



THE ALTERNATIVE BOARD®

Shared Wisdom, Bottom Line Success

PULSE CHECK

SPRING 2020

FOR SMALL TO MEDIUM SIZE
NEW ZEALAND BUSINESSES



01

Summary

Emerging issues concerning working capital and supply chains have quickened the Pulse Check with an increasing number of small business owners flagging problems with orders, disruptions and payments.

While overall confidence and optimism remain high and job prospects steady, there is a rise in the number of businesses having difficulty finding skilled workers.

Clouds on the horizon include problems with supply chains, imports and exports due to port and shipping disruptions but businesses are proactively planning their future after a year which saw the majority change the way they operate. Some have opted for digital transformation, others increased marketing spend while still more reduced their costs and, in doing so, increased profits.

At a personal level, business owners are exhausted - the majority would like nothing more than to switch off for a few weeks or, at the very least, have a bit of a rest, but the main reflections they provided in this edition of the Pulse Check have been the 'three wishes' they would ask of the newly elected New Zealand Government. These included continuing financial support, consistent policies plus a plea to give small businesses more work and involve them in discussions about their sector.



The Alternative Board supports small to medium sized businesses and their owners, our members, through advisory boards consisting of other local business owners, expert one-on-one coaching, a suite of business planning tools and business mentoring.



The Pulse Check monitors how our members and associates are managing during this year of COVID-19, asking how they are, what support they need, their views on current challenges, their confidence and the opportunities ahead. The Spring Pulse Check surveyed 266 of our members and associates between October 30 - November 6 with a confidence level of 90% and a 5% margin of error.

<https://thealternativeboard.co.nz/>

Industries

The Alternative Board members and associates are representative of the small-to-medium sector in New Zealand, with the majority in the 'classic small business' category, employing between 2 - 19 people, the size often referred to as the 'heart of the Kiwi economy'.

