on a regular basis, such as selling your product/service over the Internet or exporting. Recognised Quality Management Systems include ISO 9000 and Q-base (see below).

Issues to be considered when thinking about adopting a QMS are:

- Who are your customers? What do they want?
- Who will your customers be in 5 or 10 years time? What will they want?
- How much resource have you got to develop a QMS?
- What are your priorities?

No matter what size your business is, it can have a QMS. It does not need to be complicated, and it need not be expensive, but it will help you provide what your customers want.

CASE STUDY (PACIFIC HELMETS LTD)

Pacific Helmets has an ongoing commitment to the development of new and innovative helmet products. Flexible manufacturing processes and innovative design flair result in products which have created new dimensions in helmet safety. The company has a full quality management system that is certified to ISO 9001 and was the first safety helmet manufacturer in the world to become ISO 9001 certified.

In addition, all helmets manufactured are certified or compliant to New Zealand, Australian, European and American standards. On the factory floor every stage of the manufacturing process is monitored. Throughout production there are a number of quality inspection points at which a product is accepted or rejected on the basis of its quality.

QUALITY MANAGEMENT SYSTEMS

It may be worth thinking about an internationally recognised quality management system such as ISO 9000 Quality Management Systems. **Standards New Zealand** develops national and joint Australian/New Zealand Standards on a range of subjects and has input into international Standards – including the development of ISO 9000 Quality Management Systems. See its website – www.standards.co.nz – or call its information centre on 0800 STANDARDS (0800 782 632) for more information.

The International Organization for Standardization developed the ISO 9000 Quality Management family of standards and regularly updates the Standards and Handbooks to go with them. See their website – www.iso.org – for more information.

Telarc focuses on the successful operation of management systems to improve business performance. They assess and certify management practices against international and national standards. They certify to ISO 9000 quality systems, as well their own quality system - the Q-Base Code: 2001 which is based on the ISO 9000 Standards but specifically tailored to suit New Zealand small businesses. See their website - www.telarc.co.nz - or call them on 0800 004 004 for more information.

The Enterprise Development Fund can be used for early stage financial assistance for well-defined projects and concepts. Successful applications can receive up to 50% of the eligible costs on a 50:50 reimbursement basis, currently up to a maximum of \$20,000 (GST inclusive) each year (from 1 July – 30 June). The fund can be used for employing a business mentor, undertaking advanced management or technology-based training, engaging specialised external advice or undertaking market development activities. Proposals can include the cost of project development in international quality certification projects such as ISO 9000. For more information visit the BIZ website – www.biz.org.nz – or the NZTE website – www.nzte.govt.nz/edf – or call the Enterprise Hotline on 0800 555 888.

SUMMARY

Processes are the fundamental building blocks of all businesses. Processes transform inputs into outputs and are the steps by which your business adds value.

A process needs to be defined clearly so that a common understanding of what is required is held throughout your business. One of the simplest ways of identifying all the elements of a process is to develop a flowchart. The best way to start is to look at the BIG picture first before you attempt the detail.

The opportunity to improve your processes can be huge, but must be focused. You need to match your process improvement activities with the resources you have available and the ability to implement any change without disrupting your 'usual work'. Think about the Continuous Process Improvement Cycle – Plan, Do, Check, Act.

Remember, you are only as strong as the weakest link in your supply chain. You need to assess the quality of your suppliers regularly. Tell your suppliers what you expect from them, and discuss the results of your assessment with them. Your suppliers are as valuable to you as you are to them - they are a good source of information on market and competitor trends and can help you improve the design of your products/services and processes.

The ability to meet your customer's requirements is vital, but remember that customers are not only external to your business – they include staff members. There are a variety of techniques and measures you can use to ensure quality in your products/services and processes. The basis of these is to expand your view of customers beyond the outsider that actually purchases or uses the product or service, to anyone you or your staff have interaction with.

A Quality Management System (QMS) can help define the processes that will produce quality products and services consistently, rather than detect defective products or services after they have been produced. A QMS will provide your customers with an additional level of assurance of the quality of your product or service.

PART 5 IMPROVING YOUR PRODUCTS AND SERVICES

If you do not continually learn – from others, from what you do and have done, from your mistakes, from your successes, from your customers, suppliers and staff – you will probably not survive for long. Just to keep up with developments in the market requires constant improvements to products and services that customers value, and processes that are more efficient and effective.⁵⁶

What was satisfactory last year will no longer represent a competitive product or service next year, due to changes imposed by competition, developing technologies, economic, social and political trends, customers' tastes, and the availability of people and skills. Your business needs to produce the right product and service for the customer, with more features, better performance, lower levels of cost, and higher levels of quality.

To be sure of success with product/service improvement or development (when you develop new products or services), you must be confident in the answers to the following questions:

- ✓ Do I know what the business is really good at – our core competencies?
- ✓ Have I carried out sufficient customer and market research to know whether my products or services need improvement?
- ✓ Do I clearly plan my development or improvement processes?
- ✓ Are my staff encouraged, involved and rewarded in development or improvement processes?
- ✓ Should I work with others along the way?

WHAT ARE WE GOOD AT?

A successful business is one that recognises what it is good at and capitalises on that for improvement. Your business planning will have identified what your strengths or 'core competencies' are – what you are very good at doing and what makes you special and different from other businesses.⁵⁷ This might be in relation to your brand or image in the market, your supplier relationships, the quality of your products or services, or your flexibility or speed to meet specific customer demands – to name a few.

Core competencies tend to be based on your business knowledge, leadership, skills, reputation, relationships – things that are very difficult for competing businesses to imitate or acquire from you.

The key is to recognise the core competencies that drive your advantage and use those to drive your product or service improvement or development processes. Losing focus on this could have a major impact on your business. For example, is it beneficial for you to try to develop and manufacture a new type of bottle, when your core competency is your reputation and skills in making soft drinks? The answer is "probably not!" In this case you would be better to purchase ready-made bottles for filling and enter into a partnership with a manufacturer of bottles (see *Involve Others*, page 44).

⁵⁶ Bell, G (2002), pg 257

⁵⁷ Bell, G (2002), pg 72

MARKET AND CUSTOMER RESEARCH

As well as thinking about what you are good at, before investing in product or service development you need to consider your market and take account of:⁵⁸

- Developments in technology or equipment
- New materials that can be built into the product or service
- Environmental or regulatory pressures – tighter regulations and growing demands for greener products or processes now have an impact on almost all businesses
- Competitors' products or services and tracking their improvements
- New processes – have the potential for cost reductions and for improving product or service performance.

Differentiation from your competitors will be an essential ingredient if your product or service is to succeed. You should know who your current and potential competitors are, what they sell, who they sell to, what their pricing strategy is, and what their strategies, strengths and weaknesses are.

Don't forget what customers value when you are considering developing new products or services or enhancing existing ones – any changes need to be compatible with your customers and the way the market works. The changes that can have the most benefit for little cost or inconvenience to you are those that directly address what your customers dislike.⁵⁹ As indicated in PART 2 – Your Customers (page 16), your customer sees your products and services in a much broader way than the physical product or the actual service.

This will help to ensure that the product or service competes in the market, rather than being a market follower with limited life.

Keep looking outside your company and industry for new ideas. Many of the real breakthrough ideas have come from adapting the practices, products or services from one company or industry into another (See the Benchmarking section under How Do You Compare? on page 50).⁶⁰

CASE STUDY PACIFIC HORIZON LTD

Pacific Horizon has a tradition of product and service improvement, and being first to the market with many innovations. It was one of the first companies to put all of the requirements for environmentally responsible freedom camping into its vehicles.

The company was the first in New Zealand to offer a 'six berth', a versatile bedding arrangement that allowed four different set-up options, including four single beds (all previous six berths could only be set up with three double beds), along with a superior seating arrangement. Pacific Horizon was also the first to introduce a motorhome based on the Transit, allowing it to offer the first smaller van-based motorhome to incorporate a shower and toilet.

Over the years, Pacific Horizon has used the knowledge it has developed and the feedback it has received from customers to improve aspects of its mobile homes to better match customers' desires. An important development has been to introduce a motorhome where the whole family can sit facing forward in the front compartment, rather than having to be split up, with some sitting in the rear. This improvement was a direct result of customer feedback, and Pacific Horizon is still the only company in New Zealand to offer such a feature.

At least twice a year management staff (who are spread throughout the country) meet to 'thrash out ideas' from the previous months, and look for new ideas for the future.

⁵⁸ DTI (1995c), Taking the Strategic Approach

⁵⁹ Bell, G (2002), pg 270

⁶⁰ Bell, G (2002), pg 155

PLANNING YOUR IMPROVEMENT OR DEVELOPMENT PROCESS

Good planning and project management is often the key to a successful product/service improvement or development process. Delays, overruns and overspends occur for a variety of reasons, some of which can be addressed by a clear and planned approach to project management. Problems occur due to:⁶¹

- Progressing on assumptions that prove to be incorrect
- Lack of key information and data
- Lack of clear responsibilities and ownership of the process
- Bottlenecks due to equipment, people, or sources of information
- Changing priorities and unforeseen changes to the environment
- Poor definition or estimation of the work, time, staff or material required
- The expertise necessary being outside the experience of your business.

The right approach can help overcome these problems. Write up a plan of the product/service improvement or development process that has clear objectives and an end point, clear intermediate goals, and breaks down the goals into achievable and measurable targets with related benefits.

There are bound to be constraints of cash, staff and other resources. You need to be aware of them. Your plan should include:

- The estimated costs of the development process, external expertise requirements and the need for sub-contractors
- Staff needed with individual responsibilities
- Stock and equipment needed
- An appropriate review process.

Thoroughness in preparing the plan will prevent errors or complications later.

A good improvement or product/service development process also involves testing the product or service as it evolves. It is essential to prove and validate every aspect of your product or service before it is launched. This may include a feasibility study – which involves research into difficult areas and experiments to prove the viability of the new or improved product or service. A good feasibility study may reveal weaknesses in the original proposal. It may even recommend a project be cancelled. A cancelled study will still give you a better understanding, which can contribute to future products or services.

ASSISTANCE FOR PRODUCT AND PROCESS DEVELOPMENT

Technology New Zealand (TechNZ) assists companies undertaking research and development (R&D) projects which result in new products, processes or services.

The role of TechNZ is to support companies wanting to overcome specific technical barriers, which are likely to be part of the R&D phase.

SmartStart is designed to assist firms to overcome early stage barriers to R&D projects. For simple circumstances, local SmartStart agents are authorised to approve grants to the value of \$5,000, typically within 48 hours.

