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Reverse delegation

What do you say when a person gets into the habit of coming directly to you with a problem and asks, "What do you think I should do?"

Your subconscious urge will be to provide your recommendation, or even make the decision for them. Your ego gets stroked because you get to play "the expert." It feels good.

I call it "chasing the bone." Someone throws you the bone, and you run off to fetch it. You bring it back excited. You get to feel like a hero. Mission accomplished.

But if you are their manager / leader, I suggest you are making a big mistake without realising it. Unwittingly you make the person dependent on you for problem solving and decision making. You are missing a valuable coaching opportunity to grow the capabilities of the person.

Rather than being an effective delegator, you have become the victim of "reverse delegation." Your people won't think through the issues and make decisions, because it's easier to come to you. When people become dependent on you for decision making, this makes you a bottleneck to company growth.

It's time to take control (no more chasing the bone!) Stop playing the hero, and start developing a team of people who can think for themselves and make good decisions.

I recommend training your people to use GROW framework:

G = Goal. What is our goal here? (State the desired outcome. Make sure everyone is aligned on this)

R = Reality. What is the reality right now? (State the facts)

O = Options. What options do we have? (List all options, and the pros and cons of each option)

W = Will. What will we do? (State recommended course of action)

Take control, by throwing the challenge / issue back to them

I even encourage people to present issues to me in writing

using this exact framework, so I can discuss their thought process with them and understand how they came to their conclusions. You GROW your people by turning each suggestion or problem they have into a valuable coaching and teaching opportunity.

Yes, things may take longer to resolve initially, but you must be disciplined if you want to stop getting sucked into "reverse delegation." Whenever someone comes to you asking what they should do, push back, and ask the person to go away and present their issues to you in this manner until it becomes their new default behavior.

Your ultimate goal is to coach your team members to use critical thinking to solve problems and make great decisions without you needing to be there all the time.

Alternatively, if there are decisions where they really do need your input or sign off, you want them to present a range of options (ideally at least two) along with their thoughtful recommendation as the decision they would make if it were up to them to decide.

This makes your job so much easier. You are now becoming a leader who is growing a team of leaders.

Who can you use the GROW method with this week?

Source: Results.com

Shareholders' agreements

If you're working in a company in which you own shares, do you have an agreement with your co-shareholders? These are called shareholders' agreements.

A and B worked together in a panel-beating business. A died suddenly, leaving everything to his wife, so she became the new shareholder. B didn't like Mrs A and

wanted to buy her out but they couldn't agree on a price. Mrs A took advice and became difficult to deal with.

Your shareholders' agreement should provide a way for shareholders to sell their shares if they want to get out of the business. Your solicitor will be able to list other things you should consider.

Check router for data blowout problems

A blowout in your consumption of uploading and downloading data on the internet could be because of several factors.

If you don't usually send or receive large quantities of data, consider checking the router.

One small businessman upgraded to ultra-fast broadband in October last year and while he was on holiday the following May there was a sudden surge in his uploading. Since he was not using the computer, this was a little odd.

A tech checked everything before blaming the supplier. Eventually, he connected the computer directly to the cable modem and shut down the router. The uploading problem immediately vanished.

It appears the quality of the router supplied was highly suspect. The broadband supplier agreed to replace it. But in the meantime, a lot of money had been spent on sorting out the problem.



It was unrealistic to claim this back from the broadband supplier, who caused the problem, for some fairly obvious reasons. A month after starting to use the new router, usage has dwindled.

Our recommendation

If you strike this problem, try and isolate it to one device. Your router might be faulty and that's your internet service provider's responsibility. It's all too easy for large ISPs to supply cheap, poor quality routers. You pay. They don't. A review of the last six months usage in our example showed the fault had been there probably from the beginning.

Network for new business

Some people don't like networking, because it can take them out of their comfort zone. But business is all about relationships, and networking is an important way of building those relationships to bring you a regular supply of new business.

