



Manufacturers and Exporters Association
The independent voice of manufacturers and exporters

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Canterbury Manufacturers Association New Zealand Engineering Federation

Living off the Land? By John Walley

My recent talk to a group of Local Council CEO's in Westport on 'What to do when the holes in the ground are empty' reflected the challenges associated with the wider New Zealand economy. The West Coast's obstacles to economic success, a lack of size and domestic isolation, mirror those of New Zealand on the global stage.

Problems of isolation and scale separate suppliers from buyers in the bigger markets, and the small size of the local market makes the development and sale of differentiated products and services more difficult. Small local markets make the amortisation of development costs difficult to deal with, and product specifications more risky. The day to day communication, cultural and transport costs all add to the difficulties.

Like the West Coast there is a tendency for New Zealand to rely on land based activities where there is an inherent advantage, rather than taking on the risks of seeking to create an advantage.

The problem with this approach is that the living off the land has its own limits to growth. At some point the holes in the ground will be empty, tourists might find it too expensive to visit and only the renewable segment will persist. Agriculture, aquaculture, forestry, hydro energy production, all have a place – it is worth thinking through what else might be possible.

Isolation drives higher transport costs; the remedy is high value, low weight, low volume or even weightless products like software. Building this sort of economy must become our overriding focus.

For agriculture this means growing, processing and finish packaging food prior to export. It also means promoting high value manufactured goods to extend our export profile beyond the agricultural sector.

Extracting greater value from mining and forestry has been a problem on the West Coast, the raw materials are sent elsewhere to be processed further or shipped overseas. Due to difficulties in finding skilled labour and adequate infrastructure, only a small part of the supply chain occurs within the region meaning that there are limited employment opportunities in what is a resource rich area. As a result, little money feeds through to the local economy, leading to poorer services and an exodus of young talent. This is a self reinforcing cycle.

The same problem exists at a national level with young New Zealanders moving offshore to take advantage of better opportunities. It is important that the tax system incentivises high value adding industries through a research and development tax credit.

Staff training should be similarly encouraged, and investment in new

plant and equipment should be deductible in the first year to encourage innovative firms to invest and develop.

These initiatives will support more skilled jobs and enable New Zealand to keep its skilled workers – this is essential if we are to see a knowledge based economy which many claim to promote.

Professor Paul Callaghan is doing a presentation to the NZMEA President's Function on this issue on Tuesday the 31st of March, which will develop this idea further, and provide some insight into how New Zealand can develop a more innovative economy.

visit our website ...
www.mea.org.nz

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Sales Hold, but Outlook Still Shaky

The latest New Zealand Manufacturers and Exporters Association (NZMEA) Survey of Business Conditions completed during February 2009, shows total sales in January 2009 increased 0.93% (export sales increased by 7.3% with domestic sales decreasing 3.0%) on January 2008.

The NZMEA survey sample this month covered NZ\$425m in annualised sales, with an export content of 41%.

Net confidence rose to -54, up from the -73 result reported last month.

The current performance index (a combination of profitability and cash flow) is at 90.5, down from the previous month's 96, the change index (capacity utilisation, staff levels, orders and inventories) went down to 94 from 96 last month, and the forecast index (investment, sales, profitability and staff) is at 88, down on the previous month's result of 91.3. Anything less than 100 indicates a contraction.

All respondents reported markets as their most significant constraint.

Staff numbers for January decreased year on year by 5%.

"Sales revenue held up last month despite declining index numbers and continuing concerns over markets," says NZMEA Chief Executive John Walley. "With the lower dollar exporters are getting larger margins but volumes are dropping. Poor local demand has resulted in reduced domestic sales."

"Unfortunately we have seen lower volumes translate into fewer staff. With the index numbers indicating that staff levels and investment are likely to track down further in the immediate future, this trend has the potential to continue. This is a concern not only for the short-term, but may also lower production capacity over the medium-term."