Grants for Private Sector Research and Development (GPSRD) support the technological or technical development of new products, processes and services in small and medium-sized businesses. Partial funding, of up to 33.3% of the eligible costs is available, up to a maximum of \$100,000

TechNZ will support experimental investigations to test the feasibility of a chosen technological approach. Critical steps within a development plan can often be isolated and a technical feasibility project carried out. This reduces the financial risk associated with development. Matching finance of up to 50% of eligible costs is available, generally up to a maximum contribution of \$100,000.

Technology for Business Growth (TBC) is targeted toward projects that move companies towards high added-value, high-margin, technology-based products (including processes and services). Project funding normally ranges from \$50,000 to \$2,000,000. Grants provide up to 50% of project costs.

Further information on TechNZ can be found in Who Else Can Help Me?, or from the TechNZ website – www.frst.govt.nz – or call 0800 TECHNZ (0800 832 469) for more information.

NZTE's Enterprise Development Grants (EDG) provides support for external advice and expertise in strategic business development, feasibility studies, product development, business and operational excellence, e-commerce and e-business strategies, and market development. Successful applications can receive up to 50% of the eligible costs on a 50:50 reimbursement basis, currently up to a maximum of \$20,000 (GST inclusive) each year (from 1 July – 30 June). For more information visit the BIZ website – www.biz.org.nz – or the NZTE website – www.nzte.govt.nz/edg – or call the Enterprise Hotline on 0800 555 888.

⁶¹ DTI (1997b), A Management Overview – Project management

INVOLVING STAFF

Innovation relies on your business having an environment that does not punish mistakes (but learns from them), encourages independence and variety, and supports staff to volunteer information and ideas. You can cultivate such an environment in your business by:

- Encouraging teamwork and brainstorming, and providing resources for staff to think of new ways of doing things
- Rewarding good ideas and suggestions
- Communicating changes or developments.

Successful innovation depends on teamwork. Teams work more effectively than individuals in a development or product/service improvement process and work best of all when they are made up of staff from different areas of the business. The elements of good teamwork are:

- Creativity and problem solving must be encouraged. No one person should be allowed to dominate. Criticism should be avoided
- Having effective team leaders
- The support and involvement of you and management is essential – staff in teams should not feel pressured or lack resources. Management must provide the time, space and training for effective team-working in product, process and service development
- Staff should not be forced to participate but encouraged by having the benefits to them and the business spelt out.

You and your managers should not be entirely hands-on, making all the decisions yourselves and driving the project on a day-to-day basis, but nor should you be completely hands-off, leaving the project's fate entirely in the hands of the team. You can demonstrate this by intervening at crucial stages to ease problems and difficulties, by providing support for the team when others may be questioning the chances of success. Being receptive to new business ideas also means being receptive to the mistakes that are a necessary part of the process.

If a useful idea or suggestion has come from a staff member, it is good practice to recognise that and ensure there is some reward or benefit for the staff member. This could be financial or non-financial – even simple praise (see Rewards and Motivating Factors, page 3031). This will stimulate an environment where there is an incentive for members of staff to 'think outside the square' and potentially add major value to your business. It is particularly important that those in management do not take credit for individual or team success.

When an innovation or development does stem from an idea that one member of your staff has, you need to be very clear from the beginning about who will own the invention in the future to avoid the risk of claims being made or constraints being placed on your ability to take the product/service to market.

Often there might be a feeling of reluctance or resistance to change amongst your staff during an improvement or development process. Staff at all levels of your business may be anxious about process, product or service changes. Why are they being carried out? Will they affect me? How? To reduce any anxiety you should communicate your plans at the earliest opportunity.

WORKING WITH OTHERS ON RESEARCH AND DEVELOPMENT

Technology New Zealand (TechNZ)

assists companies to employ expertise in undertaking research and development (R&D) projects which result in new products, processes or services.

TechNZ provides direct access to experts, within universities and research organisations, to help with a technical problem. Maximum funding available is \$2,000 per project. Contact TechNZ on 0800 TechNZ (0800 832 469) or visit the website www.frst.govt.nz for more information.

Universities, Polytechnics and Crown Research Institutes (CRIs) around the country are a good source of research and can assist you in your research and development. See your regional university or polytechnic, or Crown Research Institute for more details.

INVOLVE OTHERS

When planning innovation and development, it does not always make sense to try to 'go it alone', particularly if you are a small business. You may have more success by subcontracting part of the process, purchasing ready-made parts, hiring in expertise, entering into a partnership or strategic alliance with another business or joining a network or cluster of businesses.

Before you start looking for appropriate research or product/service development suppliers or partners it is helpful to have a clear idea what it is you are seeking to achieve with the other partners. There can be many different reasons to want to work together – for example, to:

- Solve an immediate problem
- Undertake an immediate project
- Look into a more strategic development you might wish to exploit in the future
- Develop a long-term relationship with a team of experts in a field of critical importance to your business.

Sometimes the benefits of working with an organisation or individual that is physically close by will be important, but on other occasions the particular expertise you need will be found in another part of the country.

An important issue when working with others in a product/service improvement or development process is the protection of intellectual property. You need to think about a collaboration agreement between those involved, clearly specifying everyone's rights and obligations.

CASE STUDY iQUEST NEW ZEALAND LIMITED

David Richards considers his business to be highly innovative. Before designing products, iQuest finds out what the customers want. This covers finding out what features the customer likes, what the customer wants the product to do, and whether there are other possible uses the customer might require the product for.

iQuest spends a lot of time and effort on research and development to ensure products will meet and surpass market needs. For example, the HydroTel 2000 (iQuest's flagship hydrological/environmental telemetry system) had two person-years put into its development.

David believes that outside issues, like family, impact upon the firm's performance and how well it can innovate. Because completing a new and major project on time was going to require a large time commitment from staff, iQuest talked to all the families involved before the project started to discuss why the project was very important to the company and why the staff would need to work such long hours. If the project is a success, David plans to bring families together again to celebrate.

The Internet has become a very helpful tool for iQuest to gather information, particularly on new technology developments. Subscriptions to magazines, information provided by suppliers, and the industry groups that iQuest belong to are other sources of information.

INNOVATION AND INTELLECTUAL PROPERTY

The Intellectual Property Office of NZ (IPONZ) administers legislation providing for the protection of intellectual property rights. Intellectual Property is a collective term used to describe creations of the mind, and like tangible property, can be bought, sold, or licensed. IPONZ grants patents under the Patents Act 1953 and registers trade marks and designs under the Trade Marks Act 1953, the Trade Marks Act 2002 and the Designs Act 1953.

You can use the IPONZ website www.iponz.govt.nz to search the New Zealand patent, trade mark and design databases, renew your intellectual property registrations or make applications for trade mark protection online. The information library on the website contains fee schedules, information sheets and training guides.

For more information visit the IPONZ website – www.iponz.govt.nz, call the free information line on 0508 4 IPONZ (0508 447 669) or email info@iponz.govt.nz.

The Enterprise Development Fund can be used to protect any intellectual property that your business generates. Successful applicants can receive up to 50% of the eligible costs on a 50:50 reimbursement basis, currently up to a maximum of \$20,000 (GST inclusive) each year (from 1 July – 30 June). For more information visit the BIZ website – www.biz.org.nz – or the NZTE website – www.nzte.govt.nz/edf – or call the Enterprise Hotline on 0800 555 888.

SUMMARY

A successful business is one that recognises what it is good at and capitalises on that for growth. The key is to use these 'core competencies' to drive your products or service improvements or developments.

Don't forget what your customers value when you are considering developing a new product or service, or enhancing an existing one – any changes need to be compatible with your customers and the way the market works.

Good planning and project management is often the key to a successful product/service improvement or development process. The right approach can help you overcome any problems you may encounter.

Encouraging teamwork, rewarding good ideas and suggestions, and open communication are ways of cultivating an environment that encourages innovation and variety and does not punish mistakes. Ensure you involve your staff in any changes or new developments, and acknowledge their ideas or suggestions. You and other managers need to monitor your level of involvement in key decisions and project management. Only intervene at crucial stages to ease problems and difficulties and provide support for the team.

When planning innovation and development, think about other expertise or resources that may be needed. This may mean subcontracting part of the process, purchasing ready-made parts, hiring in expertise, entering into a partnership or strategic alliance with another business, or joining a network or cluster of businesses. You also need to consider and protect your intellectual property (IP) when developing a product/service in collaboration with another person/organisation.

PART 6 MAINTAINING INFORMATION ON YOUR BUSINESS

Information lets you plot where you are on the improvement road. Unless you maintain records and information on how you do things and what you do, you will be working in the dark.

If yours is a small business, chances are that information management is something you've been doing instinctively, but never really thought about. Most businesses believe in staff management, sales management, cash flow management, and production management – but information is often overlooked because it is more difficult to come to terms with.⁶²

Information management is important, and successful businesses make better use of information to improve their efficiency, products and customer service.⁶³

Critical questions for you to consider are:

- ✓ Do I understand my business's information management needs?
- ✓ Do I manage information well?
- ✓ Do I measure the performance of my business in a balanced way?
- ✓ Do I know how my business compares to competitors and other high-performing organisations?
- ✓ Is information secure?

UNDERSTANDING INFORMATION MANAGEMENT NEEDS

Any business needs:⁶⁴

- External information (e.g. regarding markets, customers, competitors)
- Internal information (e.g. about staff, products and services, costs)
- Strategic information (e.g. focused on internal/external trends and options).

The first two describe the current operating situation – every activity and transaction depends on them. But they also contribute to the third – strategic information – which tells you where your business should be going.⁶⁵ But you do need to be selective. The temptation might be to gather everything you can because you might not know what you will want. Gathering, storing, retrieving and analysing information costs money. So you need to ask:

How Will I Use This Information?

It is often easy to keep collecting information because: "that's what we've always done." But if data isn't used by your business to form effective decisions, the question needs to be asked: "why collect it?" Collection criteria should be based on the need to: conduct daily work (e.g. customer account data), manage processes (e.g. timeliness, rework, number of transactions), meet stakeholders' needs (owners, customers, staff, community), track the performance of the business (against goals, targets), or act strategically (competitor information, market and currency forecasts).

What Are The Costs and Benefits From Collecting, Maintaining and Checking This Information?

Gathering information is an expensive exercise, as is ensuring its accuracy and maintenance. The benefits of having that information must more than offset the costs, and these

⁶² DTI (1995f), The Basics

⁶³ Ibid

⁶⁴ Ibid

⁶⁵ Ibid

benefits might not be just financial. For example, it may be worthwhile for staff who interact directly with customers to know about customer preferences (e.g. your customer likes delivery on a Thursday rather than a Monday). Not only do you have a happy customer, your delivery schedule will be more efficient.