It's not just about attending meetings and exchanging business cards. Cards will most likely end up in a drawer and do no good for your business unless you build a relationship with the card holder.

Here are a few tips for effective networking: Be pro-active and focused. That means seeking out and talking to people who you believe are important for your business.

Attend meetings and get to know the people who make things happen. They might not be the ones who directly provide new business, but they most likely know someone who can. Find out if there are meetings of people in your line of business.

Offer to join the committees of business groups. Speak at network meetings about your business. You don't have to be a public speaker, just be passionate about your work.

Follow up. If someone says "Give me a call", make sure you do. Call anyone who shows interest in your business.

Learn from the best. Talk to the best people in your line of business. They'll most likely be flattered if you offer to take them for a coffee to ask them for advice.

Source: Small Business Institute Limited

NZ in tax swap information deal with United States

New Zealand has entered into an agreement with the United States for information sharing in response to a US Act called the Foreign Account Tax Compliance Act (FATCA).

Our financial institutions have to provide information about US citizens to the US Government. Citizens of the US are subject to tax on their worldwide income, even if they live in New Zealand. If you are a US citizen, be sure to tell the IRS about any income you have derived in New Zealand.

It works both ways. The New Zealand Government will receive similar information about New Zealand residents who have accounts in the US. Please call your regular accountant for more information.



Low interest employee loans

The prescribed interest rate for determining the taxable value of low-interest loans provided to employees for FBT purposes has been reduced from 6.70% to 6.22%.

The reduction applies from the quarter beginning 1 July 2015 so something to consider when preparing the current quarterly returns.

If the actual rate of interest paid by the employee is equal to or exceeds the prescribed rate, no fringe benefit arises for the particular quarter or period of the loan.

PAYING HOLIDAY PAY

Calculating and paying holiday pay is easy when you know what your obligations are and Inland Revenue has a calculator to help you work it out.

How to calculate Holiday Pay

The holiday pay calculation is easy to work out for an employee's annual leave and statutory holidays. You need to include holiday pay as earnings in the period that you pay your employee. If you don't have a payroll package or a payroll provider, there are two ways you can work it out:

- Use your employee's annual entitlement. Currently, employees are entitled to a minimum of four weeks annual leave after being employed by you for a year.
- Use 8% of your employee's gross earnings. You can only use this option if your employee:
 - Has a fixed-term employment agreement
 - Is a casual employee
 - Stops working for you and has only accrued part of their leave entitlement

To work out how much tax to deduct from holiday pay, use Inland Revenue's Calculate tax on holiday pay calculator.

Cashing up Annual Leave

Your employee's can "cash-up" a maximum of one week of their annual leave if you both agree. Cashing up annual holidays can only

happen at the employee's request and it must be submitted to you in writing. Employees can request to cash-up less than a week and more than one request can be made until a maximum of one week of annual leave is paid.

Once you have agreed to cash-up a portion of your employee's annual leave, you need to provide the payment as soon as possible, which will usually be the next pay day. The value of the payment must be at least the same as if the employee had taken the holidays.

Payroll tips for cashed up leave

- Cashed-up annual leave should be treated as an extra pay or unexpected bonus.
- Because it's treated as an extra pay, pay as you earn (PAYE) should be calculated using the rates for lump sum payments.
- If your employee usually has student loan or KiwiSaver deductions made from their pay, deduct these from the cashed-up annual leave as well.
- Your employee's child support liabilities and Working for Families Tax Credits entitlement may also need to be adjusted if their family income has changed.

Employer's can't encourage or pressure employees into cashing up leave. Likewise, cashing up can't be raised in wage or salary negotiations or be a condition of employment. Requests to cash-up can't be included in employment agreements, but an employment agreement can outline the process for making a request.



Employee engagement

8 things so rarely discussed

The two biggest challenges facing business today are growing leaders and engaging employees. Solve those two problems and most days are going to be very, very good to you.

