



# CooperAitken BalanceSheet

February 2022



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## A Blue Sky Day

By Megan Potter

Life in general moves so fast nowadays and often we don't put time aside for things that matter, as we navigate the hustle and bustle of everyday life. Sometimes these things include time to pursue a hobby, our health and well-being, and sometimes it is the big questions like – what happens when I'm not here anymore.

As professionals, unfortunately it is a common reality for us to witness the fallout of under preparedness in terms of business and succession planning.

- Small businesses in New Zealand make up approximately 97% of all New Zealand businesses. [1]
- Just 30% of family businesses succeed into a 2nd [2]
- 75% of private family businesses are still owned by the business founder [3] and only approximately 15% of baby boomer business owners have completed a succession plan – despite the fact they are now aged between 58-76 years old. [4]

The result of a failure to plan for succession can have adverse effects on business owners and their families, inevitably risking the opportunity to reap the rewards of years of hard work. [5]

There is a great risk to New Zealand's business success and structure as we know it, including land holdings, generational continuance, supply chains and employment, if this important matter isn't considered by business owners sooner rather than later. When considering this process you should realise its dual purpose; firstly for the business to successfully carry on once you essentially 'pass the baton', but secondly for the circumstance where you are no longer around or able to work as you currently do in the business.

There are two key aspects, which we believe are crucial in achieving a solid foundation in planning for the future – establishing and maintaining an adaptable succession plan and implementing an effective business plan, often going hand in hand. We encourage everyone in business to put their mind to these concepts, earlier rather than later – on a blue sky day.

All businesses should have a succession plan in place, or at least be taking steps to think about this concept, and we encourage you to involve your professional advisors. Depending on your business and your age and stage of life will determine what is more imminently

necessary – a business plan or the succession plan, often being intertwined in their establishment. Your lawyer, accountant and any other key advisors to your business, i.e. investment advisor/farm advisor. It is important to have the support and guidance of a team who understand your business, your values and goals.

The aim is to clarify what you want for the future and define the steps required to turn that vision into a reality. All while taking into consideration business, personal and family expectations. Managing family expectations is not always a straightforward process and navigating this can be eased with the help of your advisors.

We encourage as a first step – an initial planning session, to determine your goals, objectives and what you want to achieve from the process. A succession planning professional will guide your planning process and act as a sounding board while giving appropriate direction. Establishing a realistic timeline for each step of the process is also an important part of initial discussions and the overall success of achieving a final plan.

Organisational structure of the business is crucial. Clearly defining roles and responsibilities will not only assist with planning for the future but also in ensuring efficiencies in day-to-day operations. Considering a number of 'what if' scenarios is important and 'real' conversations should be had to identify and raise any potential issues, which may arise now, or in future, and threaten the success of a plan. A hard conversation now could avoid many conversations in future.

Defining your goals, both personal and in business, is crucial in determining the most appropriate succession options. Time should be given to evaluating your team and highlighting potential successors within the business.

The outcome of this process is not just about you – it impacts your employees, your customers and often your industry and community. How can you minimise possible impacts and ensure that what you are planning now will allow your business to succeed in the future?

It is important to think about your own position and what life will look like for you in future. Consider how you will live, e.g. your capital requirements to maintain your lifestyle once you exit or become less involved in the day-to-day business.

No one size fits all. The considerations and questions to be answered during this journey are very personal to you. Your personal and business goals may change over time and it's important to remember succession planning is a journey. Outside influences or significant events can impact and change your plans so adaptability and depth within a plan is important.

Achieving a plan, documenting it and implementing it is the end goal. Moving forward it is important to be mindful of appropriate timeframes to review your plan and update it as necessary. It appears a 'big task', this often being the reason it is left too late, or not considered at all, but with the right guidance and tools achieving successful succession is possible.

CooperAitken pride ourselves in offering our clients a progressive approach in all aspects of their business and in life. Talk to us about helping you plan for the future.