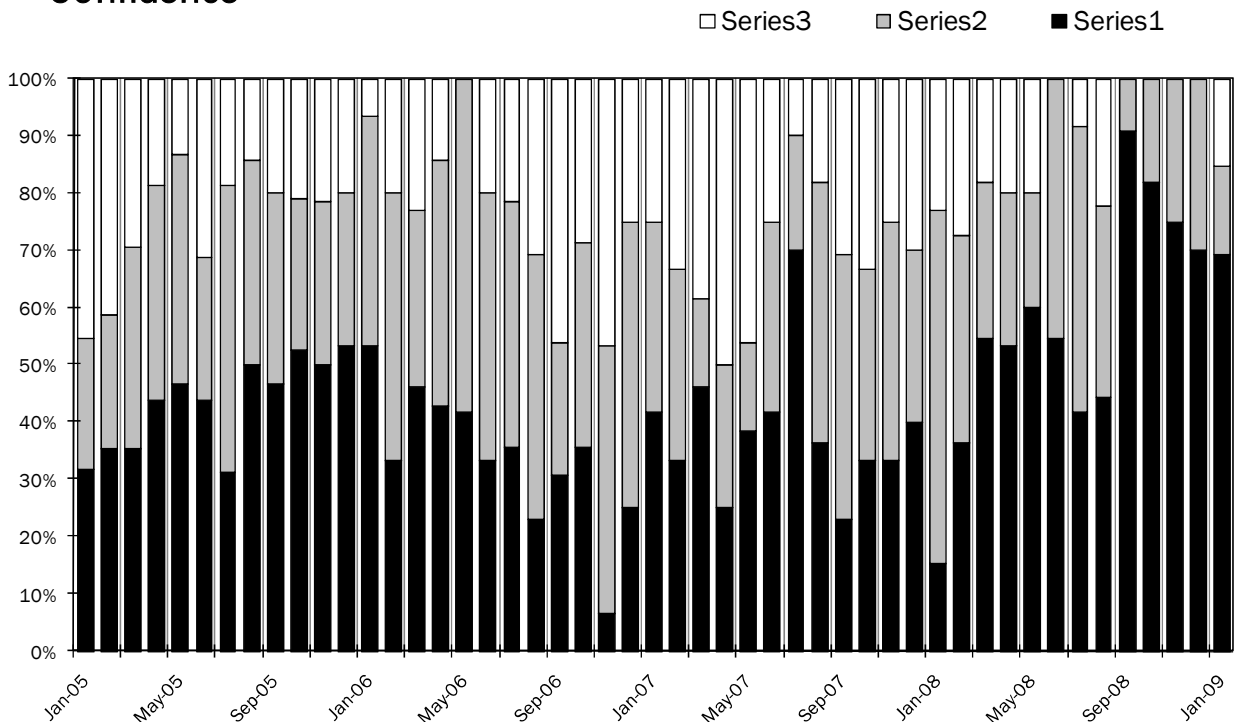
"Overall confidence has risen again but it is worth noting there was still very little positive sentiment. The confidence rating has now been in negative territory for a full year, which is a worrying sign given that investment in the tradeable sector is usually the spark to pull the country out of recession."

"As interest rate cuts, tax cuts and a raft of stimulus measures feed through into the global and local economy, a reset in the minds of consumers becomes important so that some of the money is spent, rather than being used to retire debt or increase savings."

"The Job Summit will help build this confidence if real and concrete results follow through from the ideas. We now need to see the next stage - forming solid proposals on how productive firms can continue to create jobs, as well as how to manage and minimise job losses."

The New Zealand Manufacturers and Exporters Association survey gathers results from members around New Zealand. It provides a monthly snapshot of manufacturers and exporters' sales and sentiment.

Confidence



Tramways Decision Reheard in the Employment Court

The litigation between *NZ Tramways and Public Transport Employees Union Incorporated & National Distribution Union Incorporated v Transportation Auckland Corporation Limited and Cityline (New Zealand) Limited* has been through its latest incarnation. The issue centred around the annual leave clause in the relevant collective agreement and whether, after the increase in the minimum entitlement of annual leave from three to four weeks on 1 April 2007, the employees became entitled to five weeks leave in accordance with the leave provisions provided for in the applicable collective agreement.

The relevant part of the clause in question provides:

“21.1 Three weeks annual holidays shall be allowed each year in accordance with the provisions of the Holidays Act 1981 and its amendments.

21.2 In addition to the holidays provided for in clause 21.1, employees shall be entitled to a further holiday of one week per annum in recognition of the nature of the work making a total of four weeks leave per year.”

Section 6(2) of the Holidays Act 2003 states:

“This Act does not prevent an employer from providing an employee with enhanced or additional entitlements (whether specified in an employment agreement or otherwise) on a basis agreed with the employee.”

In its initial judgment, the Employment Court held the employees covered by the collective agreement remained entitled under the collective agreement to four (not five) weeks annual leave after the minimum leave entitlements increased from three to four weeks on 1 April 2007, and that the clause met the minimum entitlements provided for in the Holidays Act. This was principally concluded based on an interpretation of section 6(2) of the Holidays Act where the Court determined that the terms ‘enhanced’ and ‘additional’ in section 6(2) of the Holidays Act related to different and discrete topics as follows:

‘The former exclusively to the four core entitlements of annual leave, public holidays, sick leave and bereavement leave and the latter to other entitlements such as long service leave or rewards for extra productivity.’

The union appealed this decision to the Court of Appeal. The Court of Appeal determined that the Employment Court had erred in its interpretation of section 6 of the Holidays Act by placing too much emphasis on what the Employment Court had held to be a distinction between ‘enhanced entitlements’ and ‘additional entitlements’ referred to in section 6(2) of the Holidays Act.

