Additional material for Chapter 1, Unit 6, page 31

Employer–employee relationships

Creating and maintaining positive relationships between employers and employees is critical for business success. Businesses that invest in strong employment relations can reap many benefits, mainly in the area of improved employee loyalty and productivity. Employees who feel satisfied and valued are more likely to be productive and effective in assisting business owners and managers to achieve the business's objectives.

Sometimes business owners experience conflict in their dealings with outside stakeholders. They would not wish there to be disharmony also with their employees.

Effective employment relationships require good faith from both parties. In this unit (Chapter 1, Unit 6) you learned about the rights and responsibilities of employers and employees under the Employment Relations Act 2000. Where good faith exists on both sides, employees are likely to be happy in their work because they are employed in a healthy and safe work environment, communication is good and there are incentives for employee motivation.

Employees' commitment to the organisation cannot be assumed. It is likely to occur when employees feel they are being treated fairly and are being paid appropriately for their skills and experience, and that they are being respected by their employer. Having a loyal workforce improves employee retention, thus reducing the cost of recruitment, hiring and training. Another benefit of a stable workforce is that the employer has a trained and skilled set of employees.

Many workers value being able to participate in decision making. Employers who do not allow such input can still enjoy the support of their employees, providing the latter are kept in the communications loop. Continuous interaction with employees should be maintained, with workers kept updated about policies, procedures and decisions. Well-informed employees will make sound decisions and are likely to remain motivated.

Depending on the size of the workforce, it would be wise for a business owner to have a formal structure for employee representation. The system could be used to:

- communicate employees' views to management
- create an atmosphere of mutual trust between employees and management
- strengthen both parties' understanding of workplace issues
- deal with workplace issues as they arise in the hope that they do not become full-blown industrial disputes.

Some or all workers in the business will elect to join the union relevant to their work. Unions exist for two main reasons: to represent their members and to negotiate with employers. An employer–union relationship does not need to be confrontational. There are several advantages of unionisation from the business's viewpoint:

- a union's collective agreement for a category of work can serve as a useful starting point for the employer when negotiating employment agreements
- the union can be a supportive partner in helping a business undergo significant change such as restructuring
- employee morale and motivation may be improved if the workers know that their interests are being protected by a union.

Whether or not the small business workplace is highly unionised (that is, has a high percentage of workers who are union members), workers and management will want to avoid industrial dispute. Such disruption, especially if it is drawn out, causes damage to both parties.

Activity

1. Consider possible impacts of industrial disputes and add them to the chart below. Three examples have been given.

Damage for employees	Damage for the business
Lost pay if strike action is taken	Lost productivity leading to lost revenue and profits
Potential loss of jobs if the action is prolonged	Damaged reputation if the dispute is reported in the media
Can be divisive for staff members, such as those who are not union members	Possible loss of customer support

2. There are many examples of businesses that enjoy positive, constructive relationships with their employees. In many workplaces in New Zealand, staff members nominate their work sites as 'best places to work'. Do internet research on the results of these nominations in 2015, and on the 2016 winners.

Additional material for Chapter 1, Unit 9, page 37

Financial documents and Inland Revenue Department (IRD) requirements

A business must have a good accounting system in order for the owners to be able to meet tax obligations, more easily understand how the business is performing, and make sound business decisions.

An effective accounting system relies on good record-keeping practices.

What financial documents does a business need to keep?

All of the information in the following section has been sourced from the Inland Revenue Department (IRD), at:

http://www.ird.govt.nz/non-profit/np-records/keep/np-records-keeping.html

It is useful to visit this website to see examples of documents mentioned below.

Anyone who starts a business has put a lot of thought into exactly what it is they want to do. Having your own business is exciting and allows you to do what you're good at and enjoy. You want your business to succeed, and in addition to your skills as a plumber, hairdresser, computer expert (or whatever the business is about), you also need to keep your records in good order to achieve business success. Record keeping should be accurate and complete.