[1] "Small and Medium Businesses in New Zealand: Report of the Small Business Development Group" 2016 – Ministry of Business, Innovation & Employment [2] Harvard Business Review, April 2015 [3] PWC, Next Generation Survey of Family Business Leaders, April 2016 [4] Succession Reset, Pitcher Partners, 2014 [5] "Government Response to SBDG Report" – Ministry of Business, Innovation & Employment







## Sharp rise in complaints in Dairy Sector

Due to a recent sharp rise in the number of complaints received by MBIE relating to the dairy sector, the Labour Inspectorate, along with the Tenancy Compliance Investigations Team, will start visiting dairy farms from late February to assess their compliance with minimum standards of employment and tenancy. This is now a focus area for the Inspectorate, and follows similar exercises first undertaken in 2013.

According to Labour Inspectorate Regional Manager Callum McMillan, "The key objective of the visits is to ensure better compliance in the dairy industry across minimum employment and accommodation standards. This will include looking at employment agreements, record keeping and ensuring payments of at least the minimum wage. Of key importance will be the ability to produce records to show compliance in this area, this includes time and attendance records – i.e. timesheets & leave taken records.

"We have had success working in close partnership with the dairy industry, to ensure this important part of New Zealand's economy is meeting their obligations under labour and tenancy laws.

"As part of this industry-wide exercise, labour inspectors will talk with employers and employees, review records and we will also be accompanied by officers from MBIE's Tenancy Compliance and Investigations Team to assess standards of onsite accommodation for farm workers.

"More broadly, these visits will check that if a dairy sector employer is providing housing to their employees, that its compliant with the Residential Tenancies Act 1986 and that it meets the minimum standards aimed at ensuring the homes are warm, dry and safe."

Warranted Labour Inspectors plan to visit farms in both the North and South Islands.

"The industry has taken some steps over the last few years by setting expectations and establishing assurance systems and has support readily available for dairy farmers on matters of employment.

"These visits are an opportunity for employers to demonstrate compliance, but if noncompliance is found, the Labour Inspectorate and TCIT will consider the appropriate response which may include the issuance of infringement notices."

Here at Cooper Aitken we have the knowledge, expertise, and industry experience to help you negotiate any of the issues raised in the above article.

If you need help and/or support, please contact us on 0800 866 191 or email mail@cooperaiklen.co.nz.

# COVID-19



## UPDATES Close Contact Scheme

As part of 'Phases Two and Three' of the Covid-19 response the government have announced a 'close contact exemption scheme' which is intended to help businesses work through COVID-19 and not take out key staff.

Information can be found here about how to register, and whether you meet the criteria for a critical service. You will require a 'RealMe' login to be able to register. Your 'RealMe' login will need to be linked to your NZBN, if it is not already.

If your application for the 'Close Contact Exemption Scheme' is accepted, you will qualify to receive free Rapid Antigen Test (RAT) kits. However, these kits will not be available until you/your employee have been advised they are a close contact of a positive case. You will then be able to apply for the RAT kits here. You can order kits once every 8 days.

The Bubble of One option is available if you have a worker who is a close contact but is not customer facing and can maintain a 'bubble of one' while at work and meets all detailed criteria, you are not required to register for this.

If you do have employees that need to self-isolate, there is a short-term absence payment can be applied for here and a leave support scheme that can be applied for here.

Letters notifying if someone is a close contact will no longer be sent out, unless it is a case at a school or employees have registered as being at a place of interest.

Talk to our team if you are unsure what phases two and three could mean for your business.

## Proud to Support

### SURFING FOR FARMERS

We've loved being involved in the awesome Surfing for Farmers initiative this season. A great way to support mental health and get some hard working farmers off the farm and out for some VitD, a surf and barbie.

### NEW ZEALAND DAIRY INDUSTRY AWARDS - WAIKATO

We're wrapped to be supporting the Waikato Awards again this year, recognising some outstanding farmers in the Waikato. Wishing all the finalists a huge congratulations and the best of luck for final judging.

### MATAMATA INDOOR SPORTS & RECREATION HUB

We are thrilled to be supporters of the Matamata Indoor Sports & Recreation Hub. We're always looking for progressive ways to support our clients and wider communities, and it's awesome to be involved with a facility that will inspire health, wellbeing and a stronger community for years to come.

## OUR COVID RESPONSE

## WE ARE HIRING!

READ MORE



## SEEKING ALL ACCOUNTANTS Junior, Intermediate and Senior