Is The Information You Keep and Maintain Aligned with the Goals of the Business?

There may be information that you don't need just yet but you may ultimately need to achieve your longer-term goals. For example, you should record the contact information of every cash sale customer with the intention of building a client database, as this enables you to politely inform them when the product or service they have purchased is upgraded or replaced.

What Business Results are you Trying to Achieve?

Information needs should link to business results. From this you should separate information you might want as an owner of the business from that as a manager of the business. As an owner you need to make a profit, don't be afraid to admit it! However, profit isn't the only bottom line of business – it needs to be balanced with concepts like satisfying the needs of your customer (See Performance Measurement, below).

ARE YOU MANAGING YOUR INFORMATION WELL?⁶⁶

The key issue is whether you let the information flow by dribs and drabs to meet particular needs, or whether you manage it like any other major resource.

Questions you need to consider to gauge whether you manage your information well are:

- Do I get the information I need when you need it – or is it too late to be useful?
- Is the information accurate enough for my needs – or is it too approximate to be useful?
- Is it analysed and summarised so it's easy to use – or am I overwhelmed with irrelevant detail?
- Do my staff and I work off the same information – or do we work off different /contradictory information?
- Is important information available to all staff who need it – or is it hidden in files and peoples' heads?

The process of getting accurate, timely and relevant information to all staff is what information management is all about.

When you start to try and manage your information, you'll find you need to break it down into manageable areas (e.g. cost information, customer information, supplies information). You can then think about ways to collect, store, process and disseminate it in each area – using information systems. You also need to decide which areas of information are important enough to justify being formally managed and controlled.

PERFORMANCE MEASUREMENT

Performance measurement plays an important role in business improvement because it helps you:

- Identify and track progress against goals
- Identify opportunities for improvement
- Compare performance against internal and external standards.

Often businesses measure performance solely through their financial performance – either profit, return on investment, or cash flow.

But financial performance measures, based on cost accounting, provide little to support your business improvement efforts. This is because they do not measure improvements seen and valued by the customer.⁶⁷

⁶⁶ Much of the information in this section is sources from Making Information Work for You – The Basics (DTI, UK, 1995f)

⁶⁷ DTI, Performance Measurement (www.dti.gov.uk/quality)



PERFORMANCE MEASUREMENT

For information regarding courses on business and operational excellence including performance monitoring and improvement, call 0800 42 49 46 to find the supplier of training in your area or look on the BIZ website – www.biz.org.nz – or the NZTE website – www.nzte.govt.nz/training.

At best, financial indicators are two-three weeks out of date, and are probably designed more for the accountant than you. It has been said, “running a business using monthly accounts is like driving a car using only the rear-view mirror”. You need ‘leading indicators’ – such as measures of customer satisfaction or complaints – providing you with the earliest possible indications that trouble is looming.

Many firms are adopting a balanced approach to performance measurement, suggesting that a business measure its performance from four points of view:

- Financial and cost (e.g. revenue, profit and loss, cash on hand, return on investment, cost per unit of output, inventory cost). Refer to Financial Performance Measures on page 49 for more information
- Customers and market (e.g. customer satisfaction, customer complaints, market share, comparisons with competitors, response time). Refer to PART 2 – Your Customers on page 16 for more information
- Staff (staff satisfaction, staff turnover, skills development, absenteeism, morale). Refer to PART 3 – Your Staff on page 25 for more information
- Process and Innovation (percentage on time, rework, cost of quality, new products and services). Refer to PART 4 – Your Business Systems and Processes on page 34 and PART 5 – Improving Your Products and Services on page 41, for more information.

There is a range of quantitative measures (e.g. pre-tax profit, cost of quality, turnover) but you should also think about qualitative measures that are equally important (e.g. answer the phone within 3 rings, process an order within 12 hours of receiving it, follow up an order within 3 days of it being processed – all to ensure good quality customer service).

You need to choose your performance measures carefully – what you measure will significantly affect the behaviours of your staff. People will tend to behave so that they look good in the measurements.

Financial Performance Measures

At the end of the day, you are in business to make a living, so the financial health of your business is critical. Typical financial measures are profitability, sales revenue growth and return on investment. They are all important to the ability of a business to survive and prosper. Once again you need to think about what is important to you – you don’t need a multitude of measures, just those that really help. For example: survival might be measured by the amount of cash the business has, success by the monthly value of sales, and return on investment by annual profits as a proportion of the amount of money the owner has invested in the business.

There are some basic things you should think about in relation to the financial position and health of your business. These include:

- How much cash do you have and what is likely to happen to your cash position over the next month? Knowing this will allow you to manage your cash and ensure you anticipate cash shortages and surpluses. For example: how much cash are you likely to pay in wages, to suppliers, and for things such as GST and PAYE? Also what is the likely amount of cash you will receive from your customers?
- A simple and regular statement of income and expenses – ideally for each month, but at least once every three months. This will give you a clearer idea about whether

the business is growing, contracting, or standing still. If you have a simple budget that allows you to compare the actual result with where you thought you would be, you have a powerful document to help you manage the business financially

- It is also important to look at your business from two financial points of view:
 1. As a manager of the business, you need to ask: “What amount of cash do I need to run the business effectively, and where am I going to get that cash?” The sources of cash available to a business stem from either the owner, or from loans. Both will need financial information proving you can pay the money back – and in loan scenarios, you will need to plan for interest payments on the amount borrowed.
 2. As the owner of the business, you should expect a financial return based on the investment you have made in the business. It is important to look at the financial performance of the business from this point of view because, as an owner, you are taking a risk investing your money in the business. And you should reasonably expect a return to reward you for taking this risk. You achieve a cash return from depositing your money in the bank – so the return from investing money in the business should be much greater than interest you could earn from the bank.

HOW DO YOU COMPARE?⁶⁸

Comparing your business against other businesses – known as benchmarking – can help you assess the size of the gap that separates you from other businesses, and alert you to competitive threats and new practices. Comparisons can be focused on products, services, business processes or the performance of competitors or leading businesses in other sectors.

It is not about aiming to clone the success of other companies, or industrial spying. The real goal is to build on the positive, successful elements of other businesses to improve your future performance. By benchmarking on a continual basis, you are always researching current best practice, not dated ideas. It also helps you to learn from other businesses’ experiences – saving the cost of making your own mistakes.

Key steps involved in benchmarking answer the following questions:

What Are You Going to Benchmark?

You can benchmark almost any measurable activity (e.g. financial and cost measures, customer and quality processes/measures, staff processes/measures, and innovation processes/measures). In practice, however, you will normally focus on those elements you have to excel at to be successful in your business. What would make the most significant improvements to your relationship with your customers? What would make the most significant improvements to your bottom line?

Who Are You Going to Benchmark Against?

There is a wide variety of methods to identify whom to compare your company against. One obvious method is to ask customers who they think is best in that activity. Another is to ask advisors, such as accountants, industry associations, or academics. It may not be immediately obvious whom you should benchmark against and frequently the answer may lie outside your industry.

FINANCIAL MEASURES AND REPORTING

The financial measures and reporting that can be used are subjects that are dealt with in many books and publications. For example see Chapter 4 of Planning for Success – a do it yourself kit for developing your own business plan. Call BIZ on 0800 42 49 46 to obtain a hard copy or CD Rom interactive copy of the free publication, or download it from the BIZ website – www.biz.org.nz – or NZTE website – www.nzte.govt.nz/publications

BENCHMARKING CONT.

The Business Performance Improvement Resource – www.bpir.com – offers benchmarking information relating to all the areas that are necessary to managing your organisation. Their services include assessing/measuring performance, setting targets and understanding the performance of others, improving and managing performance, and learning from full access to over 150,000 business related journal and periodical articles.

Waikato University’s Management Research Centre provides a benchmarking database on business performance indicators. See its website – www.mngt.waikato.ac.nz.

Statistics New Zealand can provide a wide range of information that can be helpful in benchmarking your business – including information on general business financial indicators and consumer spending. There is also specific industry information about: accommodation, agriculture, building, manufacturing, production, retail trade, wholesale trade, and tourism. For queries regarding benchmarking contact the Statistics New Zealand Information Centre, phone toll free: 0508 525 525 or email: info@stats.govt.nz. Simple queries are free of charge. If your requirements will incur a cost, you will always receive

cont. opposite

⁶⁸ Information in this section is sourced from Best Practice Benchmarking (DTI, UK, 1995e)

How Will You Get The Information?

A great deal of the information you need is already there for the asking, in magazines and newspapers, in trade association reports, the Internet and via specialist databases. You can also gather information from customers, suppliers, staff and other advisors. But the most valuable information often comes through direct exchange of information with businesses that recognise the mutual benefits of sharing information.

Things to consider:

- Benchmarking need not be with a competitor. Many breakthrough ideas come from adapting practices, products or services from another industry. It is usually easier to benchmark outside your industry because they are not competitors, and are more willing to share information with you.
- Which businesses do you most admire? Why? What makes them so good and what can you learn from that?
- Look outside your immediate area if that's where best practice is. For example, deliberately go to other towns or cities to see what similar businesses are doing.
- Just ask. It is amazing how an honest question will produce a wealth of information both immediately and in longer-term relationships and benchmarking.

How Will You Analyse and Use The Information?

Too much information is as bad as too little. Gather only the information you need to make a direct comparison of performance. If you have properly defined your benchmark in the first place, you will be dealing with manageable and useful data. Get other staff to provide their opinions on the lessons you can learn from the other businesses' experience. The key questions here are: "How much of this is genuinely applicable to my business?" and: "What am I going to do as a result of having this information?"

CASE STUDY WILD WEST ADVENTURE COMPANY LTD

Paul Schramm benchmarks changes in the number of customers Wild West has against the number of visitor bed nights in the region, which he gets from the West Coast Tourism Association. He also gets information from the Tourism Board on logistics and trends. He expects increases in bed nights to be matched with a proportional rise in business.

Paul keeps up to date with new developments in the industry by talking with other tourist operators to find out what they are up to. Through his involvement with the Greymouth Business and Promotions Association, which meets once a month, Paul has input into the way that Greymouth is marketed as well as keeping in touch with a broader range of businesses in the area.

a free no-obligation quote. See the Statistics New Zealand website – www.stats.govt.nz.