19%

BUSINESS,
FINANCIAL &
PROFESSIONAL
SERVICES



18%

MANUFACTURING
& WHOLESALE



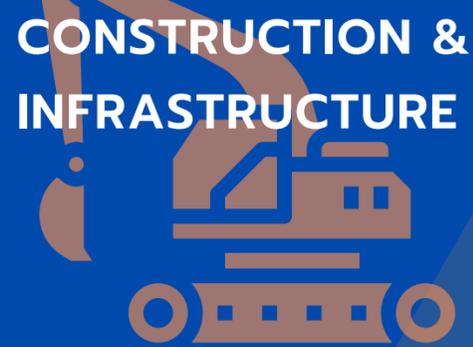
17%

TRADES & OTHER
SERVICES



15%

CONSTRUCTION &
INFRASTRUCTURE



10%

TRANSPORT,
LOGISTICS &
AUTOMOTIVE



10%

TOURISM,
HOSPITALITY &
RETAIL



4%

TECHNOLOGY



3%

PR, DESIGN,
MARKETING &
MEDIA



2%

AGRICULTURE



2%

HEALTH



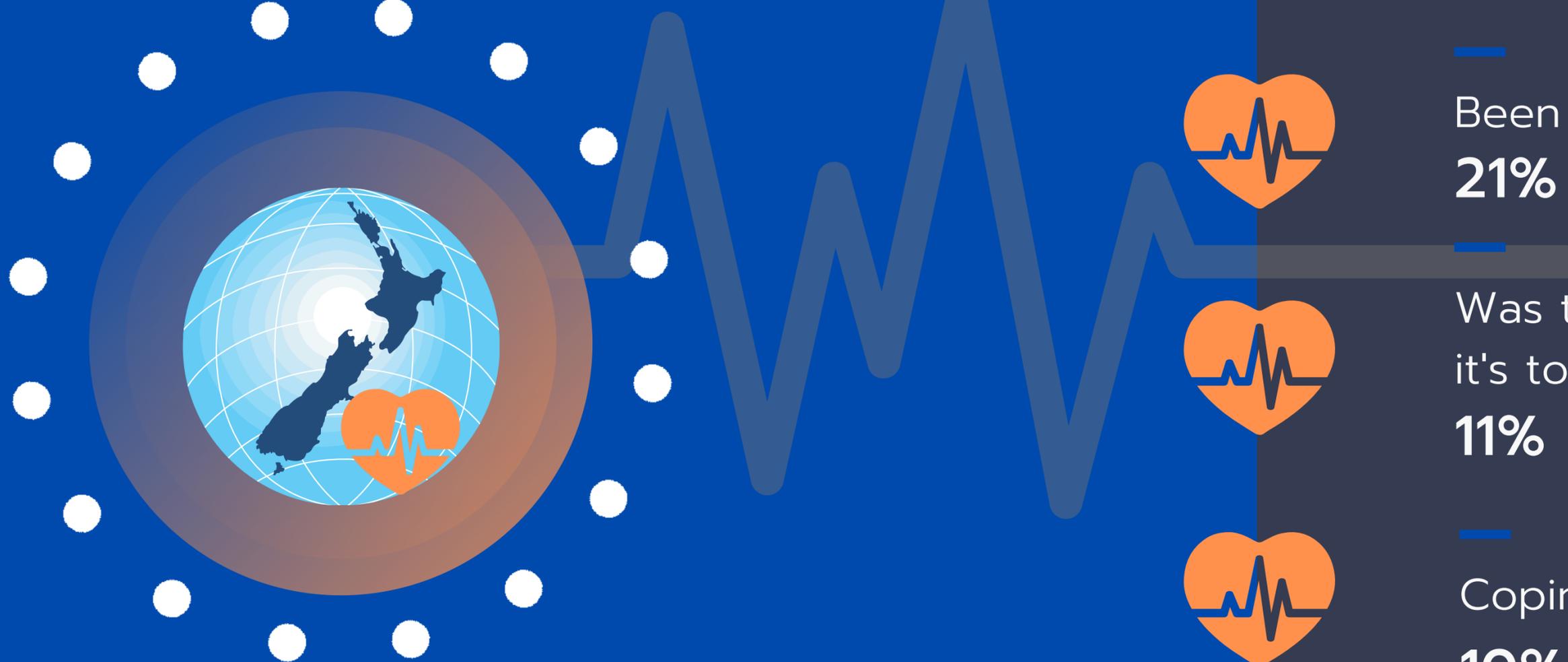
1%

EDUCATION &
TRAINING



03

COVID-19 HAS DOMINATED 2020, OUR ELECTION IS OVER AND NOW WE'RE AT THE START OF SUMMER. HOW'S YOUR BUSINESS DOING?



Business is about the same as this time last year

33%

Business has boomed

25%

Been tough - but picking up

21%

Was tough, got better but now it's tough again

11%

Coping but it's touch and go

10%

