

PolsonHiggs

Business advisors

Newsletter – February 2021

Happy new year and welcome to our first newsletter of 2021. The new year has got off to a rocky start with some minor Covid-19 scares, reminding us all that there will remain, for the foreseeable future, the need to be vigilant and to keep scanning.

In this newsletter we are going to cover:

- **New Year resolutions and Change**
- **2021 – What is your opportunity?**
- **Build Your Business Success**
- **FOMO**
- **It's time to create your budget.**
- **A change to Xero subscriptions**
- **New Webpage**

New Year Resolutions and Change



New Year resolutions are very common, with 45% of Americans making them (Kiwis are 29%). Mostly they are focused on self-improvement with the top three being:

1. 71% - losing weight and getting fitter.
2. 47% improving physical health and eating better.
3. 15% - learning new skills / hobbies.

All of which are admirable, but unfortunately on average 80% of them will be “forgotten” by the second week of February. The reason for this as we know is that real change is difficult and requires planning and commitment.

The New Year is also the time to look at changes in your business as you consider the year ahead. If you want those changes to last you should consider:

1. Your strategic plan, how will the change effect your long-term strategic goals?
2. How do they fit within your business plan?
3. What is the budget impact of the change? (On cashflow, capital expenditure etc.)
4. Talking with your business advisors for their opinion

In 2020 many businesses were forced to make changes, 2021 provides the opportunity for you to make the changes that you want. If you want to talk about a change or you're contemplating change feel free to contact your Manager or Partner at Polson Higgs who are happy to chat.

2021 - What is Your Opportunity?

We have all heard that the current situation with a global pandemic is unprecedented. That initially (and understandably) led to a major drop in business confidence. (In our [November Newsletter](#) we spoke about business confidence and the role it plays.) However, since we have left lockdown, confidence has improved and is currently at a net 16% of businesses expecting the economy to deteriorate, well down from the 68% in March 2020. In fact, 16% is comparable to the 18% of December 2018. (New Zealand Institute of Economic Research (NZIER) Quarterly Survey of Business Opinion).

As business confidence improves, more businesses will be looking for the opportunities that the changes made in response to Covid-19 have created. The question you should be asking yourself is “**what is my opportunity?**”. For example, if a competitor has downsized, has that created a gap in the market you can expand into?

If you have identified an opportunity, feel free to contact your Partner or Manager at Polson Higgs to talk about how we can help you make it happen.

Build Your Business Success

For 2021 Polson Higgs has created a series of three free seminars for our clients “Build your business success”. This series of one-hour seminars have been created to enable you to upskill yourself in key areas of your business.

Run over three months this is an exciting opportunity for any business owner to build on their existing skills. For more details on the seminars or to register [click here](#) or contact your Manager or Partner.



FOMO

We are all aware the property market is overheated with prices rising by record levels. This is a result of a number of factors including, low (1960's era) interest rates, lack of supply and FOMO.

FOMO is "the **F**ear **O**f **M**issing **O**ut, and in a recent report* 88% of real estate agents said that the fear of missing out was influencing the buyer's decisions. This is important because the person who has the power in any negotiation, is the one that can walk away. FOMO negates that power for a buyer, they cannot walk away because they fear that there is nothing else. If they do not buy today, they never will.

If you are a seller FOMO is great, however if you are a buyer it can be the cause of many sleepless nights. There is no "cure" for FOMO but understanding how it is affecting your decision-making process will enable you to make better decisions.

*Tony's View 28 January 2021

It's Time to Create Your Budget



It is that time of the year again, time to start thinking about your budgets for the year ahead...

Before you can sit down and create a budget you need to have created a business plan for the year. (See **2021 – What is your opportunity?**). That plan will drive what is in your budget, for example if you plan to employ new staff in August then that will change the salary costs from August forward.

The benefit of having a budget is that it enables you to have control. It provides visibility to what is happening within your business. It helps you to develop discipline around your sales/income goals and keeping expenses under control.

When making your budget, you should think about:

- Expected income
- Funding requirements
- All costs – particularly known costs such as overheads but also good estimates of more unusual/one off expenses
- Any planned capital expenditure

Try to be reasonable in estimating both income and expenses, and don't forget to include GST and other tax payments in your budget. If this is not your first budget, then look back on the previous year and compare your budget with how you actually performed. Investigate any large variances between your budget and the "actual".

If you have any questions about budgeting or would like some help and guidance with the budgeting process, we're always here to help. You can reach us at info@ph.co.nz

A Change to Xero Subscriptions

There have been changes to the Xero Starter subscription which may be of benefit to you and your business.

Until recently, Xero placed a limit of 20 bank reconciliations per month on the Starter plan. We are excited to let you know that Xero has removed this limit. In keeping the Starter plan at \$27.50 per month, this is now a more affordable option for businesses that send or receive minimal invoices, quotes and bills but still need a more extensive reconciliation function.

You are still able to add on optional extras, such as the payroll function, to the Starter subscription.

If you think a different Xero subscription would be right for you, or you want to discuss your options, then please contact us at xero@ph.co.nz



New Webpage - We have added a new page to our website and are gathering different resources for you to use. Check out [Polson Higgs Covid-19](#)

If you have a question about anything, please do not hesitate to ask on covid19@ph.co.nz.

Stay safe and keep in touch.

Kind regards

Polson Higgs Team