The Ministry of Economic Development has put questions from the Business Practice and Performance Survey on line – www.med.govt.nz/irdev/ind_dev/firm-foundations/questionnaire/index.asp – which will allow you to compare your levels of performance in all areas of business practices with the average firm in your industry. Also, see the publication Firm Foundations: A Study of New Zealand Business Practices and Performance for more information available for download from www.med.govt.nz/irdev/ind_dev/firm-foundations

The University of Otago's Marketing Performance Diagnostic offers service companies a marketing competitiveness and performance diagnostic, which will give you feedback on how you perform relative to firms that took part in their marketing research surveys. You will also be given suggestions on how to improve performance in areas of marketing and management. See the website – www.marketing.otago.ac.nz/Marketing/research/mpc/index.html – email marketing@otago.ac.nz – or contact them on 03 479 7697.

INFORMATION SECURITY AND RETRIEVAL

Information is an asset – even if it may not appear in your financial records. You need to keep it secure against loss, but also to maintain its accuracy and convenience and therefore the usefulness of that information. Every business needs the appropriate storage, retrieval and back-up systems to make the best use of its information and data. The benefits include:⁶⁹

- Protection against loss – the ability to recover your business critical information in the event of fire, theft, flood or other unforeseen disaster
- Protection against system failure – proper storage will protect and secure your information against power outages, hackers, system crashers and viruses
- Reduction in costs – the costs of your information being lost or compromised could be significant
- Maximise value – keeping your information in appropriate storage can help you get maximum value from it, for example by supporting remote working.

Things to consider:

How Important Is the Information and Data To You?

You can classify information according to its security value and the importance to your business e.g. from highly essential information (e.g. customer files) or highly sensitive information (e.g. salaries or staff information) that would seriously damage your ability to operate if lost, to non-essential information that is freely available to the public and does not need protection or back-up.

How Retrievable Does The Information Need To Be?

A good rule of thumb is how often you use it in your day-to-day work. You might think that the details of your bank accounts are important, but you could get along without them for a few hours, whereas you might be lost without immediate access to your customer files for incoming calls.

Who Needs To Access The Information?

You need to think about who gets access to your information. Some information, such as records of performance appraisals, is confidential or sensitive. With other information, such as financial accounts, you need to be assured of the integrity of the data. Using and changing passwords regularly and having levels of access and designated rights to files are simple ways of protecting confidential information.

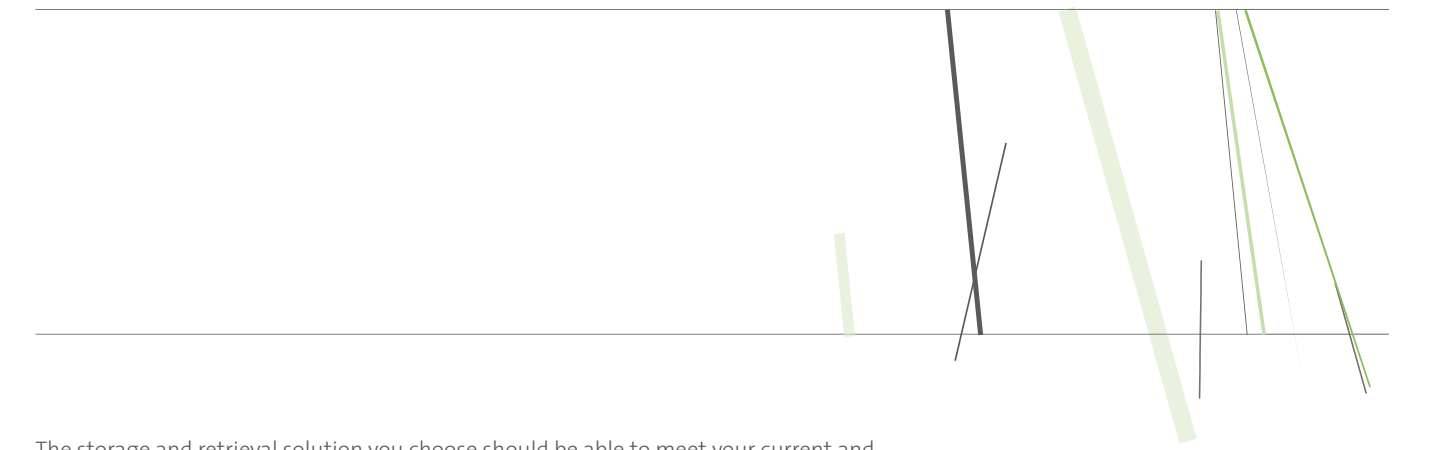
Virus Stoppers and Firewalls

With considerably more information now stored on computers, a reliable computer system equipped with both a current and updateable anti-virus and firewall program is vital. This reduces the chances of your information becoming infected by a computer virus, and minimises attacks by hackers.

Is Your Information Kept In At Least Two Different Physical Locations?

This means ensuring adequate backup facilities and copies not only for electronic information (e.g. from your computer), but also key records that your business must have to operate.

⁶⁹ DTI (2004), pg 1



The storage and retrieval solution you choose should be able to meet your current and future storage needs at a modest cost. In choosing a solution, you should think about:

- How much information and data do you need to store?
- How often do you need to store information and data?
- How quickly do you need to store it?
- How conveniently and often do you or others need to access it?

Storage and retrieval options range from paper-based filing systems, software and hard drives on computers, CDs and DVDs, USB drives, Zip drives and online storage solutions.

SUMMARY

Information management is important. Successful businesses make a greater use of information to improve their efficiency, products and customer service, as well as to manage, focus and control the business more effectively. Your business needs external, internal and strategic information to assess where you are, how you are doing and where you want to go. Be careful not to collect every piece of information you can – too much information is as harmful and frustrating as too little.

When you start to collect information, you will need to break it down into manageable areas – customer information, cost information, supplies information and so on. You need to decide which areas of information are important enough to justify being formally managed and controlled.

Often businesses measure their performance solely through their financial information, but this information provides little to support your business improvement efforts. You need to think about leading indicators – e.g. measures of customer satisfaction or complaints – to provide you with the earliest possible indication of trouble or opportunity.

You should consider comparing your business against others (benchmarking) to help you assess the size of the gap that separates you from other businesses, and to alert you to competitive threats and new practices. The goal is to build on the positive, successful elements of other businesses to improve your future performance.

Remember that your information is an asset – even if it isn't on your financial records. You need to keep it secure against loss and maintain its accuracy and usefulness. You need to consider who has access to your information, where you keep it and ways to protect your information.

PART 7 YOUR RELATIONSHIP WITH YOUR COMMUNITY

Succeeding in business is very dependent on your relationship with your community. However you describe the community within which you operate, it pays to remember that your community provides your employment, and your customer and supplier base.

Having a good relationship or being responsible with your community (sometimes called 'social responsibility') can help your business succeed. Being responsible is about dealing honestly with your suppliers, customers and staff, managing your environmental impacts and acting as a good citizen in your local community. Done well, it can open doors, win customer loyalty and raise your business profile in the most positive way.

And it is not just customers who make choices. Potential staff can be choosy and want to respect the business they will work with. Being responsible can help attract, motivate and retain staff.

Some ways of being responsible to your community include:

- ✓ Avoiding discrimination
- ✓ Recruiting locally
- ✓ Dealing with your customers and suppliers honestly
- ✓ Paying staff fairly
- ✓ Providing good and safe working conditions
- ✓ Supporting local traders
- ✓ Volunteering
- ✓ Sponsoring or donating products and services to community activities such as sporting or school events
- ✓ Serving on boards and committees or community organisations
- ✓ Offering mentoring to other businesses or students.

BEING ENVIRONMENTALLY FRIENDLY

A key element of having a good relationship with your community is being environmentally friendly or 'green'. Being green is more than a current trend. Customers are demanding more products and services that are green – and they want to know that businesses are operating in an environmentally friendly way. These days you may even be denied access to some export markets if you can't show your business is environmentally friendly. It can also make good financial sense – businesses are finding that recycling, re-using and preventing waste actually reduces costs in the long-run (as waste represents something your business pays for twice – when it is purchased and when it is taken away).

Being environmentally friendly can be as simple as buying recycled and recyclable products, donating surplus furniture and equipment, using less toxic cleaning materials, using energy-efficient lighting, or installing water-saving fixtures.

HELPING YOU TO BE SOCIALLY RESPONSIBLE

The New Zealand Business Council for Sustainable Development focuses on providing business leadership as a catalyst for change toward sustainable development. It promotes eco-efficiency, innovation and responsible entrepreneurship. The Council provides business leadership by demonstrating best practice, engaging in policy development and providing global outreach. See the website – www.nzbcbsd.org.nz – email them on office@nzbcbsd.org.nz – or call 09 488 7404.

The Sustainable Business Network (SBN) was formed in October 2002 as a result of a merger between Auckland Environmental Business Network and NZ Businesses for Social Responsibility. SBN operates a National office (located in Auckland) with five regional network offices – Northern, Waikato, Bay of Plenty, Central and Southern. It provides a forum for businesses that are interested in sustainable development practice to get together and make it happen. It holds an annual national conference, hosts the National and Regional Sustainable Business Awards, and provides members with regular newsletters, regional seminars and meetings to share ideas and experience, as well as tools and resources to assist businesses on their sustainability journey.

For more information, or to become a member of SBN, visit www.sustainable.org.nz, email them on office@sustainable.org.nz or phone (09) 920 2400.

The Energy Efficiency and Conservation Authority (EECA) helps businesses reduce their energy costs through the Emprove programme. The Emprove programme provides a range of services including a management diagnostic tool and field support for large users; forums, seminars and workshops; case studies and other publications showcasing how businesses have saved money through energy efficiency and funding for energy audits. For more information on how to improve your bottom line through energy efficiency, check out the Emprove website – www.emprove.org.nz

NZTE's Enterprise Development Grants (EDG) provide support for external advice and expertise in strategic business development, feasibility studies, product development, business and operational excellence, e-commerce and e-business strategies, and market development. Successful applications can receive up to 50% of the eligible costs on a 50:50 reimbursement basis, currently up to a maximum of \$20,000 (GST inclusive) each year (from 1 July – 30 June). For more information visit the BIZ website – www.biz.org.nz – or the NZTE website – www.nzte.govt.nz/edg – or call the Enterprise Hotline on 0800 555 888.

WHO ELSE CAN HELP ME?

The following list of support is not exhaustive. A further list of organisations that can help with the concepts of Business Improvement can be found on the BIZ website – www.biz.org.nz. The organisations identified below have been included in this Guide because they provide support for business improvement, provide this support on a national basis, and are not completely profit-focused. Some of these organisations do charge for services.