The majority of the Court of Appeal were of the view this appeared to have influenced the Employment Court’s interpretation of the collective agreement and sent the case back to the Employment Court in June last year.

In the Employment Court, the counsel for the defendants, Transportation Auckland Corporation Limited and Cityline (New Zealand) Limited, asked the Court to declare that the earlier incorrect interpretation of section 6 did not affect the outcome of the Employment Court’s previous decision and to confirm the result of the first decision, i.e. the clause only gives rise to an entitlement of four (not five) weeks annual leave. Counsel for the unions asked for the matter to be considered afresh. The Employment Court opted to reconsider the matter fully to clarify its initial reasoning.

Although new arguments were advanced, the Employment Court concluded it was appropriate to apply the principles of interpretation set out in its first judgment. On a plain reading of the agreement it held that clause 21.1 provided for three weeks’ annual holiday. In addition to these three weeks’ annual holidays, clause 21.2 provided a further holiday of 1 week in recognition of the nature of the work. This resulted in a combined total of four weeks’ leave per year which met the minimum requirements in relation to annual leave in the Holidays Act. On this basis the Employment Court confirmed its earlier decision and noted that the parties did not specifically agree to five weeks annual leave, as they could have, and that to adopt the plaintiff’s submissions and find the entitlement was to five weeks annual leave would “do violence to the plain wording of the clause.” We would encourage readers to obtain advice on the interpretation of any contractual provision which has the potential to give rise to a claim for a fifth weeks leave, before reaching any conclusions as to the entitlements arising.

This article was provided by McPhail Gibson & Zwart Ltd. If you require further information relating to this topic please contact us on email: mea@mea.org.nz or phone: 0800 353 2540.



Do You Want Recognition for Your International Achievements?

Earlier this month, New Zealand Trade & Enterprise announced the New Zealand International Business Awards, with ANZ as the Strategic Partner.

The New Zealand International Business Awards have evolved from the New Zealand Export Awards, last held in 2007, and reflect the changing ways that New Zealand companies do business internationally. The winner of the Supreme Award will receive a prize of NZ\$100,000, to be used to further its growth internationally.

Entries are open until 31 March 2009 and all businesses with an international focus should consider entering. Aside from the chance to win substantial financial assistance for international growth, businesses who complete the first stage of the process are invited to attend regional workshops designed to provide them with feedback, advice and the opportunity to benchmark themselves against other businesses. There are also valuable networking opportunities with like-minded businesses and the chance to gain greater insights into international markets.

Peter Suckling, Managing Director of Wyma Engineering, a winner of an Export New Zealand award, says he would encourage businesses to think about entering. "The export award process we went through was a great opportunity for us to take a step back and think about our success on the international market. Being recognised by others for the company's success helps give a sense of pride from belonging to a company and country with a 'can do' attitude. The satisfaction of employing New Zealand based staff, contributing to the local economy and reaping reward for the hard work and effort are some of the most satisfying things any exporting manufacturer can do."

"In these most challenging times it is important to remain positive and capitalise on your successes and awards help to instil positive sentiments among staff and customers alike."

Graham Hodges, ANZ's Chief Executive Officer says of the Trade & Enterprise International Business Awards, "The global landscape has changed and we're all experiencing rapidly changing market conditions.

But this volatility brings both challenges and opportunities. Planning for the long term is important and a programme such as this supports the growth aspiration of New Zealand businesses. We're pleased to be able to support the Awards and recognise the New Zealand companies who are making a success of their businesses internationally."

To find out more about the Trade & Enterprise International Business Awards you can visit the webpage: www.nzte.govt.nz/awards.

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Prospering in the Current Market

For the most part of 2008, we have been hearing justifiable doom and gloom forecasts regarding the current state of the economy. However, recessions force us to become even more conscious about expenditure and focus on ways to conserve resources. Whether your business grows profitably or continuously struggles for survival in these periods, depends greatly on your perception and response to a recession.

With the current state of the economy, buyers are hesitant to spend money. Contrary to their previous purchasing habits of impulsively buying new products, machinery and equipment, buyers are now looking for products with more value than others but with an emphasis on economic benefit. The fight for sales makes marketing a vital tool to stand out from the crowd of competitors.

Trade shows represent a very cost-effective method of meeting new customers and enhancing brand loyalty. SouthMACH, which is taking place on the 27th and 28th of May 2009 at the Westpac Arena in Christchurch, will be providing machinery, equipment and manufacturing technology suppliers with the opportunity to meet approximately 2800 key decision makers from across the full spectrum of the manufacturing sector.

