

SUCCESSION

(Buzz word of the moment)

Succession planning is a critical aspect of ensuring the long-term sustainability and success of a business. Here are some common succession options for businesses for consideration:

1 Family Succession

Passing to Family Members: This involves transferring ownership and management to family members, often children or other relatives.

Pros: Maintains family legacy, potentially smoother transition.

Cons: Potential for family conflicts, may lack necessary skills, create issues with existing staff.

2 Internal Succession

Promoting from Within: Identifying and grooming existing employees to take over leadership roles.

Pros: Continuity of business culture, employees are familiar with the business.

Cons: May require significant training, potential for internal competition.

3 External Succession

Hiring External Candidates: Bringing in new leadership from outside the organisation.

Pros: Fresh perspectives, potentially more experienced candidates.

Cons: Cultural fit issues, longer adjustment period.

4 Selling the Business

Third-Party Sale: Selling the business to an external buyer, such as another company

or an individual investor.

Pros: Immediate financial return, can be a strategic move, need to prepare the business for sale (See our article on increasing Business Value).

Cons: Loss of control, potential changes in business direction.

5 Management Buyout (MBO)

Sale to Management Team: Selling the business to the existing management team.

Pros: Continuity, management is already familiar with the business.

Cons: Financing the buyout can be challenging, potential for internal power struggles.

6 Employee Stock Ownership Plan (ESOP)

Employee Ownership: Transitioning ownership to employees through an ESOP.

Pros: Motivates employees, maintains business continuity.

Cons: Complex to set up, requires ongoing management, subject to tax rules.

7 Merger or Acquisition

Merging with Another Company:

Combining with another business to form a larger entity.

Pros: Synergies, increased market share.

Cons: Integration challenges, potential culture clashes.

8 Public Offering

Initial Public Offering (IPO): Taking the company public by selling shares on the stock market.

Pros: Access to capital, increased visibility.

Cons: Regulatory requirements, loss of some control.

STEPS FOR EFFECTIVE SUCCESSION PLANNING:

Identify Key Positions: Determine which roles are critical to the business's success.

Assess Potential Candidates: Evaluate internal and external candidates for these roles.

Develop Talent: Provide training and development opportunities to prepare candidates.

Create a Transition Plan: Outline the steps for a smooth transition, including timelines and responsibilities.

Communicate the Plan: Ensure all stakeholders are aware of the succession plan and their roles in it.

Review and Update: Regularly review and update the succession plan to reflect changes in the business and its environment.

Seek External Help: Add external advisers to your team. We have experts who can assist with this journey.

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Tips for an innovative sales approach Transfer pricing (TP) and training the team Two dangerous words in email 'Reply All' Using a company to circumvent paying trust tax at 39% Increasing business value (start early) Investment boost for business growth Tax calendar

Tips for an innovative sales approach

Reimagining sales strategies for success

In today's dynamic business landscape, innovation is not a luxury—it is a necessity. Sales teams must continuously adapt to new technologies, changing customer expectations, and emerging market trends. An innovative sales approach can set a company apart from its competitors and create lasting relationships with clients. Below are key strategies to make your sales approach inventive and effective.

1 Understand your customer at a deeper level

The cornerstone of any successful sales strategy is a profound understanding of the customer. Go beyond demographic data and delve into psychographic insights. What motivates your audience? What pain points do they face? Use tools like AI-driven analytics, surveys, and social listening to gather deeper insights and tailor your approach accordingly.

2 Leverage technology for precision

Technology is a game-changer for driving innovation in sales. Incorporate CRM systems to streamline communication, AI-powered tools for predictive analysis, and automation to handle repetitive tasks. Deploy chatbots for quick customer interaction and augmented reality for product demonstrations. The use of emerging technology can enrich the customer's experience and make your sales process more efficient and engaging.

3 Embrace a Consultative Selling Method

Customers today seek value, not just a product. Transition from a transactional sales model to a consultative one. Focus on identifying the customer's needs, educating them about their options, and offering tailored solutions. This approach builds trust and positions your team as partners in your client's success.