NZTE PUBLICATIONS

Planning for Success – a do it yourself kit for developing your own business plan. Free in hard copy and on CD Rom from BIZ offices.

E-business Guide – a personalised step-by-step guide to help you make the most out of e-business.

> www.biz.org.nz
0800 42 49 46
www.nzte.govt.nz/publications
04 931 6109
ebusinessguide@nzte.govt.nz

INFORMATION AND REFERRAL

BIZ

BIZ is a specialist business information service provided free of charge via a network of information centres, for small to medium businesses (SMEs).

The BIZ service can assist you to find organisations, training and resources to help you grow your businesses and to build your management capability, as well as contacts and information about relevant government and private sector services and programmes.

> www.biz.org.nz
0800 42 49 46

New Zealand Trade and Enterprise & Enterprise Hotline

New Zealand Trade and Enterprise (NZTE) provides a range of high-quality services and programmes to meet the needs of the many small to medium-sized enterprises (SMEs) that are the engine of the New Zealand economy.

The mission of NZTE is “to assist the country’s businesses to improve their capability, profitability and international competitiveness.”

Export development is a key focus and NZTE places special importance on growing businesses and sectors in which New Zealand is internationally competitive and where there is potential for high growth.

> info@nzte.govt.nz
0800 555 888

Enterprise Hotline

The Enterprise Hotline is the freephone number that is your first point of contact for all business inquiries to NZTE. Calling the Enterprise Hotline provides you with access to business development consultants who will:

- Evaluate your business needs to help you identify where you need extra assistance or information
- Provide mentoring and general business advice and/or referral to other government providers and private sector programmes where appropriate
- Give advice on and provide access to NZTE’s full range of services and programmes for small to medium enterprises
- Provide information on a range of exporting services.

TRAINING AND COACHING

NZTE Enterprise Training

The NZTE Enterprise Training Programme (ETP) provides upskilling to the owners/operators of small and medium-sized enterprises (SMEs) aimed at helping them to develop and grow their businesses. Training subjects include

- Business Planning
- Marketing
- Managing Resources
- Start-Ups
- Business Systems and
- Finance.

> www.biz.org.nz or
www.nzte.govt.nz/training
0800 42 49 46

Investment Ready Training

Investment Ready Training is part of the NZTE Enterprise Training Programme and is aimed at helping business people learn about the type of finance they require to expand, diversify or commercialise a new concept and how they can access equity funding from investors.

Export Training

Introductory export training is delivered as part of the Enterprise Training Programme. This training is targeted at participants that have a limited to low knowledge of exporting.

A full range of export training courses designed for new and established exporters is available through the Exporter Education.

> www.exported.co.nz

Maori Trustee Training

Maori Trustee Training is offered to the trustees and managers of Maori trusts and other Maori organisations managing multiply-owned assets.

Pacific Business Training

Pacific Business Training aims to improve the management capability and productivity of Pacific people's businesses and to increase the number of businesses being established by Pacific people in New Zealand. It is offered to Pacific people interested in starting a business or those who are newly in business.

Business in the Community (BITC)

The mission of BITC is "to provide a mentoring service to enhance small business sustainability and employment throughout New Zealand by mobilising the resources, business skills, experience of successful businesses and business people."

BITC provides free skilled business mentors to small businesses. There are 24 BITC agencies nationwide.

> www.businessmentor.org.nz
0508 103 400 or 0800 103 400
Email: bitc@bitc.co.nz

Chambers of Commerce

There are a number of chambers of commerce around the country. Among other things, they provide opportunities to meet and mix with staff who can make a difference to your business, run events to keep you up to play with the big issues and trends in business and government, run comprehensive training programmes designed to ensure businesses develop the competitive skills required for success in a fast-changing economy, and they give voice to issues that matter to business.

> www.nzchamber.co.nz

Check your white pages for local offices

EDANZ (The Economic Development Association of New Zealand)

EDANZ is a professional network of economic development organisations. It is the professional body for economic development practitioners in New Zealand.

EDANZ partners with key government agencies and is involved with organisations and individuals involved in economic development.

EDANZ promotes best practice for its EDA (Economic Development Agency) members and business excellence through the EDA Business Excellence Awards, Training programmes, small business development and investment readiness.

EDANZ acts as a conduit for investment capital between investors and business through NZTE's Escalator programme in partnership with Deloitte. It also manages the government's BIZ Networks programme through a joint venture with the Chambers of Commerce.

An Economic Development Agency (EDA) is a regional or local organisation charged with the growth and development of a local or regional economy. There are 73 EDAs nationwide.

They deliver a range of services in their local areas, including (but not limited to) information on cluster support and development, provision of business incubators, investment attraction, networking, products & services databases, Mentors, and Business Awards.

> www.edanz.org.nz

04 924 1290

Email: annv@edanz.org.nz

Small Business Enterprise Centres of New Zealand (SBECNZ) (Inc)

Small Business Enterprise Centres of New Zealand (SBECNZ) (Inc) is the national body representing 35 member organisations throughout New Zealand and the Pacific. The member bodies provide support to new and existing businesses through practical business facilitation, business training, seminars, workshops, ongoing support, networks, referral to other help agencies, and introduction to Government Departments, local businesses and consultants.

> www.sbecnz.org.nz

03 366 9978

Email: Lindsay@csbec.org.nz

FUNDING FOR BUSINESS IMPROVEMENT

NZTE Enterprise Development Fund

The Enterprise Development Fund (EDF) is available to entrepreneurs, start-ups, and established businesses.

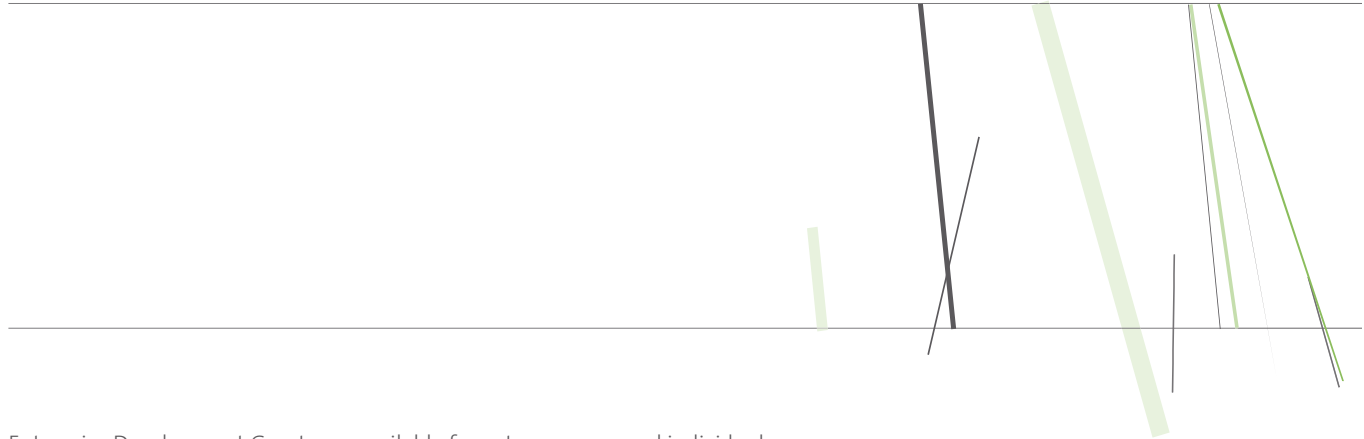
Successful applications can receive up to 50% of the eligible costs on a 50:50 reimbursement basis, currently up to a maximum of \$20,000 (GST inclusive) each year (from 1 July – 30 June).

> www.biz.org.nz or

www.nzte.govt.nz/edf or

www.nzte.govt.nz/edg

0800 555 888



Enterprise Development Grants are available for entrepreneurs and individual companies gain additional business skills and obtain external expertise and assistance in developing business projects. Eligible costs include business mentoring, management and technology-based training, and external advice and expertise including strategic business development, feasibility studies, product development, business and operational excellence, e-commerce and e-business strategies and market development.

Growth Services Fund

The Growth Services Fund offers high growth potential firms to purchase external advice, expertise, and market development services.

The Growth Services Fund is accessible only for companies who:

- Have been identified as having clear and significant growth potential
- And for whom a development plan has been compiled by Client Services staff.

The fund is intended to assist with new initiatives and new directions aimed at having a significant impact on the business leading to substantial, sustained growth. Co-funding of up to 50 % will be offered by NZTE.

> www.biz.org.nz or
www.nzte.govt.nz/growth or
0800 555 888

Tertiary Education Commission

The Tertiary Education Commission supports workplace learning that raises skills and boosts competitive advantage for business. Their aim is to improve access to structured training in the workplace and they oversee a range of training related initiatives in enterprises aimed at identifying skill needs and improving productivity. The Tertiary Education Commission also administers Modern Apprenticeships, Gateway and oversees Industry Training.

> www.tec.govt.nz or
www.modern-apprenticeships.govt.nz or
www.skillnz.org.nz
0800 TEC INFO (0800 832 463)
Email: info@tec.govt.nz

skill new zealand

The Tertiary Education Commission also co-ordinates skillnz – a joint initiative between government, Business New Zealand and the New Zealand Council of Trade Unions to raise awareness of workplace learning. skillnz is for anyone interested in workplace learning – from a secondary school student interested in gaining work skills to an employer interested in improving the literacy skills of their staff. There are many programmes and entry levels open to all people interested in workplace learning.

skillnz focuses on the importance of recognised learning in the workplace and helping enterprises, particularly small and medium sized businesses, to engage in workplace learning.

Modern Apprenticeships

Modern Apprenticeships make it easy for employers to recruit and manage talented young people into their workplace and offer a new generation the chance to access quality workplace learning. It is administered by the Tertiary Education Commission which contracts the services of Modern Apprenticeships co-ordinator organisations. Modern Apprenticeships are now available in over 30 industries.

Industry Training

Industry Training has been developed by industry to provide the workforce with the skills and knowledge that will give New Zealand industry a competitive edge. It is designed to be convenient and cost effective. Skill standards and qualifications have been developed

by Industry Training Organisations (ITOs), in over 40 industry groupings - ranging from forestry to fishing, from engineering to retail - experts from within industry have come together to define performance standards. Staff can be trained on the job - and assessed by a registered assessor – or trained off-site by a registered training provider such as a polytechnic or private training establishment.

ITOs were created to provide industry-wide training solutions. They are supported partly by industry and partly by an Industry Training Fund. The Industry Training Fund subsidises the cost of training where a registered training agreement is linked to an employment contract.

Technology New Zealand

Technology New Zealand assists companies undertaking Research and Development (R&D) projects which result in new products, processes or services.