Show organiser, Rachel Hobbs says, "No longer are companies purchasing as freely as they once were and are beginning to limit purchasing to what they really need. Focusing your marketing and trade show efforts on branding and the practical benefits of your products will keep your company ahead of the game."

John Walley, Chief Executive of the NZMEA (New Zealand Manufacturers and Exporters Association) adds, "In tough times it is even more important to focus on customer value, brands and markets. Cost cutting now might result in the loss of customers tomorrow. New products, new markets, new processes and people development are all investments in growth or customer retention."

Kiwi owned and operated machine tool specialist company, Chevpac Machinery, will be exhibiting at SouthMACH 2009 in full force, showing off an extensive range of quality machines for the Engineering, Aluminium and Woodworking industries. "Being at SouthMACH is part of our commitment to South Island industry," Stephen Browne, Chevpac Chief Executive explains. "We recognise that having a stand at SouthMACH means that customers can actually see the products first-hand, something that's hard to replicate elsewhere."



SouthMACH at the Westpac Arena in Christchurch

NZMEA are major sponsors of SouthMACH 2009 and will be delivering a high quality seminar program, 'Manufacturing Better Business', at the event. SouthMACH has also been joined by NZ Engineering News who will be the official publisher and media partner of the show.

This article was provided by Hayley Media Ltd. For more information on exhibiting or participating at SouthMACH 2009 please contact Eric West on 0800 944 248 (XHIBIT) eric@hayleymedia.com or visit www.southmach.co.nz.

Forums

Forum start times vary but generally sessions run for 90 minutes. Forums are open to all members of your staff, members and non-members of the NZMEA. For more information and to register on-line visit: www.mea.org.nz, select Events/Training for the full list of events. Or you can contact us on: 0800 353 2540 or email: mea@mea.org.nz.

The Goal and how to Save Your Business in 2009... a MOVIE, the reel deal AND Jaffa's!!

Tuesday 17 March, 4.00pm, Auckland

In association with ViAGO, this two-hour forum consists of a 45 minute screening of "The Goal" movie, a true story of a manager who is given three months to turn his business around or face closure. The movie will be followed by a question and answer session and an introduction into how to use the tools presented in the movie to cause the following in your company:

- Throughput ↑
- Inventory ↓
- Operating Expenses ↓

Basic Time Management

Thursday 19 March, 4.00pm, Christchurch

This Forum will introduce you to: Learn about deposits in the bank of time. • Take control of your time. • Learn how to use time the way you choose. • Make time work for you and get some to spare. • Learn how to control work/life balance. • Learn how to avoid common time wasters.

Ron Dards of *The Test Agency Ltd* will show some very simple yet highly effective techniques to stretch the time you have, so as to get all the work done without excess stress.

Negotiation (How to get your own way...but nicely!)

Thursday 2 April, 4.00pm, Christchurch

This Forum will cover: Introduction to the fundamentals of negotiation. • Techniques for analysing needs against possibilities. • Identifying different values, actual boundaries versus perceived boundaries. • Concessions and how to win them. • Tips and tricks – some special systems of negotiation which put you in control of the process.

Ron Dards of *The Test Agency Ltd* will provide some real life examples from his time in many different industries, as both general manager and independent trainer and consultant.

Special Interest Sessions

For more information on the Special Interest Sessions and to register on-line visit: www.mea.org.nz, select Events/Training for the full list of events. Or you can contact us on: 0800 353 2540 or email: mea@mea.org.nz.

You are invited to attend the Engineers Industry Group Meeting

Wednesday 8 April, 4.00pm, Auckland

Agenda

- 4:00pm** Introduction and welcome by John Walley, Chief Executive of *New Zealand Manufacturers and Exporters Association*.
4:15pm Guest Speaker - John Blakey, Chief Executive of *Competenz*.
Presenting an update on skills training and the delivery of training: who does what, who works in with who.
4:45pm Input from members on their experiences with the new systems and a general question and answer session.
5:00pm Current issues – your feedback on what's happening.
5:30pm End of session and networking.

Breakfast Meeting with Hon. Bill English

Friday 17 April, 7.30am, Christchurch

We are hosting a breakfast meeting for members with Hon. Bill English. **"What support can manufacturers and exporters expect from National?"**

Join us over breakfast to hear how the National Party want to grow the New Zealand economy – the impacts, purpose, cost and benefits.

THE TEST AGENCY LTD

Tempus Fugit; Time and Tide Wait for no Man; If You got the Money Honey, I got the Time

So many clever aphorisms are written about time that I am reluctant to add to them, but time is one commodity which seems to be in ever reducing supply. We constantly hear senior colleagues say "I have not got the time for....." Where has all the time gone? Why is it that with all the modern aids to efficiency, all the computers, the clever systems, the instantaneous communication, information at the touch of a button, no-one has any time? Why do so many people neglect their families because of time pressures?

