



Solution Guide

FROM NATIONAL BANK BUSINESS BANKING

How to get the most out of your advisors

The support of quality advisors can make a big difference to the success of your business. This guide offers some pointers on how to choose advisors and how to get the best results from them.

The need for advisors

Most successful business people acknowledge that their success is in no small part due to the help they get from a carefully selected group of advisors. It is a mistake to think that you can do everything alone. Firstly, most people are unlikely to have all the specialised skills necessary to run a business and secondly, it's a recipe for stress and burnout. You simply don't have the time or energy to do everything well yourself.

Smaller business owners especially face the stress of isolation. Making decisions on your own can be an anxious process. But there's no need to do things alone or in isolation. Consulting others is not a sign of weakness: the better informed you are, the more likely you are to make quality decisions. Your aim should be to build up an effective network

of advisors that can really help you add value and profitability to your business.

The core advisory group

What kind of help are you likely to need? The core group for most businesses involves an accountant, a lawyer, and a business banking manager.

Getting accounting help

Your accountant is the advisor you'll probably speak to the most. Choose an accountant suited to your level of business. For instance, if you're a small business, look for a small business specialist rather than an accountant who has worked mainly with large corporates. An accountant who works mostly with small business clients is more likely to be aware of the special challenges faced by small business owners.

Industry-specific knowledge is also an advantage. For example, if you're a chemist, look for an accountant who has other pharmacy clients. An accountant familiar with an industry will be better placed to benchmark your business against industry averages and advise you on how efficiently your business is performing.

If you see your accountant only once a year, you're not making the best use of what they should be able to offer you.

Choose a proactive, forward-thinking accountant, not a historian. What you achieved last year can be revealing, but the more important question is: how can you improve your business this year? Ideally your accountant should work closely with you on a regular basis, providing the specialist financial skills you need to build the profitability of your business. For instance, a proactive accountant can help you to interpret the key ratios for your business, enabling you to spot trends and make any necessary changes promptly. For more on this topic, ask for the related *Solution Guide*, 'Checking the health of your business.'

Think about negotiating an agreed annual accounting fee (including regular consultations) that you can pay by monthly instalments. Many accountants offer such an arrangement, and spreading the payments

over 12 months this way is more manageable for many businesses than facing a consolidated fee at the end of the financial year. In addition, this kind of arrangement encourages a closer working relationship by eliminating the worry of getting a bill every time you contact your accountant. **As with all advisors, though, remember what you pay is less important than the value they can add to your business.**

You can reduce accounting fees by keeping accurate, up-to-date records. A major benefit is that you will know far more about the progress of your business than a 'store all the paperwork in a file until the end of the year' approach. If a disturbing trend emerges (such as a diminishing profit margin) you can take corrective action quickly before it damages the viability of your business.

Getting legal help

It's unwise to make decisions about legal matters without consulting a lawyer. The results could end up costing you many times a lawyer's bill for advice. If you're starting a business, signing a lease, getting entangled in a dispute, putting together a terms of trade document, wishing to protect a brand or idea, or many of the other business activities that require specialised legal knowledge, you would do well to consult a lawyer. **In particular, always call your**

lawyer before you finalise a deal - not afterwards.

As with accountants, choose the right lawyer for the job. Lawyers can be expensive and this makes it even more important to get the right one. Lawyers do specialise in certain fields, so the family lawyer might not be the right person to be your business advisor. Ask around and check several out before making your choice.

Try to make contact with your lawyer at least annually. Keep them up to date by inviting them to visit your business. Lawyers often have very useful business contacts and may prove to be a useful part of your network, especially if they are aware of your business plans.

Your banking relationship

The National Bank has acknowledged the importance of good banking relationships by establishing Business Banking Managers. Talk to your Business Banking Manager about how you can best use your time and skills to help you try and achieve your goals.

Other advisors

From time to time you might need other specialist advisors, for example:

- A marketing consultant to help you improve your sales, advertising and

promotions, and develop your marketing strategy.

- A management consultant for advice on such aspects as the organisational structure of the business, staffing levels, management styles, risk management, project management or efficient business systems
- An Information Technology (IT) expert for knowledge on how to improve your e-commerce programme, network your office computers, install specialised software (such as a database system) and so on.

Choosing effective professional help

Here are some tips to make sure you find the right advisors:

- Use your business networks to find prospective advisors. Ask business contacts and support agencies who they use, or ask organisations you belong to, such as your Chamber of Commerce, industry group, or Employers and Manufacturers Association.
- Check potential advisors' credentials and any previous work they may have done. Ask for names of previous clients so that you can check the standard and quality of and results of their work. Remember they are probably only going to refer you to their most successful

clients, so try to find others they've worked with as well.

- You'll be in a much better position to judge what they advise you to do if you've done some research yourself first so you can ask the right questions.

Consultants succeed or fail on the strength of their work, so do check their track records. For example, if you're looking for a marketing consultant, there's absolutely no point in spending any money until you're satisfied the consultant has helped a business similar to yours significantly improve its turnover.

Establishing a productive relationship with advisors

Here are some tips:

- Be clear and specific about the results you want from the consultant. Write a brief defining the objectives that you want to achieve with the aid of the consultant.
- If appropriate, set specific targets and action timelines.
- Make sure you give them all the information or resources they need to get the job done.
- Remember you're entitled to ask them to make some commitments, and, if appropriate, to sign a contract.

Asking about professional fees

People can be intimidated by professionals in smart offices, or feel it's somehow 'bad form' to ask about fees. But remember you are the client: so ask straight out about costs as you would for any other person you do business with. If appropriate get quotes and require them to stick to those quotes unless there are good reasons for any increase. After all, you're paying, and that should put **you** in the driver's seat.

Build in cost reporting

When costs are involved make sure these are reported at regular intervals so that you can check against the original estimate and make sure there will be no cost blow outs that might exceed the benefits from a project or consultation.

Other forms of help

Consider also these other forms of advisory help:

Mentors and coaches

Consider asking an experienced business person to act as a mentor to your business, or getting mentoring help from such programmes as Business in The Community (www.businessmentor.org.nz or phone 09 525 0380).

An advisory panel

Think also about setting up an advisory panel consisting of key advisors and business contacts that could meet at regular intervals to help you manage your business.

For more on these alternative forms of advisory help, ask your Business Banking Manager for the related *Solution Guide*:

‘Eleven ways to combat the isolation of being in small business’.

Summary

- Successful business people don't operate in isolation. They work instead at steadily extending their business network. The most successful business people have very extensive business networks. Business advisors form the core of such networks.

- Don't hesitate to ask for help because you're worried about receiving a bill. Weigh up the cost of not getting advice (for example in a transaction involving legal or tax matters).
- Cheap advice might be useless. You generally get what you pay for.
- Seek advisors who are able to add far more value to your business than their fees.
- Set guidelines and expected results for your dealings with advisors.
- Use the free help on offer, such as BITC mentors.

Consultants and advisors exist to give specialist advice to business or industry. They are there for your benefit: use them wisely and they can make a substantial contribution to the success of your business.

Further information:

To talk to someone about your business banking needs call 0800 16 88 88 and we will put you in touch with the Business Banking Manager nearest you or visit www.nationalbank.co.nz/business

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