

KNOW HOW

Exponential disruption & exponential organisations

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OCTOBER 2015 ISSUE



Welcome to the October edition of BDO Know How where we share business updates and news. If you would like more information on the issues discussed, or would like to share your views, please get in touch. We'd love to hear from you.



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Yours sincerely,



ADAM DAVY
Head of Advisory BDO New Zealand

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EXPONENTIAL DISRUPTION AND EXPONENTIAL ORGANISATIONS

According to many leading commentators the next 20 years will be characterised by a continuous increasing rate of technological disruption for many of the mass occupations that people perform. This will be led by a range of organisations who are taking advantage of technological advancements that are already disrupting our way of working and thinking.

The video clip link below is of a presentation by Singularity University's Global Ambassador and Founding Executive Director, Salim Ismail. He provides an in-depth look into exponential organisations and how they're disrupting industries around the world. These companies are being driven at a speed far greater than what was previously accepted as the norm for innovators by harnessing the power of technological advances.

"Interesting stuff lies ahead..." says Salim, referencing things like Google's self-driving car which has the potential to affect everything from road capacity to real estate values, as well as agricultural advances like vertical gardening in drought-stricken areas and crowd-sourcing sites that utilise advances in social media and internet availability to allow consumers to fund the development of products that they want to see in the market.

Go to: goo.gl/DXQ2qW

- Provided courtesy of Zephyr Consulting Ltd



MANAGING YOUR CASH FLOW USING TECHNOLOGY

A healthy cash flow can sometimes prove difficult to sustain, especially if your business has a number of outstanding customer invoices not yet paid. Fortunately, and through the progression of technology, many new and exciting accounting systems have emerged that make shoebox accounting nothing more than an interesting anecdote of a bygone day.

Through the evolution of cloud computing, with accounting software packages from Xero and MYOB leading the way, invoices can be drafted and issued on the spot, and then emailed directly to the customer. These support systems are also capable of processing banking information automatically, and can alert users of outstanding invoices left unnoticed.

If you find yourself struggling to maintain a healthy cash flow, and you think an update to your accounting system might help, then why not take advantage of the benefits cloud accounting software packages now offer us? Please call your trusted BDO adviser for further advice about the options available.



Sage Pastel

Business Partner



BDO INFORMATION SYSTEMS WINS SAGE AWARD

At the Sage Evolution business partner conference in Australia we were awarded the Platinum Sales Award for 2015 and Schalk Swanepoel was awarded the Sage Evolution Product Champion award for 2015.

PLAYING TO THE CONDITIONS

With the Rugby World Cup now underway, employers may find themselves considering requests for leave or flexible work hours during this time. With the games being played in England and Wales, rugby fans will be waking up at all hours to watch their favourite teams play, potentially turning up to work late or tired, or not coming to work at all.

The Rugby World Cup should be seen as a chance for Employers to check their current policies around approving leave and staff taking unauthorised leave, and ensure they are clearly communicated and understood by staff. These policies should outline:

- ▶ Employer expectations
- ▶ Leave request processes
- ▶ Consequences of unapproved leave

From March 2015, all employees have a statutory right to request flexible working arrangements, including hours or days of work and place of work, under Part 6AA of the Employment Relations Act 2000. An employer has a duty to consider such requests within one month, and grounds for refusal include negative impact on performance or quality, inability to reorganise work, a burden of additional costs or other such factors.

During this tournament, the key is to be open with your staff around your expectations, and engage with them early to discuss flexible working hours or leave approvals. This will allow you to plan ahead to mitigate any disruptions, and should reduce any unapproved absences. This could be viewed as an opportunity to increase team morale by a minimal amount of flexibility on your part.

If you wish to pursue disciplinary action as a result of unapproved leave or persistent lateness, an employer has an obligation to ensure any such decision is justified. Employers need to have a good reason and follow a fair process prior to taking disciplinary action, and any reasons for disciplinary action must be reasonable to an independent observer. What is seen as fair and reasonable can vary depending on the circumstances so we recommend employers seek legal advice prior to commencing any disciplinary action, especially if the ABs lose!



WITH ALL THE RECENT ADVANCES IN MOBILE TECHNOLOGY I'M LOOKING FOR A NEW WAY TO CONNECT WITH MY CUSTOMERS. IS THERE A WAY TO BREAK INTO THIS MARKET?

Humans have always been a creative bunch when it comes to communication. From our cavemen ancestors using a simple marking on a cave to indicate safety or danger to the Shakespearian writers creating elaborate odes and poems. Jump to the information age and we are bombarded with useless emails and advertisements in the form of junk mail and spam. Businesses can struggle in this new environment to build customer relationships but there is a new way that highlights the importance of I.T. development in the app market.

Push notifications are becoming increasingly important as a customer engagement strategy as emails become a tool of the past. A push notification is when a smartphone app sends you an alert based on your interaction with the desired content. The significant benefit of this is streamlined and filtered messages that won't clog up your inbox. This simplistic but amazing feature allows businesses to communicate user targeted information that customers can quickly respond to. Research from mobile engagement company Urban Airship suggests that push notifications can lead to a 3x faster response time than email. Couple this with the integration of smartphone technology services such as GPS and push notifications become a truly powerful marketing tool for your business. If you need a personal marketing channel with your customers, consider developing an app and take advantage of push notifications! For more information regarding push notifications, see the following link:

<https://www.appmakr.com/blog/the-benefits-of-including-push-notifications-in-an-app/>

TRUST ADMINISTRATION – WHAT’S MINE’S MINE, AND WHAT’S YOURS, I’LL HAVE HALF!

We heard a story recently that made us sit up and take notice. It was a timely reminder that trust administration is essential to ensure that your trust is not, your alter ego.

The story goes like this.....a loving couple met later in life, both having personal wealth from previous marriages. Taking legal advice they decided to each settle a trust and transfer their personal assets to them, and both commenced a gifting programme.

The wife was a little more diligent around her trust administration than her husband was. Her trustees were a friend and her lawyer. Financials statements and tax returns were prepared annually, meetings held, resolutions prepared documenting and evidencing transactions, and the all-important gifting was done religiously!

The husband on the other hand was a bit haphazard. He appointed his best mate and drinking buddy as a trustee. Financial statements were done on the back of a packet of cigarettes, meetings were infrequent, resolutions not prepared, and importantly, the husband used the trust bank account in much the same way as he operated his own personal bank account. Gifting was sporadic, and not well documented or evidenced.



After 15 years of marriage the relationship broke down – acrimoniously, it should be said.

By this time the wife had gifted off all her wealth to the trust and some years had passed since the last gift was made. Both the husband and wife made a claim on the others trust assets. The matter was settled out of court but the wife retained her assets that were in her trust, whereas the parties agreed that the husband’s trust was an ‘alter ego’ of himself. This meant, the husband’s trust did not exist as there was no intention to create a trust relationship. The outcome was that the husband’s trust assets were in fact owned by him in his own name. They were therefore subject a matrimonial claim.

Heaven knows what the husband did to incur such wrath, but it is a lesson for us all that trusts need to be administered properly.

For cloud based trust management and administration software, BDO works with organisations such as Trustworks and CCH i Trust.

BDO WELLINGTON TO AUCKLAND CYCLE CHALLENGE

Sunday 14 to Saturday 20 February 2016.

► FIND OUT MORE



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