It seems to me that there is a very dangerous trend emerging and as commerce becomes more and more international and competitive, time is becoming more and more precious and in shorter and shorter supply. It is well known that the demands on our time are increasing. Overseas business calls for extra time because of time differences, local demand uses time at an alarming rate. Waiting for someone else to do something is frustrating and time consuming. Impatience is stressful, delay is irritating, time is limited.

Is it possible that many of us do not in fact manage time effectively, even when we think we do?

Are we so busy doing things that we lose sight of the time we need to do them in?

Parkinson's law: "Work expands in direct proportion to the time available in which to do it" - Well???

Yet in all this there is a way to turn time pressure into productivity. We can manage time. We can allocate time in segments. So that each task gets its fair share of available time and no more. Basic time management is not all that difficult if we are serious about it and if we use simple planning methods to maximize time usage. Systems like the six system, the functional test system, the sequential time allocation system. Time saved is time gained, time gained is time available. There, another aphorism. Ron Dards will be presenting a short forum on **Time Management** for the NZMEA on Thursday 19 March - see you there!

This article was provided by The Test Agency. If you require further information relating to this topic please contact us on email: mea@mea.org.nz or phone: 0800 353 2540.

Workshops/Programmes

Workshops are open to all members of your staff, members and non-members of the NZMEA. For more information and to register on-line visit: www.mea.org.nz, select Events/Training for the full list of events. Or you can contact us on: 0800 353 2540 or email: mea@mea.org.nz.

Date:	City:	Event:
Starts Thursday 12 March	Christchurch	Production the TOC Way Workshop (two full days, 12/13 March)
Tuesday 17 March	Christchurch	Training the Trainer (full day workshop)
Monday 23 March	Christchurch	Troubleshooting with Your Team (half day workshop)
Starts Thursday 26 March	Hamilton	Production the TOC Way Workshop (two full days, 26/27 March)
Starts Wednesday 1 April	Auckland	MAFIA Offer Boot Camp! (three full days, 1, 2 & 3 April)
Tuesday 21 April	Christchurch	Directors & Mitigation of Business Risk (half day workshop)
Starts Thursday 7 May	Christchurch	Certified in Production and Inventory Management (CPIM) Execution & Control of Operations (five half days)

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Training Powers Hayes International Success

Rotorua-based manufacturer and exporter Hayes International attributes its winning edge to a deep commitment to industry training.

Alan Richards, Hayes International Assistant General Manager, says that the recession is no time to cut back on staff training. Without that investment, he warns, companies won't flourish – and may not even survive.

Hayes International is a world leader, exporting machinery to make roofing and wall cladding profiles to nearly more than 70 countries. It has branches in Australia, the United States and China. While the global recession has prompted Hayes, like most companies, to scrutinise workplace practices and expenditure, Alan says there are no plans to cut back on staff training. He oversees training at the Rotorua headquarters, where virtually every staff member is involved in training.

"You have to maintain vitality in a business. If you haven't got the people to produce outcomes and solve tomorrow's problems, you haven't got an ongoing business."

Alan's philosophy is simple: training should be seen as an investment – rather than a cost – and be aligned with the company vision. This approach not only keeps the business healthy, it helps the local community, the region and the nation. "With the global recession it's more essential than ever that New Zealand continues to develop a homegrown labour force that we can all draw on," he says.

"As business leaders we have to accept that investing in training our staff is a necessity. If you put in the right effort and commitment, you will get the rewards. Sitting around and doing nothing is not an option."

But getting the most from that investment takes careful planning and working closely with your training organisations and providers, Alan advises. "The strategic challenge is to understand where you're trying to position your business, and then build skills in people to deliver that product or service.

"We're training trades people for tomorrow. They might end up working for someone else down the track, but we in turn will benefit from someone else's trainees. If others share that faith and continue to invest in their staff, we can all help New Zealand build the depth of expertise it needs across a range of disciplines."

For Alan, that means encouraging staff to diversify in areas where skills are in demand. One of Hayes' eight apprentices, Ben Finucane, is doing dual qualifications in mechanical engineering and electrical engineering and recently won the Westpac Rotorua Business Excellence Award for Apprentice of the Year. "He's one of tomorrow's leaders, and his qualifications will open many doors," says Alan.

Hayes is not only investing in its young staff – some trainees are nearing retirement.

"Healthy businesses are good for everyone, and that means developing the potential of all your staff," says Alan. "Without ongoing investment in training you can't support your employees and your business will struggle."

Hayes, working with the ITO Competenz, has started an engineering cluster in the Bay of Plenty this year to promote engineering at high schools. Local companies, schools and the Waiariki Institute of Technology are involved.

The company also provides a free venue for tutorials for apprentices throughout the region.