The role of Technology New Zealand is to support companies wanting to overcome specific technical barriers, which are likely to be part of the R&D phase. TechNZ supports technological development projects in business. The complementary schemes focus on applying and developing technological learning and technical innovation for wealth creation.

Investment, by TechNZ in the form of grants, is directed at supporting technical risk and technical advancement rather than supporting commercial risk or aspects of general business development.

SmartStart

SmartStart is designed to assist firms to overcome early stage barriers to R&D projects. For simple circumstances Local SmartStart Agents are authorised to approve grants to the value of \$5,000, typically within 48 hours.

SmartStart supports the investigation and resolution of early stage barriers to technological innovation R&D projects. The objectives of SmartStart are to assist firms to address any or all of the following issues using external resources:

- Technology project design, planning and assessment
- Technology gap and opportunity assessment
- Technology advice and guidance
- Technical or technological feasibility
- Technology investigation and acquisition
- Strategic technology planning.

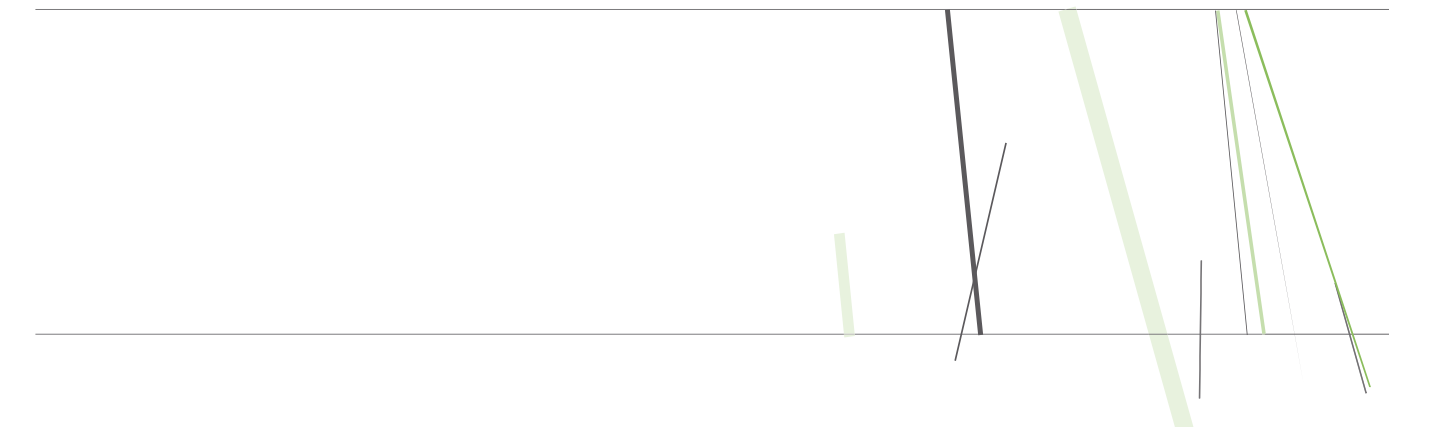
TechNet Expert Access

Provides direct access to experts, within universities and research organisations, to help with a technical problem. Maximum funding available is \$2,000 per project.

Grants for Private Sector Research and Development (GPSRD)

GPSRD supports the technological or technical development of new products, processes and services in small and medium sized firms. Partial funding, of up to 33.3% of the eligible project costs is available up to a maximum of \$100,000.

> www.frst.govt.nz or
0800 TECHNZ (0800 832 469)
Email: technz@frst.govt.nz



If any of the following challenges and opportunities exist in your business, along with significant technical or technological risk, then Technology New Zealand are interested in investing in your business to help meet these challenges.

- A new product needs developing
- A new production process needs development
- An existing product or process needs new features to be adapted for a new market
- An existing product or process needs to be upgraded to provide new functions or to meet new customer demands.

Short-term Technical Assessment Projects (TAP)

TechNZ will support experimental investigations to test the feasibility of a chosen technological approach. Critical steps within a development plan can often be isolated and a technical feasibility project carried out. This reduces the financial risk associated with development. Matching finance of up to 50% of eligible costs is available, generally up to a maximum contribution of \$100,000.

Technology for Business Growth (TBG)

TBG is targeted towards projects that move companies towards high added-value, high-margin, technology-based products (The term 'product' includes new processes and services.) The TBG funding should be a good investment opportunity when compared to the sales income and the technology advance. The company must be capable of funding its share of project cost and subsequent commercialisation costs. Typically, funded projects will:

- Increase the technological capability in industry
- Encourage business growth and improved international competitiveness through technological development within businesses
- Catalyse and support improvements in the management of technological innovation.

Project funding normally ranges from \$50,000 to \$2,000,000. Grants provide up to 50% of project costs.

BUSINESS EXCELLENCE AND QUALITY ORGANISATIONS

New Zealand Business Excellence Foundation (NZBEF)

NZBEF's mission is to "stimulate and support business excellence in New Zealand by developing awareness and understanding of organisation excellence, and by supporting and facilitating organisations on their journey towards excellence."

The Foundation's key activities are to develop "user friendly" New Zealand versions of the internationally recognised and respected "Criteria for Performance Excellence", to organise and contribute to learning opportunities, provide self-assessment resources and templates, and to provide expert support on the Business Excellence Framework. NZBEF also administers and runs the New Zealand Business Excellence Awards (previously the NZ Quality Awards) the New Zealand Health Innovation Awards and is involved with the New Zealand Tourism Awards.

> www.nzbef.org.nz
09 489 8791
info@nzbef.org.nz

Business Excellence New Zealand

Business Excellence provides products and services to assist businesses to improve their performance and achieve performance excellence. Business Excellence has links with managers of a wide range of businesses and federal and state quality award organisations in the USA.

Business Excellence manages the Performance Excellence Study Awards (PESA) on behalf of a public/private sector sponsoring partnership including the Ministry for the Environment, the Department of Internal Affairs, Air New Zealand and Business Excellence NZ. Full details and their application document can be found on the Business Excellence website.

New Zealand Organisation for Quality

The New Zealand Organisation for Quality is dedicated to improving the quality of New Zealand-produced goods and services, primarily achieved through promoting principles of quality management and best practice, training and education. NZOQ's strength is the diversity of its members whose skills and experience span the spectrum of New Zealand industry sectors.

They support their members through networking, information sharing and training initiatives and professional recognition.

They offer several training programmes including Quality Management Practical Skills, Certificate in Quality Assurance, Quality Systems Auditing and Supplier Evaluation Workshop. NZOQ provides in-house training in all aspects of quality management with programmes specifically tailored to the client organisation's requirements.

If you wish to become a member or find out more details about NZOQ education and training services please contact the National office team.

> www.businessexcellence.co.nz
04 473 2400
Email: errol@businessexcellence.co.nz

> www.nzoq.org.nz
06 351 0047
or free fax 0800 800 113
Email: quality@nzoq.org.nz

BUSINESS PERFORMANCE

Business Performance Improvement Resource

The Business Performance Improvement Resource – www.bpir.com – houses huge amounts of data relating to all the areas that are necessary to managing your organisation. Its services include assessing/measuring performance, setting targets and understanding the performance of others, improving and managing performance, and understanding and transferring the (best) practices of others into your organisation. The site also helps to find best practice benchmarking partners and offers full access to a searchable database of over 150,000 business related journal and periodical articles.

www.bpir.com overcomes the problem of making the client do all the work by providing you with a choice of commonly used business excellence and simple process models with which to categorise and quickly identify and view relevant information - these include the Malcolm Baldrige Model, The European Foundation for Quality Management Excellence Model, and the APQC Process Classification Framework.

> www.bpir.com
06 350 5921
Email: info@bpir.com

QUALITY MANAGEMENT SYSTEMS AND CERTIFICATION

International Organization for Standardization (ISO)

ISO is the source of ISO 9000 (Quality Management) and more than 13,000 International Standards for business, government and society.

ISO Standards are documented technical specifications or other precise criteria to be used consistently as rules, guidelines, or definitions of characteristics, to ensure that materials, products and services are fit for their purpose.

> www.iso.ch

Standards New Zealand

Standards New Zealand facilitates the development and application of national, regional and international standards, of which many are developed in partnership with Australia. As New Zealand's representative in the International Organization for Standardization (ISO) and its sister organization, the International Electrotechnical Commission (IEC), Standards New Zealand ensures that New Zealand's voice is heard, world-wide.

> www.standards.co.nz
0800 STANDARDS
(0800 782 632)
Email: info@standards.co.nz

Telarc

Telarc Limited is a certification body formally recognised by JAS-ANZ (Joint Accreditation Systems - Australian and New Zealand) and IANZ (International Accreditation New Zealand). It was established by the Testing Laboratory Registration Act 1972 and is a registered company. Its purpose is to promote the development of good quality assurance practice in the supply of goods and services. Assessment and certificates are provided for:

> www.telarc.co.nz
0800 004 004
Email: info@telarc.co.nz

- ISO 9001 quality management systems
- Q-Base quality management systems
- ISO 14001 environmental management systems
- Occupational health and safety management systems
- Food safety programmes.

The Telarc Q-Base Code: 2001 provides a QMS framework based on the ISO 9000 Standards but specifically tailored to suit New Zealand small businesses.

OTHER USEFUL RESOURCES

Business New Zealand

Business New Zealand promotes successful business, with the goal of getting New Zealand's living standards into the OECD top 10. It is a leading national organisation representing the interests of the business and employing sectors to the government and the wider community.

> www.businessnz.org.nz
04 496 6555
Email: admin@businessnz.org.nz

Commerce Commission

The Commerce Commission exists to enforce a number of general and specific regulatory regimes set out in the Commerce Act 1986, Fair Trading Act 1986, Electricity Industry Reform Act 1998, Dairy Industry Restructuring Act 2001, Telecommunications Act 2001 and Credit Contracts and Consumer Finance Act 2003.

The purpose of the Commerce Commission is to promote dynamic and responsive markets so that New Zealanders benefit from competitive prices, better quality and greater choice. Contact the Commerce Commission if you have information about unfair or misleading trading practices, or anti-competitive behaviour by businesses.

> www.comcom.govt.nz
0800 943 600
Email: contact@comcom.govt.nz

Company Rebuilders Charitable Trust

Company Rebuilders Charitable Trust is a free service and offers the services of volunteer business mentors to small- and medium-sized enterprise owners and managers, who may have any type of business problem. The mentor programme offers the skills and experience of people who have proved themselves successful in business. Mentors can assist with business start-up procedures and business development.