4 Personalise every interaction

Personalisation is no longer optional. Use the data you've gathered to craft highly personalised sales pitches, emails, and follow-ups. Addressing customers by name, referencing their specific challenges, and offering bespoke solutions can make all the difference. Customers are more likely to engage when they feel seen and understood.

5 Build a compelling story around your product

Storytelling is an art that can transform the way you sell. Instead of presenting dry facts about your product or service, weave a narrative that resonates emotionally with your audience. Highlight how your solution aligns with their aspirations or solves specific problems. A compelling story can turn a simple product into a memorable experience.

6 Foster meaningful relationships

Innovative sales are not just about closing deals—it is about building long-term relationships. Invest time in connecting



with customers beyond the sale. Engage with them on social media, invite them to exclusive events, and send thoughtful updates about your business. This ensures that clients see value in maintaining their relationship with your brand.

7 Experiment and iterate

Sales innovation requires a willingness to experiment. Test new approaches, whether it's a novel pitch or an unconventional outreach strategy. Use A/B testing to analyse what works best and iterate based on the results. Continuous improvement ensures your sales approach remains fresh and effective.

8 Differentiate through unique value propositions

In a crowded marketplace, your uniqueness matters. Develop a clear and differentiated value proposition that sets your product or service apart. Focus on what you can provide that competitors cannot—whether it's superior customer support, cutting-edge technology, or sustainable practices.

9 Combine digital and human interaction

While digital tools are invaluable, never underestimate the power of human connection. An innovative sales approach blends technology and personal touch seamlessly. Use digital tools to capture leads and provide analytics, but ensure your team maintains genuine conversations and human warmth during interactions.

10 Train sales teams to think creatively

Innovation starts from within. Invest in comprehensive training programs that encourage your sales team to think outside the box. Equip them with strategies to handle objections innovatively, use persuasive techniques, and adapt quickly to unexpected situations. Cultivating creativity within your team will reflect in their approach to clients.

11 Measure success with updated KPIs

Traditional metrics may not fully capture the effectiveness of innovative sales strategies. Develop new KPIs that measure customer engagement, retention, and overall satisfaction alongside revenue. Use advanced analytics and dashboards to track these

metrics and fine-tune your approach.

12 Partner with influencers and advocates

Leverage the power of influencers and advocates within your industry or social media platforms. Customers are more likely to trust recommendations from peers or industry leaders than direct advertisements. Build partnerships with these figures to expand your reach and earn credibility.

13 Incorporate sustainability and social responsibility

Modern customers are increasingly drawn to businesses that prioritise sustainability and social impact. Highlight your company's eco-friendly practices or contributions to social causes as part of your sales narrative. This approach aligns your brand with values that matter to your target audience.

14 Optimise your sales funnels

An innovative approach can only succeed if your sales funnel is optimised for efficiency. Analyse each stage of the funnel to identify bottlenecks and opportunities for improvement. Use automation to accelerate lead nurturing and employ retargeting campaigns for lost prospects.

15 Stay ahead of trends

Finally, to remain innovative, keep a close eye on emerging industry trends and customer behaviours. Attend conferences, subscribe to thought leadership blogs, and network with peers to stay informed. Proactively incorporating these insights into your sales strategy will ensure your approach remains ahead of the curve.

Conclusion

An innovative sales approach is not just about adopting the latest tools or techniques—it is about fundamentally rethinking the way you connect with customers. By combining personalised interactions, technology, storytelling, and a consultative mindset, sales teams can truly transform their strategy. Embrace experimentation, foster relationships, and stay attuned to evolving trends to ensure your sales approach remains a powerful driver of success.



Two dangerous words in email 'REPLY ALL'

It started so innocently.

A manager at a small firm was seeking advice from a colleague by email about a client's bill. The client had previously explained the bill in an email and included the email addresses of several sub-contractors and suppliers.

