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Running Your Business
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Issue Six

Word Of Mouth Marketing How To Attract It To Your Business

Word Of Mouth (WOM) marketing is a marketing technique that many business people know about but are unsure how to utilise. WOM marketing involves one of your existing clients giving your business a referral; this entices them to spend money at your business. It's valuable to your business because it's cheap (or free in some cases!) and because your customers have already established a trusting relationship, they are confident to 'sell' your product to their friends. This means the potential consumer can focus on the product/service information without the normal apprehension they would feel when talking to one of your sales people.

This is 'poetry in motion' for a business owner! Not only are they coming to you first, they are already confident in your business and therefore are more likely to buy.

Because WOM relies heavily on referrals, the question remains: *How do I generate more referrals?*

Here are some great ways to get referrals:

- Ensure you give outstanding customer and quality service. People expect good service, make yours outstanding!
- Make sure you acknowledge every referral you get. Send your client a thank-you card or movie tickets. Give them a discount. This will encourage more referrals and the customer will feel great!
- Create a referral system and promote it to your clients. Make sure your staff are briefed and know how it works.
- Take time to employ the right staff for your business. Treat them fairly and train them properly. A staff member who leaves in dodgy circumstances can generate a lot of negative feedback.
- Handle customer complaints promptly and empathetically. Sometimes you might have to waive a policy or go out of your way. **BE WARNED:** Always use common sense and remember your financial situation. The customer is always right; unless they are wrong. In which case they may not be worth the trouble.

Above all, when it comes to creating a referral system, be different and don't be afraid to get creative.

'Working on your business, rather than in your business will become the central theme of your daily activity, the prime catalyst for everything you do from this moment forward.'

The E-Myth Revisited, Michael E. Gerber

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Customer Advisory Meetings

The purpose of these meetings is to obtain feedback from a group of customers on the products, services, sales process and general impression of your business.

You can organise the customer advisory meeting yourself or alternatively some clients ask an independent person, such as their accountant, to act as the facilitator of the customer meeting and to prepare a summary of the matters discussed.

Some of the items that could be raised at a customer advisory meeting could be:

- How do you rate the firm's services?
- Are there additional services that the business could supply to you?
- Have you asked the business to supply these services to you?
- What do you like about this business? What do you dislike about this business? How does this business compare to those of competitors?
- Do you receive prompt replies to telephone, email and fax contact?
- Would you like to receive periodic information on products and services being offered by the business?
- What are the strengths of the business as compared to its competitors?
- What are the weaknesses of the business as compared to those of its competitors?

Many businesses are conducting customer advisory meetings 3 or 4 times per year, and using the meetings to gain valuable feedback on the perception that their customers have on the business operations.

If you are interested in commencing a series of customer advisory meetings and you would like our input, please contact us.

Have You A Plan If A Business Partner Dies?

What would happen if your business partner died suddenly?

Indeed, what would happen if you died?

Planning for the death of a partner in a business must be looked at from both sides of the equation. What are the needs and expectations of the survivors in the business and the members of the deceased estate?

Contingency plans for the death of a business partner can be incorporated into a Buy/Sell Agreement. A properly drafted Buy/Sell Agreement with appropriate insurance covers should ensure that there is sufficient cash to enable the deceased partner's estate to be paid out. What you need to do is periodically update the Buy/Sell Agreement.

Make sure it reflects the current value of the business and try and get insurance covers on the partners that reflect the value of their share in the business. It is very important that a commercial solicitor drafts the Buy/Sell Agreement, checks the company documentation and Wills to ensure that, in the unfortunate event of a premature death, the business will be able to survive and the deceased partner's estate will be able to be paid out.



An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.

