



HEALTH CHECKS

Most people regularly service their cars. No doubt, it's also a good idea to have a medical check-up too. But how often do you sit back to have a look at the health of your business?

If you're like most business owners, you'll keep a close eye on how much money you're making, what you own and what you owe. If you employ staff, you might look at staff turnover rates, and sick leave balances. And IRD's habit of chasing errant taxpayers will mean that you make sure you meet your tax obligations (GST, PAYE, provisional etc).

But what about other aspects of the law? Obviously, you want to ensure that your business meets all legal requirements. But as well, are you managing risks efficiently? And are you making the most of the opportunities the law offers to do things better? After all, the law is always changing.

Take Bob, whose business, *Bob's Bits Limited*, sells decorating supplies. A constant gripe for Bob is the difficulty getting paid on time, or at all, when his business supplies goods on credit. If Bob hasn't reviewed his terms of trade for a few years, those terms almost certainly won't reflect the now not-so-new regime suppliers can use to better protect their interest in goods they supply on credit. The Personal Property Securities Act 1999 means suppliers can register their interest in the goods supplied, as security for the amounts they are owed.

Bob's Bits Limited has supplied goods to Jim's Jobs Limited on credit. If Bob's Bits Limited has registered a security interest over those goods on the Personal Property Securities Register, he'll be much better placed to recover at least some of what he is owed, if Jim's Jobs Limited goes bust.

What else might Bob find out if he goes through a business health check for Bob's Bits Limited?

Well, he didn't expect that it would be illegal, under the Major Events Management Act 2007, for him to display a small cut-out of the Rugby World Cup trophy in his showroom window.

Nor did he expect to find that he had obligations under the Privacy Act 1993. Like many businesses, Bob's Bits Limited holds personal information about people: their addresses, credit records and so on.

Bob's Bits Limited has to store that information appropriately, make it available to the individuals concerned on request, and can only use it for the purpose for which it was collected. Does Bob's Bits Limited have permission, for example, to use that photo of his ex-employee in his advertising?

As well as finding out about what you don't know, or how the law has changed, a business health check is also a good opportunity to check you are doing the basics right. Some of those basics include:

- Has anything changed in your business environment that means your advertising might now be misleading or deceptive? If so, the Commerce Commission might start breathing down your neck for a breach of the Fair Trading Act.
- Do you have all the consents that you need to operate your business? Are they up-to-date?
- Does your business have contracts that give you the certainty you need? Although oral contracts are usually enforceable, a written and signed record of business arrangements is a great way of avoiding arguments later.
- Have your employment agreements kept up with the changes to employment law? Those changes both impose additional obligations, and offer new opportunities. It's cheaper and easier to sort it out before something goes wrong, rather than waiting till a disgruntled employee points it out the hard way.

Being in business involves taking risks. And, because Parliament and judges are continually changing the law, those risks are always changing. But by regularly checking the health of your business, you can identify where the risks are, and how you can manage, minimise, or even eliminate them. Your business is one of your most important assets. By making sure it's healthy, we can help you to maximise the income you get from it today and its value tomorrow. ••



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