It had been circulated around the office via email. The manager hit "Reply" to his colleague ... or so he thought. Instead, he hit the dreaded "Reply All".

In the blink of an eye, his candid question about the client's "unusually creative" expense claims went out to everyone – office staff, the business owners, the client and their suppliers, who were still copied in.

Cue instant panic. Phones started buzzing. A flurry of follow-up emails ("Please disregard the last message!") only made it worse. It took an apologetic phone call and a lot of smoothing over to repair the relationship.

Thankfully, the client had a good sense of humour, but it could have been much messier.

Always, always double-check your recipients before you hit send. In business, confidentiality and professionalism are key.

Quick tip: If your email system allows it, turn off "Reply All" by default for group emails – or at least add a pop-up warning. A two-second pause can save you weeks of embarrassment.

Remember, nothing travels faster than an email you wish you hadn't sent.

Using a company to circumvent paying trust tax at 39%

Inland Revenue has released GA 24/01, which says setting up a company to hold income-earning assets – mainly to take advantage of lower tax rates – is generally not considered tax avoidance, unless it involves artificial or contrived features.

Let's say you inherit a large sum of money and decide to donate it to your family trust. Instead of putting it straight into the trust, you set up a company and have the trust own all its shares. The company would pay 28% tax on income earned from the money, compared to the trust's 39% tax rate.

If that sounds good, there are still a few things to keep in mind:

- The money would count as a loan to the company unless it's used as share capital. If you later forgive the loan, the company would have to pay tax on it.
- If you want to access the income from the company, you'd need to pay a dividend before the end of the tax year. That dividend would be taxed at 39% in the trust, but the company's 28% tax already paid would count as a credit.
- You could minimise the 39% trust tax by distributing the dividends declared to beneficiaries with lower tax rates.
- You can't backdate dividends. If you

realise after the tax year ends that you want to pay out a dividend, it's too late. You have to plan ahead.

- Setting up and running a company comes with extra admin costs.
- Depending on what kind of asset you're transferring, there might be tax complications.

Be careful with Inland Revenue's mention of "artificial or contrived features". This isn't a DIY project – if you're thinking about using a company to hold income-earning assets for a trust, get professional advice.

There are other ways to manage the 39% tax on trusts:

- If you have children aged over 16, you can distribute trust income to them, which could help cover things like university costs. For children aged under 16, you can distribute up to \$1000 per child before triggering trust tax rates.
 - Adult beneficiaries with lower tax rates can also receive distributions to minimise overall tax.
- Consider investing in Portfolio Investment Entities (PIEs), which are taxed at 28% with no extra tax owed. The bottom line? There are ways to reduce the 39% tax on trust income, but careful planning is essential. Get expert advice before making any big moves.



Increasing business value (start early)

Increasing business value is a broad topic that can encompass various strategies and approaches depending on the specific context of the business. Of importance is to start this journey early so that you are prepared for opportunities as they arise. Here are some key areas to consider:

1 Enhancing Customer Experience

Personalisation: Tailor products, services, and marketing efforts to meet the specific needs and preferences of individual customers.

Customer Service: Improve response times, offer multiple channels for support, and ensure high-quality interactions.

2 Operational Efficiency

Automation: Implement automation tools to streamline repetitive tasks and reduce human error.

Process Optimisation: Regularly review and refine business processes to eliminate inefficiencies and reduce costs.

3 Innovation and Product Development

Research and Development: Invest in R&D to create new products or improve existing ones.

Market Analysis: Conduct thorough market research to identify emerging trends and customer needs.

4 Marketing and Sales

Digital Marketing: Utilise SEO, social media, email marketing, and content marketing to reach a broader audience.

Sales Strategies: Develop effective sales strategies, including upselling, cross-selling, and customer retention programs.

5 Financial Management

Cost Management: Monitor and control costs to improve profitability.

Investment: Make strategic investments in technology, talent, and infrastructure to support growth.