Your business records should include:

- banking information
- proof of income
- proof of expenses
- cash books
- wage books.

A business owner need to be organised, and business records must be kept up-to-date and then filed and stored for seven tax years.

Having good, accurate records is important for any business because this:

- makes filling in tax returns easier and quicker
- enables the business's tax agent or accountant to do the books quickly (and so the business saves money)
- gives business owners information needed to manage the business and help it grow
- makes it easier to get a loan.

Inland Revenue Department (IRD) requirements

It is a legal requirement for businesses to keep tax records. This means that a business owner must keep records that make it possible to calculate the income, expenses and GST liability of the business. These records will enable the IRD to confirm the business's accounts if necessary (for example, during a routine IRD audit of the business).

Business owners can get advice about record keeping from an IRD Community Compliance Officer, free of charge.

Tax records to be kept are:

- receipt and payment account books
- bank statements
- invoices (including GST tax invoices)
- receipts
- any other documents that are necessary to confirm entries in the business accounts
- stocktake figures
- wage and KiwiSaver records for all employees
- interest and dividend payment records.

There are also a few other, more general IRD requirements:

- In New Zealand, financial records must be written in English.
- All financial records must be kept for seven years, even if the business ceases operating.
- Even if the business's tax returns are filed electronically, a paper copy of the return (and supporting records) must be kept for seven years.

You can watch IRD's video about record keeping here. https://www.youtube.com/watch?v=BkC0QzFvwH8

Keeping records of the business's income

The business owner needs to keep the following documents as records of income earned.

- Tax invoices, if the business is registered for GST and is invoicing a customer/client or another person who is also registered for GST.
- Other invoices (for example, invoices for supplies of $50 or less, which do not require a full tax invoice even if the business is registered for GST).
- Credit card sales. All copies of credit card vouchers and voucher schedules must be kept.
- Debit notes. If the prices of a business's goods or services increase after the original invoice was issued, notes, clearly marked as 'debit notes', must be sent to the business's customers to advise them of the price increase.
- Credit notes. If the prices of a business's goods or services decrease after the original invoice was issued, notes, clearly marked as 'credit notes', must be sent to the business's customers to advise them of the price decrease.
- Cash register tape. Some businesses make many cash sales and therefore are not required to issue tax invoices for each sale. However, all cash sales should be recorded on a cash register tape, and this must be kept.

Keeping records of the business's expenses

The business owner needs to keep the following documents as records of business expenses.

- invoices for purchases of goods or services for the business, that are worth more than $50
- evidence of payment (e.g. invoices, cash sale dockets, till receipts) for purchases of $50 or less
- evidence of credit card purchases (credit card vouchers, payment receipts and statements), and the invoice issued when the item was bought should also be kept.

Tax invoices

A tax invoice is valid only if it has the following features:

- the words 'tax invoice' on it, in a prominent place
- the name and GST registration number of the supplier
- the name and address of the recipient of the goods or services
- the date the tax invoice is being issued
- a description of the good and services supplied
- the quantity or volume of the goods and services supplied
- *either* the total amount of tax charged, the price excluding tax and the price inclusive of tax, *or* the price for the supply and a statement that includes the tax charge.

For specific information about the following topics, use the following hyperlinks on the IRD's website:

- Keeping a wage book
- Keeping records on computer for audit
- Deposit books
- Cashbooks
- Banking records and drawings
- Records of expenses
- Petty cash books

Additional material for Chapter 1, Unit 10, page 45

Measuring business success

In this unit (Chapter 1, Unit 10), you learned about the characteristics of successful businesses and that an important measure of success is the extent to which a business meets its aims and objectives.

Provided the aims are expressed as SMART goals, it should be possible to evaluate them.

Example: Goals that can be evaluated

- To increase profits by 20% within the next 12 months.
- Between 1 March and 30 August, open accounts with a further 48 business clients for the supply of roasted coffee.