Alan Richards (centre) with Hayes International apprentices Sam Maxwell (left) and Ben Finucane.

Alan, a qualified engineer with an MBA, is a member of two Competenz strategic advisory groups. "There's more to business than just making a profit," he says. "Giving young apprentices or older trainees the chance to achieve can have a hugely positive impact on their lives and the wider social environment. Some youngsters who have struggled academically or socially come here and find 50 potential 'dads' or mentors who take an interest in them.

"No knowledge is lost. Even if they move on eventually, we've helped add value to them as people and they will pass that on."

Competenz Account Manager Amit Kumra, who looks after Hayes International's training needs, says Alan's passion for lifelong learning is an inspiration to others industry-wide. "He's always open to new ideas and looking for the best training options, not just for the company's good but to suit his staff's individual needs."

Hayes International's staff training includes:

- 8 apprentices doing Mechanical Engineering.
- 20 employees doing First Line Management Level 3.
- 30 trainees doing OSH Level 1.
- 70 staff doing Competitive Manufacturing units.
- Other staff working on design, AutoCAD and HR qualifications.
- Five assessors.

This article was provided by the industry training organisation, Competenz. If you require further information relating to this topic please visit their website: www.competenz.org.nz.

Competenz
INDUSTRY TRAINING

Downturn - A Critical Time for Directors!

The impact of an economic recession has become the number one priority for many Boards. Well governed companies have contingency plans in place for a downturn, so the recession will test how well their strategic positioning of the company for economic changes actually works.

When management commences reporting to the Board of Directors that pre-agreed goals in the annual plan, such as the critical minimum Return On Investment (ROI) target, or a minimum Net Profit target are no longer able to be achieved, the short term crisis has reached the board table. After all management's best endeavours to reduce costs and efforts to reduce demands on cash, they realise the trigger level of the lowest acceptable net profit is no longer achievable. Usually, the approved plan and financial budgets for the year allow a significant margin above the minimum desired ROI or net profit, but with the economy heading towards a downturn, management is now indicating achievement of that key performance indicator is not possible.

Falling demand, slower sales and lower margins resulting from a more competitive market place, and slower collectables as customers face the same conditions, all point to a significant change to expected results. The Board now needs to join management in responding to the crisis.

The Board is presented by senior management with a revised plan for the current trading period reflecting the new expected results and the predicted impact on profitability and cash flow.

Management details actions already taken within existing authorities to bring expenses into line with the reduced level of activity and of recommendations for further actions for the balance of the year, possibly including the scale down of operations, deferment of expansion plans, raising of additional funds from shareholders or lenders, and the retention of essential skills in the labour force.

The Board considers and decides on changes to planned operational levels and the financial implications such as:

- Will the business remain solvent?
- Will lenders still permit current or increased levels of funding or credit lines?
- What risks are there that the position may worsen further still?

Once revised plans for the short term have been approved for implementation, the Board's attention moves to the impact on the future medium and long term plans. The Board's priorities become:

- Review contingency plans that are triggered when annual plans underestimate the short term impact of a downturn.
- Develop contingency plans for the possibility of the changed economic conditions continuing for a number of years.

- Review long term plans especially those for expansion and capital commitment in light of the changed economic conditions.
- Consideration of opportunities to expand the business by acquisition of other businesses that have succumbed to falling demand and profitability.
- Regularly review the risk of entering into reckless trading if the business cannot call upon extra working capital from traditional sources or from shareholders.

For long term survival, the business needs to re-assess how recession proof its strategic direction has been. Having a plant manufacturing high value and high margin ticket items keenly sought after during periods of economic growth, may result in having little demand in times of recession. Maintaining teams of servicing and repair experts may enable the retention of critical skills amongst key staff when new expensive products are less sought after and existing products are in demand.

Reviewing risk management policies to see how well these coped with a downturn and how well they provided a business continuity plan, could involve considering:

- Was the assessment of the degree of risk and the analysis of the likely impact adequate?
- Were business plans re-evaluated early enough?
- Were contingency plans in place for different levels of impact of falling demand?
- Was the implementation of the plan and the involvement of the Board satisfactory?

Failure to have adequate risk mitigation policies for a downturn could be as Murphy says: *"Left to themselves, things go from bad to worse."*

Also, the Board, as part of its business risk mitigation planning, will have considered the spread of business into supplying different industries and sectors that are impacted on differently in times of recession. Now, as the downturn kicks in, it is time to re-evaluate the appropriateness and success of those plans.

The Board, having adequately protected short term interests, can revert back to concentrating on the future, and revising its plans for the period when the economy climbs slowly out of the recession. In this way the Board is able to focus on its responsibility for sustainable growth and the sustainable value of the business.