HOW CONFIDENT ARE YOU ABOUT THE FUTURE OF YOUR BUSINESS IN THE NEXT TWELVE MONTHS?

—
54% - Quietly confident - I think we can adapt to change

—
18% - Very confident - the outlook is good

—
9% - More confident than I was last month

—
8% Not at all - I'm really anxious about it

—
11% - Less confident than I was last month

04

Confidence



05

How do you feel about the next 12 months?

Optimistic 44%

Pretty Calm 18%

OK - some days I'm a bit anxious 27%

Stressed but coping 7%

I think I'm done - not sure I'll carry on with the business 4%



06 TOP THREE THINGS THAT...

...reduce your level of confidence in the future?

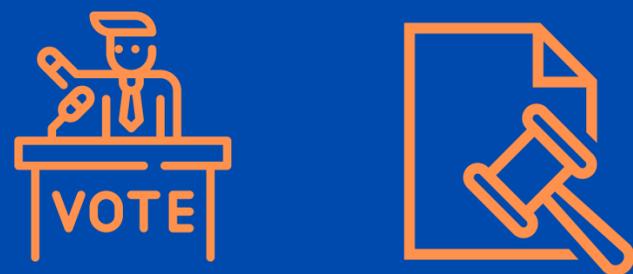


Government policy

Borders closed

Mainstream media stories

Choices were...