Key Performance Indicators (KPIs)

SMART goals can also be referred to as Key Performance Indicators (KPIs).

The idea of **key** relates to the importance of the goals to the business. The business owner must consider what he or she must get right for the business to succeed. What areas of performance are critical for survival, for profit or for growth?

Measuring goals in terms of **performance** reminds the business owner that there must be quantifiable targets so that it will be easy to tell whether the goal has been met. A '20% increase' in profit can be measured. On the other hand, the goal of 'increasing profit' is vague; a 1% increase in profit would mean that the goal has been met, but the vague goal does not provide a specific challenge for the owner.

Indicators are measures of success.

While owners of small businesses – sole traders, partners or shareholders – do not have public accountability, they should record and periodically monitor a set of relevant KPIs. These can be shared with supporters of the business, such as staff members, or the business's bank, accountant, lawyer or mentor.

There is a saying, 'what gets measured gets done'. This is the case with KPIs. If they are written and shared, they will assume an importance to the business owner. In order for performance to be improved, it needs to be tracked. If key performance indicators are not monitored, areas of poor performance may be overlooked.

There should be a KPI for each part of the business – such as finance, marketing and sales – but the list should not be too long or it will be overwhelming for the business owner.

While KPIs are tangible measures of success based on data, some business owners define the success of their business in intangible ways. Values of sales and profit are tangible indicators that can be seen on an Income Statement, just as an increase in the bank account on the Balance Sheet is a clear signal that the business is doing something right. However, some other indicators cannot be measured in dollar terms but may also show that the business is becoming more successful.

Activity

1. In the right-hand column of the following table, explain how each of the listed indicators can mean that the business is achieving success.
2. Add another indicator of your own.

Indicator	How this contributes to business success
Increase in brand recognition	
Positive feedback from customers	
Number of 'likes' on social media	
Stable and loyal workforce	
Growing customer base	

Case studies

Individually or in small groups – your teacher will advise – conduct some research into the tangible and intangible measure of success of at least one New Zealand business.

(There is a list of examples of New Zealand businesses on page 18 in Chapter 1. Other ideas appear in the list below, or research a New Zealand business of your own choice.)

New Zealand Entrepreneur	Business they are associated with
Sarah Gibson	Redvespa
Jamie Beaton	Crimson Consulting
Rose McMahon (teenpreneur)	Little Miss Rose
Lizzi Hines	Spaceworks
Dan Radcliffe	International Volunteer HQ
Adriana Christie	The Pallet Kingdom
Vaughan Rowsell	Vend

Additional material for Chapter 2, Unit 5, page 75

Consumer and business confidence

Measurements of business and consumer confidence in the economy provide good indicators of the direction in which the economy is heading.

A consumer's confidence about his/her personal financial situation will affect his/her economic decisions.

Example

Ali, who has recently been made redundant at the age of 46, is nervous about the prospect of gaining a permanent job in his specialist field. He has cancelled plans for a holiday in Australia and has delayed plans to upgrade his car.

Back when Ali felt more confident about the stability of his job and income, he spent more. Now that he is employed in a different field on the minimum wage, Ali's consumer confidence is low. He is taking care to spend less and save more.

It is difficult to gather information on and accurately measure levels of confidence felt by all individuals, so there are tools to measure the degree of optimism that consumers feel about the overall state of the economy and their personal financial situation.

One tool is the One Network News / Colmar Brunton poll which is carried out monthly (except in January) and more frequently around election time. One thousand eligible voters are surveyed through a random nationwide selection process. One of the questions asked is whether the responder thinks that during the next 12 months the economy will be in a better state than at present, or in a worse state.