In this Year of the Ox, it is said success comes from hard work and perhaps that is what the economic downturn will be doing to Boards this year.

This article was provided by Livingstone Business Consultants. If you require further information relating to this topic please contact us on email: mea@mea.org.nz or phone: 0800 353 2540.

New Security Regulations for Freight Forwarders and Exporters

New supply chain requirements are due to come into effect on April 9th, 2009 that will have consequences for cargo and mail carried on regular international airline passenger services. Increased security controls are to be imposed to ensure that no explosives, weapons or dangerous device, article or substance that may be used to commit an act of unlawful interference are contained in the cargo or mail.

The New Zealand Civil Aviation Authority (CAA) have advised that these new controls are necessary to give the appropriate degree of protection to passengers and crew, and preserve New Zealand's reputation as a safe point of origin for cargo with our international aviation partners. The new regulations also allow New Zealand to meet international treaty obligations under the Convention on International Civil Aviation.

The new regulation requires that when an airline accepts cargo from Freight Forwarders, this must be accompanied by a declaration of security from a Regulated Air Cargo Agent (RACA), or have security controls applied to it. In order to become a RACA, an application must be submitted to the Civil Aviation Authority accompanied by an exposition detailing their security handling regime that complies with the new regulation CAR109. Details of all staff handling or involved in the transport process of the cargo and evidence that they have been trained in security control procedures as well as having undergone rigorous security checks through the New Zealand courts, Civil Aviation, Land Transport and Aviation Security are also required.

The RACA must also keep a detailed register of exporters that they operate on behalf of, as well as an acknowledgement from that exporter that they are aware of, and comply with the security standards required for international transport. This would then qualify the exporter as a "known customer" and, after the consignment being checked by the RACA, allow their shipments to move without further screening.

Exporters with "known customer" status will need to be able to apply and confirm the below security arrangements:

- (i) Cargo has been packed under circumstances and conditions whereby you are certain as to the contents of the packages that go to make up each consignment and are able to complete a statement of content which will accompany the consignment.
- (ii) Packages are sealed with tamper evident seals or have been transported to the RACA premises in a secured container or truck.
- (iii) Written procedures are in place which apply to your staff and your premises to ensure that the requirements of paragraph (i) and (ii) above apply.
- (iv) An acknowledgement is completed stating that your organisation understands the security requirements and that you will comply with them.

Freight forwarders that are applying to become RACAs will assist their export customers with the processes and declarations that are required.

Should an exporter not wish to go through the process of becoming a known customer then all goods would be required to be screened which may involve additional delays or service costs.

Further information on security compliance should be sought from your freight forwarder if they have not already been in contact regarding this legislation.

This article was provided by Cameron Air & Seafreight Ltd. If you require further information relating to this topic please contact us on email: mea@mea.org.nz or phone: 0800 353 2540.

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✓ Easy to use and understand.
✓ On-line and on paper.
✓ Always up-to-date. |
| ✓ Logistics | ✓ Human resources | |
| ✓ Factory SOPs | ✓ Payroll | |
| ✓ Machine manuals | ✓ ERP user manuals & on-line help | |
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| | | |

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MEAssist

**To network with other Members or get assistance
from our Associate Membership contact:
meassist@mea.org.nz or call 0800 353 2540**

Our Associate Membership includes a wide range of specialists, consultants and service providers who can assist Association Members with:

- | | |
|---|---|
| ➤ <i>Strategic Business Development</i> | ➤ <i>Condition Monitoring - Products & Services</i> |
| ➤ <i>Business & Technology Planning</i> | ➤ <i>ERP, MRP Solutions</i> |
| ➤ <i>Business Coaching</i> | ➤ <i>Supply Chain Management</i> |
| ➤ <i>Market Research & Marketing</i> | ➤ <i>IT Systems – Design & Implementation</i> |
| ➤ <i>Export Marketing</i> | ➤ <i>Website & Software Development</i> |
| ➤ <i>Advertising & Branding</i> | ➤ <i>Industrial Automation & Control</i> |
| ➤ <i>Communications & PR</i> | ➤ <i>Recruitment & Selection</i> |
| ➤ <i>Import & Export</i> | ➤ <i>Human Resources Management</i> |
| ➤ <i>Customs, Logistics & International Freight Forwarding Services, <u>plus 'less-than-container' services</u></i> | ➤ <i>Conflict Resolution & Mediation</i> |
| ➤ <i>Finance, FOREX & Banking</i> | ➤ <i>Employee & Immigrant Settlement Management</i> |
| ➤ <i>Accounting, Payroll & Tax</i> | ➤ <i>Management, Leadership & Team Training</i> |
| ➤ <i>Investment Capital</i> | ➤ <i>Training Analysis</i> |
| ➤ <i>Insurance</i> | ➤ <i>Knowledge & Information Management</i> |
| ➤ <i>Debt Collection</i> | ➤ <i>Employment Law</i> |
| ➤ <i>Business Sales & Valuation</i> | ➤ <i>Change Management</i> |
| ➤ <i>Research & Development Services</i> | ➤ <i>Temporary Staff</i> |
| ➤ <i>Product & Prototype Development</i> | ➤ <i>Technical Publications</i> |
| ➤ <i>Intellectual Property & Patent Registration</i> | ➤ <i>Business Graphics & Printing</i> |
| ➤ <i>Total Product Design</i> | ➤ <i>Energy, Water & Waste Auditing</i> |
| ➤ <i>Engineering Analysis, CAD & FEA</i> | ➤ <i>QC & QS Management</i> |
| ➤ <i>Internet Telephony</i> | ➤ <i>Health & Safety Systems & Training</i> |
| ➤ <i>Project Management</i> | ➤ <i>International Travel</i> |
| ➤ <i>Operations Management</i> | ➤ <i>Fire Evacuation & Compliance</i> |
| ➤ <i>Theory of Constraints</i> | ➤ <i>Drug Testing</i> |
| ➤ <i>Lean & Agile Manufacturing</i> | ➤ <i>Maintenance & Asset Management</i> |
| ➤ <i>Kanban, Production Planning & Scheduling</i> | ➤ <i>Factory & Plant Efficiency & Utilisation</i> |
| | ➤ <i>Strategic Pricing</i> |