One of the qualities of being a leader is you must be a learner, with an inquisitive mind very focused on finding not only solutions for today but for problems, challenges, opportunities yet to stand at your desk and demand your attention. I know you are a leader because you subscribe to this newsletter and you are reading this post on employee engagement to find out what you've been missing.

For employee engagement an ocean of data and reports, tips and studies, principles in bold fonts and pretty colors on beautiful slideshows awaits us at the end of a few clicks on our keyboards.

Over time we noticed that certain topics were either avoided or implied, left to the reader to deduce after a series of painful discoveries. Here are eight.

1 Engagement Is a Personal Choice

It is a choice we make every day, all day. Executives, managers, most junior employees, all of us. Yes, there are obstacles, just like there are in every part of our lives, personal and professional. Progress comes from how we choose to respond. Do we engage, finding a solution or not? Do we fight and seek out resources and tools and allies, do we speak up and insist our engagement be recognized and respected? Or, do we opt out with cynicism and silence?

2 Engagement Starts at The Top

Yes, this appears to be a contradiction. Life, love and business thrives as we resolve our contradictions.

Fundamental to our list of choices is our need to survive. While engagement is a personal choice, we look to our business leaders to tell us what behaviours help us survive. Judging from the dismal employee engagement numbers, 70% of U.S. employees are not engaged, too many employees are being told that their survival is made easier if they remain disengaged.

If you are unsatisfied at your employee's engagement, ask yourself what cues are you sending to your employees on how to engage? How are you engaging with them?

3 It is Simple

Engaging with others is a primary drive and survival skill. We are born with them.

Watch children, even newborns play. No one tells them to make eye contact, listen, communicate their feelings and opinions. Those skills are in abundance every day. So are the virtues of compassion, empathy, trust, acceptance.

It is the only way we learned, grew, had fun, laughed, celebrated. The more we engaged, the happier we were. Opportunities abounded.

4 It is Not Easy

Learning a new habit is never easy. Some studies show we need 66 days. However, before relearning how to engage with our colleagues, too often we must first unlearn bad habits of seeing our colleagues and their success as threats to our status, perks, income, corner offices. We

developed those habits as means to survive and thrive in the topdown, command-and-control hierarchies that no longer work.

How long will that take?

Employee engagement requires us to renew the habit of seeing each other as partners, as teachers, as resources and trusted colleagues... even friends... our successes result from not despite our colleagues.

5 One Size Does Not Fit All

As employee engagement is a personal choice so are the ways and means to engage with each person. A backslap and 'nice job' to one can be an irritating interruption to another. Public recognition is grand for one, embarrassing and awkward for another.

Your guiding star is your honesty, empathy and willingness to learn each day what works for each person and for your group. Tomorrow it will change.

6 Some Will Not Engage

Not everyone will engage. Some find the lack of accountability to be an adequate tradeoff for the lack of recognition.

Some find change too scary.

Some lack the willingness to engage with their life, their distrust or cynicism or latent anger is too deep.

The choice you, you and that person, will need to make is to find another position or another company.

7 It is the Best of Times; It is the Worst of Times

Who knew Charles Dickens was an early employee engagement expert?

Very few days will deliver the excitement and satisfaction of working with an engaged and motivated group of people. Sharing a common goal, understanding and respecting each person's roles, recognising their contributions, debating and challenging each other for more, finding and delivering more... whew! It is exhilarating.

Very few days will deliver the hair-tearing, head-thumping, must-go-for-a-walk, experience that comes with your first steps discovering how to engage, when to engage, who's engaged.

8 You Have No Choice

This is not a contradiction if you want a thriving, sustainable, cash-flow positive business. Your only choice is to foster an engaged culture, filled with people who are excited, energised, pushing and demanding for more and better solutions. The pace of change is too fast for one person at the top of the pyramid to deliver mandates that solve everything. The talents and desires of those in your organisation are too great and too expensive to be ignored.