Another of the several tools used to measure consumer confidence is the ANZ-Roy Morgan Consumer Confidence Index. Every month 1 000 people are asked five questions in a random telephone sample. The questions are:

1. Would you say you and your family are better off financially, or worse off than you were at this time last year?
2. This time next year, do you and your family expect to be better off financially or worse off than you are now?
3. Thinking of economic conditions in New Zealand as a whole: in the next 12 months, do you expect we'll have good times financially, bad times or some good and some bad?
4. Looking ahead, what would you say is more likely: that in New Zealand as a whole, we'll have continuous good times during the next five years or so – or we'll have bad times – or some good and some bad?
5. Generally, do you think now is a good time – or a bad time – for people to buy major household items?

The ANZ-Roy Morgan Consumer Confidence Rating is 100.0 plus the simple unweighted average of the difference between the percentage of respondents who give favourable and those who give unfavourable answers to five key questions.

Read the article titled 'Consumer confidence at a six-month high' (22 November 2015) by Jonathan Mitchell at:

http://www.radionz.co.nz/news/business/289511/consumer-confidence-at-a-six-month-high

A relationship exists between consumer confidence and changes in retail sales. Consumer confidence surveys provide useful information for business owners who are reflecting on their business's performance and on whether changes might be the result of external factors.

Business owners can also access the results of business confidence surveys to help with forecasting their short-term business activity.

Again, there are several tools that are used to measure business confidence, including the *ANZ Business Outlook Survey* and the *Quarterly Survey of Business Opinion* run by the New Zealand Institute of Economic Research (NZIER).

Read the article titled 'NZ business confidence ends 2015 at 8 month high' (18 December 2015) by Paul McBeth at:

http://www.scoop.co.nz/stories/BU1512/S00716/nz-business-confidence-ends-2015-at-8-month-high.htm

Additional material for Chapter 3, Unit 1, page 105

Skill shortages

A skill shortage occurs when employers cannot fill, or have difficulty in filling, vacancies for a particular job. Skill shortages can be widespread in a region or country, or they can be specific to a specialist skill.

Activity – Reasons for skill shortages

Skill shortages occur for a number of reasons.

Find examples of shortages that have occurred as a result of the reasons listed below. The first one has been done for you.

1. A strong economy with low rates of unemployment.
   Example: New Zealand in the 1950s.
2. Aging workforce and the reduction of new workers entering the workforce.
   Example: ______________________________
3. Growth of new industries for which there are few employees already trained.
   Example: ______________________________
4. Technology changes within an industry.
   Example: ______________________________
5. Growth in demand for new skills or work practices.
   Example: ______________________________
6. Lack of job seekers' interest in particular industries.
   Example: ______________________________
7. Growth of new industries for which there are few employees already trained.
   Example: ______________________________

Skill shortages usually occur in specialised areas of knowledge and there are often shortages of experienced workers. Immigration New Zealand compiles lists of immediate and long-term skill shortages.

http://skillshortages.immigration.govt.nz/

Immediate skill shortage list	Long-term skill shortage list
This includes occupations where skilled workers are immediately required in New Zealand and indicates that there are no New Zealand citizens or residents available to take up the position.	This identifies occupations where there is a sustained and on-going shortage of highly skilled workers both globally and throughout New Zealand.
Examples:	**Examples:**
Forest scientist	Arborist
Quantity surveyor	Viticulturist
General practitioner	Building surveyor
Environmental engineer	Dentist
Anaesthetist	Paediatrician
Sonographer	Geophysicist
ICT security specialist	Snow sport instructor
Food technologist	Scaffolder
Environmental research scientist	Baker
Veterinarian	Chemical plant operator

Activity – Occupations in demand

Go to the Immigration New Zealand website and find five more occupations that are in heavy demand. Choose ones that you have a particular interest in – perhaps occupations you are keen to go into when you finish your education or training.

Immediate skill shortage list	Long-term skill shortage list

In addition, the Immigration New Zealand website lists areas of skill shortage affecting the construction industry in Canterbury. These shortages have arisen since the earthquakes of 2010 and 2011 and the subsequent rebuilding programme.

