

Under Pressure

Each year I look forward to ANZ's release of their [Privately-Owned Business Barometer](#). It's a great insight in to the current thinking of around 2,000 medium sized kiwi companies.

Here's what caught my eye in last week's release of the 2009 Barometer:

Businesses in the transport, finance and communication sectors are more optimistic than others

- If your business allows, consider allocating resources to target these specific sectors.

Reducing costs (49%) was the primary response to the downturn, followed by more actively engaging with clients (34%)

- Remember you can only cut so much cost. While this can have an immediate impact and provide a longer timeframe for riding out a downturn, it's revenue generation based on solid client relationships that will ensure true business viability.

79% of the businesses undertake long term strategic planning and 73% document the plan

- I couldn't discern if this was a 6% or a 27% difference but either way: if it ain't documented it ain't a plan.

Only 11% of businesses have a formal succession plan in place

- Given that 62% of shareholders surveyed are 50+ and 23% are 60+ am I the only one to see trouble looming?

54% of respondents feel management are interested in taking over and that 60% are capable of taking over. But only 7% of respondents rank sale to management as their number 1 choice of succession.

- I'm surprised at 7% particularly given there was appetite elsewhere in the survey for owners to make a graduated exit. Transition of ownership to management makes graduation much more feasible than an external sale.

48% of businesses with turnover less than \$5 million have no Board

- There was direct correlation between size of companies and prevalence of a Board. Do bigger companies find a greater need for a Board or do companies with Boards become larger businesses?

37% of smaller businesses (< \$5m turnover) are unlikely to separate Board and management meetings

- Separation of management and governance has been shown as a key plank of successful businesses. Elsewhere in the survey formulating strategy was seen as the key role of a board – this is very difficult to do when strategic and day to day operational items are on the same agenda.



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Desired attributes of a trusted advisor were strategy (24%), independence/different thinking (15%) and trustworthiness (12%).

- These three attributes scored higher than industry expertise, being well connected, and, interestingly, maximizing shareholder value. I made my notes!