6 Employee Engagement and Development

Training and Development: Provide ongoing

training and development opportunities to enhance employee skills and productivity.

Employee Satisfaction: Foster a positive work environment to improve employee satisfaction and reduce turnover.

7 Strategic Partnerships

Collaborations: Form strategic partnerships with other businesses to leverage complementary strengths and expand market reach.

Networking: Engage in industry networking to stay informed about best practices and new opportunities.

8 Data-Driven Decision Making

Analytics: Use data analytics to gain insights into customer behaviour, market trends, and operational performance.

KPIs: Establish and monitor key performance indicators (KPIs) to measure success and identify areas for improvement.

Business Tools and Advise: We have software that will help you work out where you are now and help develop a plan to get you where you want to be within your timeframe.

INVESTMENT BOOST

for business growth & kiwi saver reforms

Investment Boost

A standout feature of Budget 2025 is the introduction of the Investment Boost, a new tax incentive, introduced to encourage business investment that lifts wages and drives productivity.

Under this initiative, businesses can claim an immediate 20% tax deduction on the full cost of most assets that are first available for use on or after Budget Day (22 May 2025). This applies to a wide range of capital investments, including machinery, equipment, and technology upgrades.

However, the incentive excludes:

- Assets that have previously been used in New Zealand;
- Land though land improvements such as fencing may be eligible;
- Assets that will be held as trading stock;
- Residential buildings (dwellings);
- Fixed-life intangible assets, such as patents;
- Assets that are fully expensed under other rules, for example, assets valued below \$1,000.

The real benefit lies in the cash flow savings generated in the first year of acquiring eligible assets—particularly valuable for small and medium-sized enterprises (SMEs) looking to modernise operations or expand capacity.

KiwiSaver Reforms

Changes to KiwiSaver are set to make the scheme more sustainable and supportive of first-home buyers and retirement savers.

Key changes include:

- The default rate of employee and employer contributions for KiwiSaver will rise from 3% of salary and wages to 4% in two steps. From 1 April 2026, the rate will go to 3.5%, and from 1 April 2028, it will go to 4%. These increases are being phased in over a three-year period to help workers and employers plan ahead.

- Employees will be able to temporarily opt down to the current 3% rate if they choose and still be matched at that rate by their employer. This option is available for those who feel they are unable to afford the increased contribution for a time.
- The government will extend the government contribution to 16- and 17-year-olds from 1 July 2025 and extend employer matching to 16- and 17-year-olds from 1 April 2026.
- To make the scheme more sustainable, the annual government contribution will be halved to 25 cents for each dollar a member contributes each year, up to a maximum of \$260.72 from 1 July 2025. Members with an income of more than \$180,000 will no longer receive the government contribution from 1 July 2025.

While it's disappointing that government contributions are being reduced, placing the burden on employers, it's heartening to see the extension of KiwiSaver to 16- and 17-year-olds, encouraging them to start saving early in their working lives.

Our Views

The Investment Boost is a welcome surprise that offers immediate benefits that support SMEs to modernise and grow. As KiwiSaver contributions and public investments undergo transformation, the government is striking a balance between innovation and fiscal sustainability. While the KiwiSaver reforms shift more responsibility to employers, the extension of KiwiSaver to younger workers encourages early financial planning, and as a nation, we need to save more for our retirements!

We'll be keeping a close eye on how these initiatives unfold and whether they truly deliver on their promise to drive growth for both SMEs and the broader economy.



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Changes in Particulars

Please remember to let us know of any changes in:

- Physical address • E-mail address • Phone and/or fax numbers
- Shareholdings • Directorships • Trustees

Or anything else that may be relevant.

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Tax calendar

31 May 2025

Deadline for Fringe Benefit
Tax returns

30 June 2025

Last day to apply for annual FBT
returns

28 July 2025

3rd instalment 2025 Provisional Tax
(June balance date)

28 August 2025

1st instalment 2026 Provisional Tax
(March balance date)