Read the article titled 'Opportunities for tradespeople abound but New Zealand lacks the skilled and semi-skilled workers to meet demand' (12 December 2015) by Dionne Christian at:

http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11560101

Activity

Use the *New Zealand Herald* article mentioned above or your personal research to answer the following questions.

1. What is meant by *infrastructure*?

2. What is meant by *blue-collar worker*?

3. What is meant by *white-collar worker*?

4. What does the abbreviation *OE* stand for?

5. What does the abbreviation *EPMU* stand for?

Current and potential workers were given advice in the *New Zealand Herald* article above. But what about businesses? What can business owners do to ensure that there is a supply of trained/experienced workers when they are needed?

Workforce planning is about businesses forecasting their current and future staffing needs, then addressing matters relating to the supply of labour. Dan Heyworth is chief executive officer of home design and build company, Box Living.

Read the article titled 'Dan Heyworth: How to find and keep good staff' (19 May 2015) at the link given below. In the article Mr Heyworth discusses how his business recruits staff and anticipates future staffing needs.

Resources http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11449223

Here is a list of some other useful approaches a business can take to ensure that current and future skill needs can be met.

- Introducing flexible working conditions to retain current employees and create an incentive for potential employees to join the business.
- Improving the skills of existing employees.
- Employing trainees and apprentices for on-the-job training.
- Developing relationships with local schools and tertiary providers to expose them to the business and provide them with opportunities to gain experience in the workplace.
- Investigate 'thinking-outside-the-box' recruitment practices, such as recruiting older people or long-term unemployed people; sponsoring a skilled migrant; finding a candidate through Workbridge, and so on.

Government and the education community have the responsibility to do research and anticipate future training needs in order to ensure that there will be enough highly skilled workers in emerging industries to meet the labour needs of the business community.

Additional material for Chapter 3, Unit 3, page 118

Bad debtors

Early in the life of a business the owner must decide whether or not to allow credit sales. This is a decision to be taken very seriously, as it will have an impact on cash flow and on profit.

Some very small businesses may allow customers short-term credit – without the business having a full debtors (accounts receivable) system. For example, the local dairy might allow a regular customer to buy bread, milk, etc. during the week provided the customer clears the debt within a short time frame. The dairy owner would need to feel very confident that the shopper can be trusted to pay their debt on time.

Prior to allowing credit to a customer, the business should gather comprehensive information about the potential debtor, including details about an alternative person who can be contacted in case the business cannot get in touch with the debtor. In addition, the business may choose to perform a credit check by seeking credit references from other businesses that have allowed credit to the potential debtor. This process allows the business owner to judge how 'risky' the customer might be as a debtor.

Activity

Name three types of business that are unlikely to offer customers credit. State why it is likely that the business requires payment once the sale has been concluded. An example has been provided.

Type of business	Reason immediate payment is required
Motels and hotels	Travellers may be hard to trace after they leave the accommodation.

Some small businesses feel they must offer credit in order to remain competitive. If they do not allow credit, customers may go elsewhere and buy from businesses that allow them to 'buy now, pay later'. This alone is a motivating factor for many businesses: they wish to maintain or grow their customer base.

However, the business should grant credit only if the positives of doing so outweigh the negatives. Let's consider some of the downsides of being a credit provider.

The effect on revenue/income

While it is convenient for customers to delay making payment for goods/services they have purchased, it is not immediately convenient for the business.

Revenue from sales will be delayed for:

- the discount period, for example 10 days (the standard period of credit is generally 30 days but the customers might be offered a discount, perhaps 2.5%, if they pay within 10 days), or
- the credit period, 30 days, or
- a longer period if the customer is late making his or her payment.

In the meantime, the business will have to pay its suppliers for the stock, probably within 30 days. You can see why it is important for the debtors to be chosen well and managed well so that their payments do not become overdue.