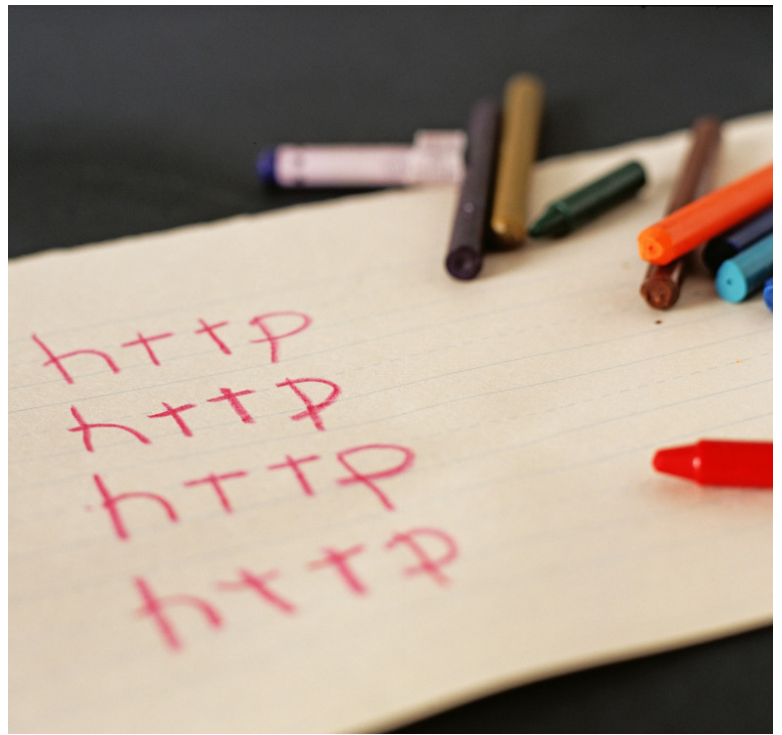


Social Media

A cheaper marketing approach that gets results

By now we are all familiar with social media networks like Facebook, Twitter, YouTube, Blogs and LinkedIn. Although many people have personal accounts on these networks, a lot of people are at a loss when it comes to utilising the power of social media for marketing for their business. There are many reasons to use social media marketing including:

- very low cost
- access to the huge audience that use it on a daily basis
- the ability to easily integrate your marketing efforts
- the value of optimising your business online so that search engines rank it highly and
- building strong customer relationships by being able to interact with them on a variety of issues



So where do you start when organising your social media marketing? The first step is pretty straightforward: sign up for the social media platforms you want to use. Have a search for key interests and subjects that relate to your industry in the search bars of various social media networks and determine which have the most valued target audience for you.

After signing up it is important that you work at growing your network. Join in on conversations, start your own conversations, offer some promotional material (a discount perhaps), import your current database into the social network, create a fan page on Facebook and add all employees and link your social media pages with your current marketing (put a link on your website, business cards, signage).

Help retain your current followers by adopting the 10, 10, 80 rule in your social media marketing:

- 10% of your posts and interactions should be entertaining material, like clever YouTube video forwards or interesting quotes etc
- 10% can be outright business like a special discount for Facebook members or a reminder of the new products you have in stock and
- 80% is personality content like commenting on the charities you support or uploading a picture of your footy tipping competition winner

Personal content is anything that allows people to see your brand personality or culture. This 10, 10, 80 Rule allows you to create a relationship with your client and stay in front of them without annoying them and, if implemented correctly, will help your customers love your brand (We wish the same could be said for telemarketers!).

Frequency of updates really depends on the social media marketing you choose and the content of the updates, but most experts say a well rounded, interesting update once a week is enough to keep you in the consumer's mind.

'And in the end it's not the years in your life that count. It's the life in your years.'

Abraham Lincoln



Be sure to read each article with the mindset 'How this could apply to our business'. Thinking of it that way will guarantee that you get value. Also make copies for each team member. To really make sure something positive happens, work with your business development specialists to talk your team through ideas.

Business Plans – Some Questions To Consider

It's important to keep your business plan current, so you know your business is in good shape to meet changing conditions. Think about where you are now and where you want to go. Sounds simple, doesn't it? But have you thought about:

Business Overview:

Where is the business now?

- Structure?
- History?
- Competitors?
- Intellectual Property?
- Suppliers?
- Customers?
- Team Members?
- Management/Directors?
- Succession Strategy?

Business Objectives:

What are the objectives for your business?

- Sales?
- Profitability?
- Debt Position?
- Market Position?
- Technology?
- Team Members?
- Customers?
- Sale of Business?
- Retirement?
- Succession Plan?

Debtor Finance - Could Help Your Cash Flow

Recent reports indicate the considerable size of the debtors' financing and factoring markets. Have you thought about it in terms of your own business' cash flow? Businesses that are offering credit terms and then operating large debtors' accounts could consider freeing up a significant amount of their investment in debtors by entering into an arrangement with a bank or specialist debtor financing company for receipt of cash advances against the business' debtors ledger. This sort of financing doesn't normally require the business to mortgage personal assets as the financing is all reliant on the level of debt owing to your business.

If you would like to discuss the potential benefits of Debtors' Financing / Factoring for your business please do not hesitate to contact us.

What's It Mean?

Gearing... represents the level of borrowings expressed as a percentage of the value of assets.

Example:

$$\begin{aligned} & (\text{Borrowings} \div \text{Assets}) \times 100 = \text{Gearing \%} \\ & (\$62,000 \div \$100,000) \times 100 = 62\% \end{aligned}$$

Growth/Sales... measures the increase in the business' sales from the previous financial year normally expressed as a percentage.

Example:

$$\begin{aligned} & \text{Sales this year} - \text{Sales last year} = \text{Growth eg } \$2.3\text{M} - \$1.8\text{M} = \$500,000 \\ & \text{Growth} \div \text{Sales last year} = \text{Growth in percentage terms eg } (\$500,000 \div \$1.8\text{M}) \times 100 = 28\% \end{aligned}$$

Historical Cost... is the original cost for which assets are acquired. In a Balance Sheet, many assets are normally reflected at their cost price, thus being expressed at the historical cost not the current market value or realisable value of that asset.



177A Fraser Street, Tauranga

P 579 5011 F 579 5013

E info@rwlgroup.co.nz

www.rwlgroup.co.nz

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