US Elections

- Government Policy

- Mainstream media stories

- International tensions

- Borders open

- Borders closed

- My past experience

...improve your level of confidence in the future?



My past experience

Borders open

Government Policy

US Elections - Government Policy - Mainstream media stories - International tensions - Borders open - Borders closed - My past experience



HOW ARE THINGS ON THE EMPLOYMENT FRONT?

No change for us
- 34%

We've taken people
on - 26%

There's only me -
13%

Having trouble
trying to find skilled
people - 22%

We've let people
go - 4%

Jobs will go next
year - 1%

07

Job prospects

08

How are sales going? Do you have enough customers or orders?

They're ok and sustainable **39%**

We've orders and customers through to next year **21%**

We've so much new business it is hard to manage **9%**

Enough for the moment but may not last **20%**

Hand to mouth - sales have slumped **6%**

It's looking bleak - short term sales only **5%**



09

How are things with your working capital?

It's all been fine	74%
Inward supply chain is disrupted	10%
We've had more late payers and defaults	7%
Struggling to pay creditors	4%
We've had many difficulties	4%
Exports are a headache	1%



10

Port and shipping disruptions in NZ and overseas have caused import and export headaches for many. Have you had any problems?

It's all been fine **55%**

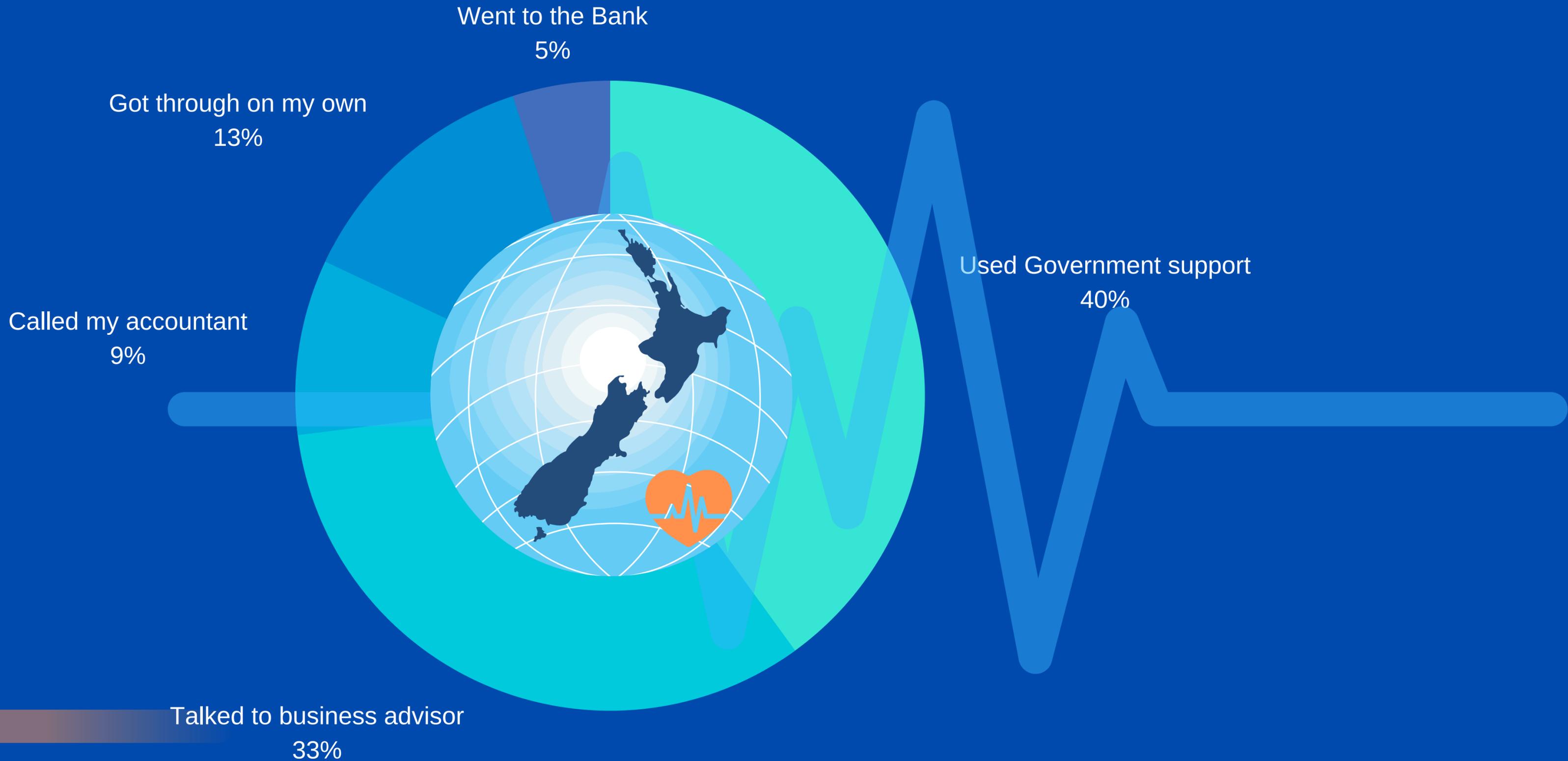
It has slowed our supply chain but we're managing **27%**