The probability of bad debts

Unfortunately most businesses that offer credit experience bad debts at some stage. These are debts that are not repaid by debtors. Small businesses are especially vulnerable to bad debts because they are less likely to have specialist accounts staff whose role is to manage debtors. Bad debts occur for a variety of reasons; some examples are given below.

- A debtor's circumstances may change. The person/business may have every good intention of repaying the debt, but something happens to prevent them being able to honour the debt.
- An individual debtor (person) may be declared bankrupt. That is, a court rules that they are insolvent as their debts exceed their ability to repay their liabilities and living expenses. A corporate debtor (business) may go into liquidation. This means the business assets are not sufficient to cover the business liabilities. (In Chapter 1, you learned that in the case of sole traders and partnerships, business owners' personal assets may need to be used to repay business debts.) In the case of bankruptcy or liquidation, part or all of the debt may remain unpaid.
- An individual debtor might, for whatever reason, choose to default on repaying his/her debt. The person may feel he/she can get away with this, knowing the business has few resources to chase them for repayment. However, the business would be wise to report the default to a credit agency as a warning for other businesses who might allow the bad debtor credit in the future.

When developing a credit policy, a business should allow for some percentage of credit accounts that will never be paid. That is, the business owner should create an expense line in the business's budget for 'Allowance for doubtful debts', so that any bad debts that eventuate do not take the owner by surprise.

Reduced cash flow

If the business is operating on limited cash flow, the prospect of having debtors who pay their accounts late can be very unnerving. Having late payers is like putting the future of the business in other people's hands – people who have no interest in whether or not the business remains viable.

While waiting for debtors to pay, a business may need to use credit in the form of an overdraft or business loan to meet commitments such as rent, wages, supplier payment and loan servicing. Late-paying debtors reduce cash flow or cash reserves in the following ways:

- interest would need to be paid on an overdraft or loan
- if cash reserves are used to fund regular commitments, the business could earn less in bank interest.

To offset these risks of extending credit to customers, many businesses increase their prices.

In summary, a business that chooses to offer credit should design and use a good credit control system. This involves:

- establishing policies on how much credit to give, and on repayment terms and conditions
- carrying out credit checking and allowing credit only to customers who have a good credit history
- developing processes for chasing up late debts, such as sending reminders and threatening legal action
- providing incentives to customers for prompt payment
- maintaining thorough and accurate record keeping
- forecasting cash flow so that worst-case-scenario situations can be anticipated and planned for.

Additional material for Chapter 3, Unit 3, page 122

Credit tightening

Without bank loans and overdrafts, many businesses would be unable to finance their business activities. The cost of this credit is interest. Interest rates can strongly influence a business owner's ability and willingness to borrow for expansion of the business or simply to help fund day-to-day operations.

Interest rates are dependent on the volume (amount) of money in the economic system in the form of:

- cash in banks
- cash lent to borrowers/consumers via credit cards, car and home loans
- cash paid by businesses to their employees
- cash that is generated in the business and investment sector.

When buying demand is higher than the amount of cash in circulation, that cash is worth more. The interest rates charged by lenders will reflect the scarcity value of cash. That is, when banks lend cash out, they charge a high rate of interest that reflects the scarcity value of that cash.

During a 'credit crunch' or 'credit squeeze' there is a tightening of the conditions required to obtain a loan from banks or, more commonly, interest rates increase.

In New Zealand, the Reserve Bank of New Zealand (RBNZ) sets interest rates to control the level of economic activity and inflation. It does so by reviewing the official cash rate (OCR) eight times a year. A high level of borrowing by individuals and businesses can cause a situation where demand for goods exceeds supply. To discourage borrowing, the Reserve Bank will increase the OCR. Banks' market interest rates are generally held around the OCR rate but vary between banks as they each compete to get business. Following an upwards adjustment in the OCR, banks announce their new interest rates.