We facilitate relationships and transactions between manufacturers and exporters FREE of charge.

Where the Association facilitates a transaction with Associate Members a standard charge, or referral fee applies. This is invoiced to the Associate Member providing the service. These fees vary between Associates and reflect a wide variety of pricing models. The fee is constructed to be less than the usual marketing overhead recovery component of an Associate's pricing which enables a saving for Associates while using competitive market pricing which benefits all parties involved.



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what's on

Monday	Tuesday	Wednesday	Thursday	Friday
<p>2 CPIM: Basics of Supply Chain Management - Day 3</p> <p>March</p>	<p>3 Forum: The Goal Film Evening</p>	<p>4 CPIM: Detailed Scheduling & Planning - Day 2</p>	<p>5</p>	<p>6</p>
<p>9 Taranaki Anniversary</p> <p>Workshop: Throughput Live! (HAMILTON)</p>	<p>10</p>	<p>11 CPIM: Detailed Scheduling & Planning - Day 3</p>	<p>12 Workshop: Production the TOC Way - Day 1</p>	<p>13 Workshop: Production the TOC Way - Day 2</p>
<p>16 Council Meeting</p>	<p>17 Workshop: Training the Trainer</p> <p>Forum: The Goal and How to Save Your Business in 2009 (AUCKLAND)</p>	<p>18</p>	<p>19 Forum: Basic Time Management</p>	<p>20</p>
<p>23 Otago Anniversary</p> <p>CPIM: Basics of Supply Chain Management - Day 4</p> <p>Workshop: Troubleshooting with Your Team</p>	<p>24 Forum: Business Risk</p>	<p>25 CPIM: Detailed Scheduling & Planning - Day 4</p>	<p>26 Workshop: Production the TOC Way - Day 1 (HAMILTON)</p>	<p>27 Workshop: Production the TOC Way - Day 2 (HAMILTON)</p>
<p>30 CPIM: Basics of Supply Chain Management - Day 5</p>	<p>31 Presidents Function</p>	<p>1 Workshop: Mafia Offer Boot-Camp Day 1 (AUCKLAND)</p>	<p>2 Workshop: Mafia Offer Boot-Camp Day 2 (AUCKLAND)</p> <p>Forum: Negotiation</p>	<p>3 Workshop: Mafia Offer Boot-Camp Day 3 (AUCKLAND)</p>
<p>6</p>	<p>7 Forum: Why is the Only Solution to a Skills Shortage a Recession?</p>	<p>8 CPIM: Detailed Scheduling & Planning - Day 5</p> <p>Engineers Industry Group Meeting (AUCKLAND)</p>	<p>9</p>	<p>10 Good Friday</p>
<p>13 Easter Monday</p>	<p>14</p>	<p>15</p>	<p>16</p>	<p>17 Breakfast Meeting: With Hon. Bill English</p>
<p>20 Executive Meeting</p>	<p>21 Forum: WebERP</p> <p>Workshop: Directors & Mitigation of Business Risk</p> <p>Forum: Intellectual Property (AUCKLAND)</p>	<p>22</p>	<p>23</p>	<p>24 Furniture Trade Group Meeting</p>
<p>27</p>	<p>28 Forum: Successful Strategies for Planning the Sale of Your Business</p>	<p>29</p>	<p>30</p>	

visit our website ...

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