> 09 408 3056
Email: mattjones@hyper.net.nz

Employment Relations Service

The Department of Labour's Employment Relations Service promotes fair and productive employment relationships between employers, employees and unions.

The Service provides a range of straightforward information on laws relating to the workplace – outlining the main rights and obligations of employers and employees, material on best practice in employment relationships, and access to the means of resolving employment relationship problems – in particular through (free) mediation services.

> www.ers.dol.govt.nz
0800 800 86
Email: info@ers.dol.govt.nz

Energy Efficiency and Conservation Authority (EECA)

The role of EECA is to encourage, promote and support the uptake of energy efficient initiatives and new renewable energy.

Through the Emprove programme EECA provides a range of services for business including a management diagnostic tool and field support for large users; forums, seminars, and workshops; case studies and other publications showcasing how businesses have saved money through energy efficiency, and funding for energy audits. To find out more about the Emprove Business Programme see the website.

> www.emprove.org.nz
0800 EMPROVE (0800 367 768)
Email: info@emprove.org.nz

Human Rights Commission

The Human Rights Commission is a statutory body that administers the Human Rights Act 1993. The Commission's primary functions are:

- To advocate and promote respect for, and an understanding and appreciation of, human rights in New Zealand society.
- To encourage the maintenance and development of harmonious relations between individuals and among the diverse groups in New Zealand society.

The Commission also has the ability to mediate disputes relating to unlawful discrimination. For further information on the Commission and/or human rights in New Zealand please contact the Commission's Info Line.

> www.hrc.co.nz
0800 YOUR RIGHTS (0800 496 877) or TTY 0800 150 111
Email: info@hrc.co.nz

Independent Business Foundation

The Independent Business Foundation (IBF) is an incorporated charitable trust with educational objectives dedicated to management in the small to medium enterprise (SME) sector. Its trustees are drawn from a cross section of business disciplines representing academic, professional and practitioner interests. They function in the nature of a think tank with shared competencies and contacts that are at the disposal of individual businesses.

The IBF is part of an international network of business associations. It hosts executive exchanges to promote international trade and actively participates in regional and world business organisations, provides an interface between the small and medium enterprise community and government, and makes submissions on business assistance and compliance policy. It provides a voice on issues affecting small to medium enterprises.

> www.enterprise.org.nz
09 419 0450
ibf-nz@clear.net.nz

Intellectual Property Office of New Zealand

The Intellectual Property Office of New Zealand (IPONZ) is a business unit of the Ministry of Economic Development and administers legislation providing for the protection of intellectual property rights. Intellectual Property is a collective term used to describe creations of the mind, and like tangible property, can be bought, sold, or licensed. IPONZ grants patents under the Patents Act 1953 and registers trade marks and designs under the Trade Marks Act 1953, the Trade Marks Act 2002 and the Designs Act 1953.

You can use the IPONZ website www.iponz.govt.nz to search the New Zealand patent, trade mark and design databases, renew your intellectual property registrations or make applications for trade mark protection online. The information library on the website contains fee schedules, information sheets and training guides.

> www.iponz.govt.nz
0508 4 IPONZ (0800 447 669)
Email: info@iponz.govt.nz

Investors in People New Zealand Limited (IIPNZ)

Investors in People is the International Standard that sets a level of good practice for linking the learning and development of people to the achievement of organisational goals and objectives.

Investors in People is about continuous improvement and development of organisations and the people who work in them. It provides a benchmark of good practice in the way people are managed and developed to deliver organisational goals, together with a framework for ongoing evaluation and improvement and is therefore driven by outcomes, not processes.

> www.iipnz.co.nz
09 360 4025
Email: info@iipnz.co.nz

KiwiHost

The KiwiHost mission is to provide New Zealand businesses with the tools, skills and techniques so they can develop a quality of customer experience that will ensure they prosper by maintaining an outstanding competitive advantage.

They do this by helping businesses analyse their customer service needs, holding workshops designed to help management and staff improve their customer service skills and techniques, providing businesses with ongoing support advice to help them improve the quality of their customer service, and providing feedback on what their customers think about their service delivery.

> www.kiwihost.co.nz
0800 801 233
Email: admin@kiwihost.co.nz

Ministry of Consumer Affairs

The Ministry of Consumer Affairs is an operating branch of the Ministry of Economic Development. The Branch is made up of the Ministry of Consumer Affairs and the Energy Safety Service and is divided into four sections: Policy (which includes consumer and energy safety policy advice); Research, Information and Capability; Measurement and Product Safety; and Energy Safety Operations.

The Ministry focuses on consumer policy, consumer information, product safety and standards, trade measurement, and energy safety issues, including standards for electrical and gas appliances.

The Ministry's primary role is to create an environment that promotes good and accurate information flows between suppliers and consumers so that consumers can transact with confidence.

> www.consumeraffairs.govt.nz
(04) 474 2750
Email: mcainfo@mca.govt.nz

New Zealand Business Council for Sustainable Development

The mission of the New Zealand Business Council for Sustainable Development is provide business leadership as a catalyst for change toward sustainable development, and to promote eco-efficiency, innovation and responsible entrepreneurship.

> www.nzbcسد.org.nz
(09) 488 7404
Email: office@nzbcسد.org.nz

Sustainable Business Network

The vision of the Sustainable Business Network is to enable business to flourish through sustainable practice. It has taken on the challenge of making sustainable business practice mainstream through promoting and supporting businesses to become environmentally, socially and ethically responsible. Members are from the business community and understand that by considering their triple bottom line (social, environmental, economic) business practice is a desirable end in itself, and can also contribute to the financial success of individual business.

> www.sustainable.org.nz
(09) 920 2400
Email: office@sustainable.org.nz

Companies Office

The Companies Office is a business unit of the Ministry of Economic Development that administers various registers. These include the Companies Register, the Incorporated Societies Register, and registers relating to building societies, unit trusts, charitable trusts, friendly societies and credit unions.

The Companies Office website contains information on:

- New Zealand Companies
- Overseas Companies (registered as carrying on business in New Zealand)
- Incorporated Societies
- Charitable Trusts and
- Industrial & Provident Societies

The Companies Office is also responsible for administering the following registers:

- Personal Property Securities Register (www.ppsr.govt.nz)
- Motor Vehicle Traders Register (www.motortraders.med.govt.nz)

The 'information library' tab on the Companies Office website has links to a number of useful forms, frequently asked questions, fact sheets and training guides.

> www.companies.govt.nz
online support: <http://support.business.govt.nz>
0508 COMPANIES (0800 266 726)

Occupational Health and Safety (OSH) Service

The principal objective of the Health and Safety in Employment Act 1992 (HSE) is the prevention of harm to all people at work, and others in, or in the vicinity of, places of work. The HSE Act applies to all New Zealand workplaces, and places duties on employers, the self-employed, employees, principals and others who are in a position to manage or control hazards. OSH administers and enforces the HSE Act in most workplaces.

The Maritime Safety Authority and Civil Aviation Authority enforce the Act in the maritime and aviation sectors respectively.

The OSH website provides information on managing workplace hazards, health & safety law, and hazardous substances and new organisms (HSNO).

> www.osh.dol.govt.nz
0800 20 90 20
oshteam@ers.dol.govt.nz

University of Otago's Marketing Performance Centre

The Department of Marketing at the University of Otago has started a long-term research programme to establish practical knowledge about effective and efficient marketing management decisionmaking in New Zealand business. The Marketing Performance Centre has conducted 10 mail surveys to a large panel of senior managers. The results from the surveys have been published and made available to the managers who participate in each survey. You can find an Executive Summary for each report and copies of research reports can also be ordered from the Marketing Research Centre website.

> [www.marketing.otago.ac.nz/
marketing/mpc/index.html](http://www.marketing.otago.ac.nz/marketing/mpc/index.html)
(03) 479 7697
Email: marketing@otago.ac.nz

Poutama Maori Business Trust

Poutama Maori Business Trust provides assistance for Maori entrepreneurial and small business planning and development. There are three components to Te Putea Whanake – the Business Development Grant.

Putea Kimihia helps both new and prospective businesses investigate new ideas and/or strengthen existing business activities, including business planning.

Putea Whakaako helps business people to gain relevant skills or management support.

Putea Tipuranga is for existing businesses that have been operating at least 6-12 months, and can be used to purchase products and/or services to help business growth.

> www.poutama.co.nz
0800 476 882
Email: poutama@poutama.co.nz

Qualmark New Zealand

The Qualmark™ is the official quality mark of the New Zealand tourism industry. Qualmark New Zealand Ltd licenses the use of the Qualmark™ to virtually any type of tourism business – from accommodation to venues, museums to horse trekking, art galleries to wildlife encounters, rental vehicles to mountain biking, and gardens to golf courses. It is a service to the tourism industry by assisting operators to improve their business practices and build their capabilities.

By identifying professional and trustworthy tourism experiences, Qualmark™ helps visitors to New Zealand buy the best accommodation, transport and activities.

Qualmark New Zealand Ltd is a not-for-profit service to the tourism industry. It is owned by Tourism New Zealand and the New Zealand Automobile Association and backed by industry associations.

> www.qualmark.co.nz
0800 QUALMARK (0800 782 562)
Email: enquiries@qualmark.co.nz

Statistics New Zealand

Statistics New Zealand collects, analyses and distributes statistics relating to New Zealand's people, society, lifestyles, businesses, international trade, economy and environment.

Small and medium-sized businesses often contact Statistics New Zealand for information that can help them with their research on a range of topics including:

- Marketing to residential customers;
- Marketing to business customers;
- International trade marketing;
- Monitoring economic and social trends;
- Estimating market size and market share;
- Industry analysis and benchmarking;
- Inflation adjustment;
- Obtaining scene setting information.

The Statistics New Zealand Information Centre can help you find relevant information and explain how the information can be used to your best advantage. Users are always given a free no-obligation quote. Simple queries are handled free of charge. If questions are more complex a cost may be incurred.

The Statistics New Zealand website contains a great deal of information including a Business Helper section which has been specifically designed to help businesses gain an introductory overview of the information available. This can help you prepare your questions before contacting the Information Centre.

Statistics New Zealand has offices in Auckland, Wellington and Christchurch.

Te Puni Kokiri

The Maori Business Facilitation Service is a free business development service for Maori interested in starting up a business or wanting to improve an existing business. The service is for commercial opportunities only, and targets small to medium-sized businesses. It operates from the Te Puni Kokiri and Maori Trust Office regional offices.

Waikato University

Waikato University's Management Research Centre provides services on business performance comparisons, management benchmarking, and academic consultancy – applying latest academic research findings to your management 'problem'.