Interest rate increases can affect a business in two ways:

- the firm will have higher costs because it is paying more interest to its lender
- sales may fall as the firm's customers with debits have less income to spend. Businesses that make or sell luxury goods are hit hardest when interest rates rise as customers are likely to reduce their spending on non-essential items.

Of course, not all businesses are reliant on debt. Some have surplus funds to invest. At a time when interest rates are high for borrowers, they are also very appealing for investors. At such times, the financial system needs money to lend out so banks are willing to pay high interest rates on deposits.

Additional material for Chapter 3, Unit 7, page 139

Pandemics

A **pandemic** is an epidemic disease that has spread across populations over large areas such as continents, or even globally. A health condition is only described as pandemic if it is infectious.

A pandemic has the potential to severely disrupt a business's staff, customers and its operation. Just how much disruption is caused will depend on the severity of the pandemic and how well prepared the business is.

Examples

Severe acute respiratory syndrome (SARS), avian flu and swine flu (caused by the H1N1 virus) are examples of pandemics.

Activity

Research one of the pandemics listed above, and one earlier worldwide pandemic. Consider how the disease was spread and what the impact the pandemics had on the population.

Business owners would become aware of a pandemic through the media. Ideally, a business would already have a continuity plan in place to deal with a pandemic or other emergency situation. Successful planning will involve talking to employees and suppliers and the plans made will be flexible enough to provide enough options for the business to respond to a range of scenarios.

It is necessary to think of steps the business can take before, during and after a pandemic.

The biggest risk in a pandemic situation is close contact between people: i.e. staff members interact with one another and with customers. Therefore it is important to put in place steps to eliminate the risk of possible infection through person-to-person contact.

The following steps represent a 'best practice' response to a pandemic. (Not all of these steps will be appropriate for every small business.)

Minimising impact on employees

- Forecast and allow for employee absences. Business owners should recognise the human dimension to a pandemic. Employees will have legitimate personal and family responsibilities during the pandemic period so business planning will need to treat these responsibilities with humanity, not as an inconvenience.
- Allow employees to work from home. Consider limiting the number of people in the workplace at any one time by offering varied shift patterns or flexible hours.
- Train staff in the use of protective equipment, good waste disposal practices and personal hygiene. Provide infection control supplies such as hand sanitisers, tissues and receptacles for their disposal.
- Encourage and track annual influenza (flu) vaccinations for employees.
- Establish policies for preventing the spread of illness at the workplace; e.g. by promoting cough etiquette and prompt exclusion of workers with influenza symptoms.
- Establish policies for employees who have been exposed to the pandemic, are suspected of being ill, or become ill at the workplace; e.g. mandatory sick leave.

Minimising impact on, or risk from, customers

- Work with staff to enable the business to remain open for as long as possible and return to 'business as usual' as soon as possible.
- Offer internet shopping or other self-service options in order to minimise person-to-person contact.
- Maintain contact with customers via the business website and signage to communicate the extent to which the business is operating, and its pandemic status.

Minimising impact of the pandemic on the business

- Identify indispensable employees and other inputs (e.g. raw materials and suppliers) that are essential for maintaining business operations.
- Train and prepare a back-up workforce (perhaps relief or casual staff, or family members) in case essential employees are not available during the pandemic.

- Predict the potential impact of a 'worst case scenario' on the income statement.
- Establish an emergency communications plan and revise it from time to time. This would include identification of key contacts, a chain of communications and processes for tracking and communicating the pandemic status of business and of employees.

Case study

The following case study features a New Zealand business that developed two product lines which would help cover the country during an influenza pandemic, one of which it is aiming to export.

Read the article titled 'Pandemic preparation creates new opportunities for NZ manufacturer' from Industry Capability Network (ICN) newsletter (19 May 2015), at:

http://www.icn.org.au/case-studies/new-zealand/pandemic-preparation-creates-new-opportunities-nz-manufacturer