Guest blog post by Zane Safrit, @ZaneSafrit
Author of the book. *Recognize Them: 52 Ways to Recognize Your Employees In Ways They Value*



Tax facts – transfer pricing

The IRD has broadcast a two year focus on multinational businesses. They will be targeting taxpayer groups with turnover in excess of \$80m and also specifically targeting multinationals who have the following transactions;

- 1 Unexplained tax losses
- 2 Loans in excess of \$10m
- 3 Payment of unsustainable royalties and service charges
- 4 Material transactions with low tax jurisdictions
- 5 Supply chain structures out of New Zealand
- 6 Unusual arrangements or outcomes

Any combination of one or more of the above creates a high level of IRD audit risk for your clients regardless of turnover.

The *de minimis* threshold for the IRD's administrative practice for service charges, more commonly known as management fees, has increased to NZ\$1 million to align with the Australian Tax Office (ATO). Under the administrative practice the IRD has specified a fixed mark-up to satisfy the arm's length principle meaning a limited scope document can be created at reduced cost for smaller tax payers.

The IRD has also identified wholesale distributors as the most common form of multinational business in New Zealand. As a result entities in this sector now have a high level of transfer pricing risk. Wholesale distributors defined as small, turnover of under \$30m, the IRD will seek clarification where weighted average profit-before-tax is less than 3% of sales.

PLAN

to make business
**bigger,
better**

It doesn't matter how small your business is, planning should make it bigger. For small businesses best results are likely if you focus on boosting sales – but NOT at cut prices.

Don't think of a number and say: "That's my target". Do think of a number and think about how you will achieve this. Write down your plan.

- Who is going to do what
- How much is going to be done
- By what date?
- We call this an action plan.

Now hold regular meetings with your spouse/partner/friend to review how you're doing. Always stretch a bit. It's not good business planning to set easy targets. The following example might help.

I'm a painter and have just set up in business from home. I decide sales of \$50,000 should be realistic for my first full year. My main problem is to establish a regular flow of work.

- I decide I need to be better known so joining an organisation which will achieve this should be in the plan. Be sure to get on the committee. It's important to be seen. Offer your services. Don't wait to be asked as that might not happen. Look for other realistic ways to boost your business.

- Advertising? Be very selective and measure the effectiveness. It's a hit and miss affair. Don't be afraid to change.

- Meeting people who might refer work to me is high priority.

- So I'm not forgotten, I'll send out newsletters and of course, I'll make use of the social media.

- I'll also send a card each year or ring the customer on the anniversary of when

Accountants talk of budgeting. This is putting dollar amounts to a business plan. What is a business plan? It's anything you like! Why do we urge you to plan? Because you'll get better profits if your plan is a success.

the job was done to make sure they're happy with the work.

- When I've completed jobs, I'll ask for references I can post on my website to help me be successful when tendering.

- When I do tender, I'll be sure to explain the advantages of choosing me.

- I'll use the advantage of being solo. All the work is done by a professional – me.

- I'll be first in with my tenders because I know most people want instant gratification and hence they won't want to wait for the slow coaches, or those who never respond.

- When I do each job, I'll discuss with the owner how to make the paint job last as long as possible. I'll tell them about regularly washing the house and other simple maintenance.

- I know people damage the walls so I'll also offer to return annually or after two years (your call) to touch up where needed, for which I'll charge an hourly rate.

- I'll make sure when the house does need a repaint, I'm the only one considered for the job, by keeping in touch and providing excellent service.

- I'll always ask the customer if they know of anyone else who needs some painting done.

Have we got you thinking? You could plan and boost your income. Try it NOW. You must write your plan down. Then follow it. The more thinking you do the better. No pie in the sky targets, please. Putting dollars to your plan (budgeting) will confirm it's workable.

Finally, if all seems to be going to plan, check regularly to ensure you're making a profit.

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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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