Work and Income

Work and Income can put you in touch with the right person for your job, whether you're looking for full-time, part-time or casual staff. Work and Income offers a no-fee recruiting service comprised of six employment programmes to help you find the people you need.

Depending on the situation you may qualify for wage or training subsidies when you take on a Work and Income client.

> www.stats.govt.nz
www.stats.govt.nz/businesshelper
 0508 525 525
 Email: info@stats.govt.nz

> www.tpk.govt.nz/business/facilitation
 0800 94 99 97

> www.mngt.waikato.ac.nz
 09 838 4013

> www.workandincome.govt.nz
 0800 778 008

APPENDIX A CASE STUDIES



The following businesses have agreed to be used as Case Studies throughout this Guide identifying how they have improved their business through various processes. The businesses were approached through the Ministry of Economic Development, and are typical of businesses in New Zealand that are moving through an improvement process.

iQUEST NEW ZEALAND LIMITED

www.iquest.co.nz

iQuest is a firm that specialises in the development and manufacture of telemetry systems, dataloggers and high-end technical solutions for specialised applications. Much of iQuest's work is in the area of environmental management (with regional councils as one of its main customer groups).

Based in Hamilton, iQuest is 15 years old and presently employs eight people. David Richards became General Manager of iQuest in October 2000. He has been acting as a strong salesperson for iQuest's products and services and has strengthened the systems that assist him in managing the company.

NOVA ENTERPRISES LTD *Good Beginnings Educare Centre*

(no website)

Nova Enterprises Ltd is an early childcare and education facility in Masterton, known as Good Beginnings. The centre has 5 full-time staff and cares for 25 – 30 children. Nova Enterprises is owned by three partners – Freya Kerr, Frances Ball and Janet McDonagh – who also work in the business which has been in operation for 10 years.

PACIFIC HELMETS (NZ) LTD

www.pacifichelmets.co.nz

Founded in 1982 to manufacture motorcycle helmets for the Australasian market, Pacific Helmets (NZ) Ltd now produce fire and rescue helmets, all-terrain vehicle and specialist military helmets.

The company specialises in manufacturing and exporting safety helmet products to the exacting design and performance specifications to 70 countries. Pacific Helmets is working to meet, and frequently set, the highest international standards for technical safety performance.

According to the President David Bennett and General Manager Bruce Bennett, the focus of the business' current strategy is one of expansion into new markets, in particular, the United States and Eastern Europe. Exporting to these markets has impacted significantly on Pacific Helmets, as it has been required to design new helmets to meet the performance specifications of each market. Further, the expansion into new markets has stretched available resources due to a rapid increase in sales.

PACIFIC HORIZON LTD

www.pacifichorizon.co.nz

Three partners established Pacific Horizon in 1985 as a rental service providing motorhomes. In 1989 the partnership was dissolved, with John and Tricia Liddell taking it over as a semi-retirement venture. At that stage the company, based in Plimmerton, ran three motorhomes. It took John and Tricia about four years to really get to know and understand the market and over that time they slowly increased their fleet of vans by one or two a year.

In 1993, the business moved out of its premises to a larger site, still in Plimmerton, having decided that there was a market and a future for the company nationwide. The company added depots in Auckland and Christchurch and two years ago opened a Picton depot. The company has built its fleet up to over 300 vehicles. Employee numbers have increased to 29 full-time employees, supported by up to 15 part-time staff.

FURNITURE BY MECCHIA Waikato Turnery Ltd

www.mecchia.co.nz

Waikato Turnery Ltd was started by Gavin Mecchia's grandfather in 1947 and has been owned and run by the family ever since. Gavin's parents purchased the business in 1972 and owned it until early 2001, when Gavin and his wife bought it. The trading name of Waikato Turnery is "Furniture by Mecchia", which makes use of the excellent reputation the family has built up. At present the business employs 10 staff.

The company provides a range of products and services including:

- Furniture manufacturing
- Restoration
- Woodturning
- Timber finishing and
- Weaving loom manufacturing.

Waikato Turnery sells all its products from its premises in Hamilton and the majority of customers are from the wider Waikato area. Eventually the business would like to see its furniture sold at other outlets throughout the country.

THE WILD WEST ADVENTURE COMPANY LTD

www.nzholidayheaven.com

The Wild West Adventure Company has been running out of Greymouth in the West Coast for 17 years. It offers a range of adventure products including: white water rafting, cave tubing, guided bush walks, four wheel drive tours, and jungle boat cruises. The business employs around 12 staff in summer, dropping to around five staff over winter. Approximately 40% of Wild West's business comes from domestic tourists, with the balance coming from a broad range of foreign countries.

REFERENCE DOCUMENTS

We appreciate the willingness of the Department of Trade and Industry (UK) to source information from their management and best practice publications (www.dti.gov.uk) and to McGraw Hill (Aus) Inc to allow us to source information from The Competitive Enterprise – 10 principles of business excellence for increased market share (G Bell, 2002).

Introduction

Australian Quality Awards for Business Excellence Linked to Improved Business Results, (A Hausner, Q-NewZ – Official Newsletter of the New Zealand Organisation for Quality, December 1999)

Baldrige Award Winners Beat the S&P 500 for Eighth Year, (National Institute of Standards and Technology, US, 2001)
www.quality.nist.gov/Stock_Studies.htm

BPIR.Com – the benchmarking and performance improvement resource www.bpir.com/

Firm Foundations: New Zealand Business Practices and Performance, (S Knuckey and H Johnston (eds), Ministry of Economic Development, 2002) www.med.govt.nz/irdev/ind_dev/firm-foundations/

Gearing Up: A Study of Best Manufacturing Practice in New Zealand, (S Knuckey, J Leung-Wai and M Meskill, Ministry of Commerce, 1999) www.med.govt.nz/irdev/ind_dev/gearingup/index.html

Success Stories, (BIZ Development) www.xtramsn.co.nz/business/0,,9995,00.html

Successful New Zealand Business Ventures: Entrepreneurs at Work, (A Cameron and C Massey, Prentice Hall 2002)

World Famous in New Zealand – How New Zealand's Leading Firms Became World-class Competitors, (C Campbell-Hunt (ed), Auckland University Press, 2001)

Business Planning Made Easy – examples of business plans and purpose statements www.bplans.com

Yourself and Your Business Planning

Be Profitable in Business: starting up, managing for profit, managing for growth (KPMG, New Zealand, 1999)

Business Planning – A Quick Guide (Department of Trade and Industry, UK, 1995) www.dti.gov.uk/mbp/bpbt/bpbt.html

Planning for Success – a do it yourself kit for developing your own business plan (Industry New Zealand, 2001)
www.biz.org.nz or www.nzte.govt.nz/section/13673/9063.aspx

Small Business Survival Tactics (G Senior and I McBride, Small Business Company Ltd, New Zealand, 2000)

Your Customers

How happier customers can lead to healthier business (P Byrne, Prepared for the Ministerial Council on Consumer Affairs, New South Wales, 1998)

Making It Pay – A Guide to Customer Focused Manufacturing (Department of Trade and Industry, Business Link, Confederation of British Industries 1997)

Planning for Success – a do it yourself kit for developing your own business plan (Industry New Zealand, 2001)
www.biz.org.nz or www.nzte.govt.nz/section/13673/9063.aspx

Quality – What's In It For You? (Ministry of Commerce, New Zealand, 1995)

The Competitive Enterprise – 10 principles of business excellence for increased market share (G Bell, McGraw-Hill, Australia, 2002)

Your Staff

Be Profitable in Business: starting up, managing for profit, managing for growth (KPMG, New Zealand, 1999)

Factsheet: Recruiting Staff (BusinessLink, UK 2002a)

Factsheet: Staff Planning (BusinessLink, UK, 2002b)

Factsheet: Appraising Employees (BusinessLink, UK, 2002c)

Factsheet: Induction of New Employees (BusinessLink, UK, 2002d)

Learn the Basic Steps to Make your Workplace Safer (Occupational Safety and Health Service, Department of Labour, NZ)

www.osh.dol.govt.nz/order/catalogue/167.shtml

Planning for Success – A do it yourself kit for developing your own business plan (New Zealand Trade and Enterprise, 2004)

www.biz.org.nz or www.nzte.govt.nz/section/13673/9063.aspx

Revitalise Your Business (Geoffrey Moss, Astro Print, 2002)

Small Business Survival Tactics (G Senior and I McBride, Small Business Company Ltd, New Zealand, 2000)

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Achieving Best Practice in Your Business – Maximising Potential: High Performance Workplaces

(Department of Trade and Industry, 2004)

Your Business Systems and Processes

EXCELLENZ-NIES TQM 'How To' Approach – C Guide to Concepts, Principles and Imperatives

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Factsheet: Your Suppliers (BusinessLink, UK, 2002e)

NIES, Total Quality Management Workshop Manual (Department of Industry, Technology and Commerce, Australia, 1992)

Quality Management Systems (Department of Trade and Industry, UK) www.dti.gov.uk/quality/10i.htm

Supplying the Challenge (Department of Trade and Industry, UK, 1995)

The Competitive Enterprise – C 10 Principles of business excellence for increased market share (G Bell, McGraw-Hill, Australia, 2002)

Improving Your Products and Services

AS/NZS 4360:1999 Risk Management (Standards Australia/Standards New Zealand, 1999)

Design and business performance (Department of Trade and Industry, UK, 1995)

Organising product design and development (Department of Trade and Industry, UK, 1997)

The Competitive Enterprise – 10 principles of business excellence for increased market share (G Bell, McGraw-Hill, Australia, 2002)

Information on Your Business

Best Practice Benchmarking (Department of Trade and Industry, UK, 1995)

Making Information Work For You (Department of Trade and Industry, UK, 1995)

Performance Measurement (From Quality to Excellence Information Sheet, Department of Trade and Industry)

www.dti.gov.uk/quality/11i.htm

The Balanced Scorecard: Translating Strategy into Action

(Kaplan, R.S., and Norton, D.P. Harvard Business School Press, Boston, 1996)

The Competitive Enterprise – 10 principles of business excellence for increased market share

(G Bell, 2002, McGraw-Hill, Australia)

Your relationship with your community

Encouraging Responsible Business (Business Link, Small Business Service, UK, 2002)

Small Business Survival Tactics (G Senior and I McBride, Small Business Company Ltd, New Zealand, 2000)

Starter Pack on Social Responsibility (Business in the Community and Department of Trade and Industry, UK, 2002)

Encouraging Responsible Business (Small Business Service, UK, 2002)

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STIMULATE/GROW