Yes - imports are slow and it's causing real problems **18%**

Yes - we can't get our exports away **1%**



11 Have you looked for support to get you through?



12

Looking ahead



ARE YOU ACTIVELY PLANNING FOR BUSINESS GROWTH OR DEVELOPMENT FOR THE NEXT TWELVE MONTHS?



Yes we're head down and working on this - 61%



Haven't started planning yet but we will - 27%



No, we're just getting through - 12%



No, our sector has been too badly hit -1%

13

Have you changed the way you do business this year?

Yes - we've improved all our systems **40%**

Yes - we're more digital now **18%**

Yes - we've reduced costs so profits are up **18%**

Yes - we've spent large on marketing **5%**

We need to but don't have the money **9%**

No - wouldn't dream of it **10%**



What would help you get through the rest of 2020?

Specialist business advice

7.5%

A little bit of a rest - we're all exhausted

26.4%

Switching off completely for a few weeks

26.4%

Something else

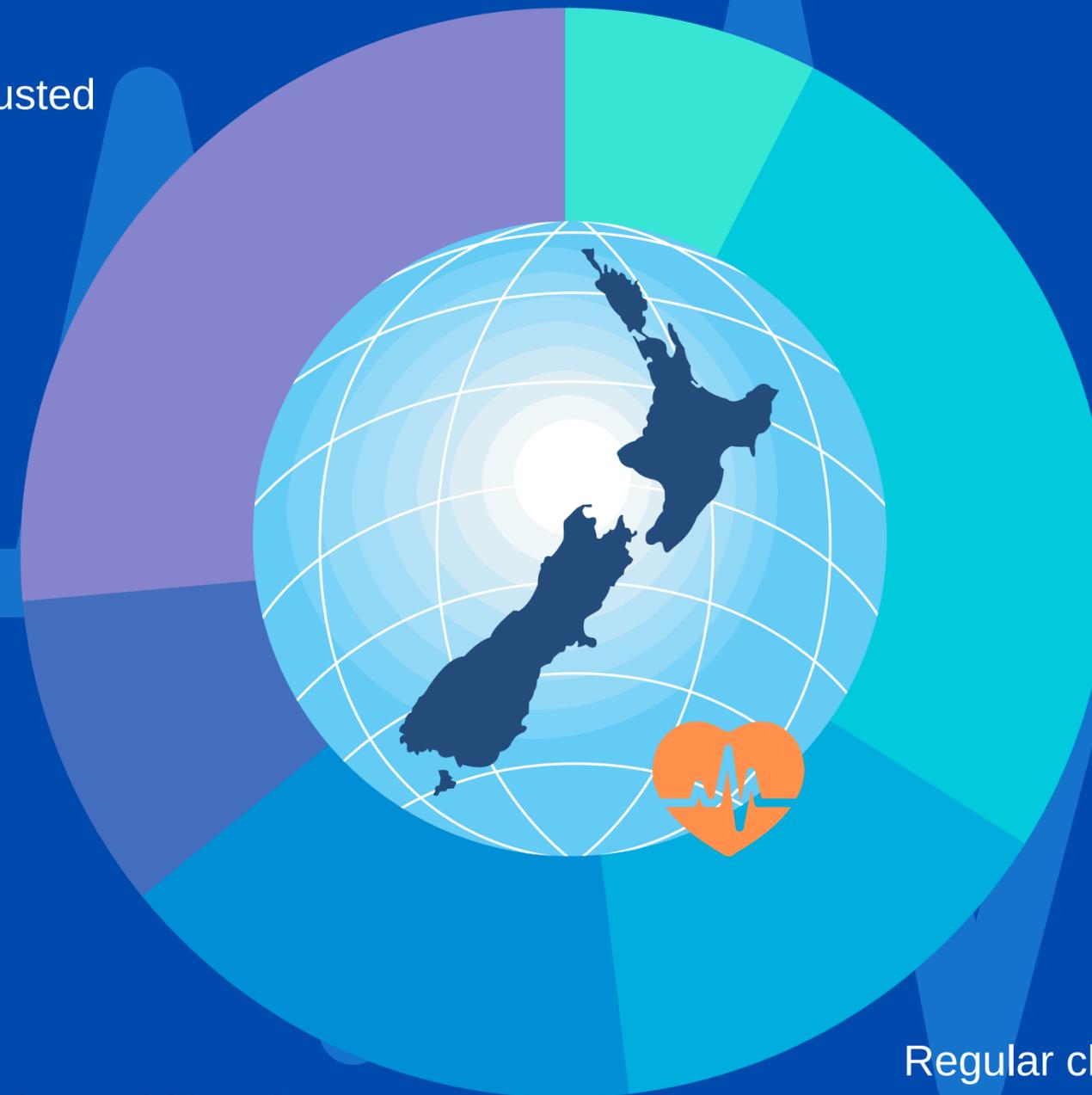
9.4%

Large lotto win would be nice

16%

Regular chats with business owners like me

14.2%



16 WE HAVE A NEW GOVERNMENT - WHAT THREE THINGS COULD THEY DO TO HELP YOUR BUSINESS?



FINANCIAL SUPPORT

Continue or increase funding options - fund additional business support



- Increase funding for research and development
- More funding to access regional business partner networks
- Don't add to business costs

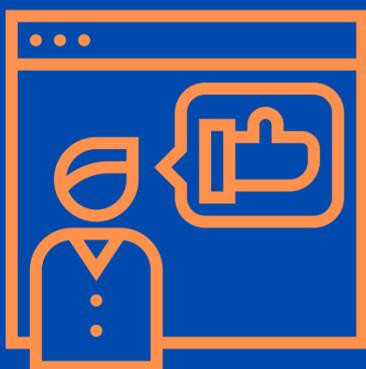


CONSISTENT POLICY

Open the borders when it is safe to do so - be consistent - accelerate RMA reform



- Clarity around policy
- Ensure businesses do not carry the costs of the recovery
- Keep doing what they are doing now - going hard - going fast - and keeping the borders closed



GIVE US THE WORK - INVOLVE US

Contract small businesses - get digging on the shovel ready projects - listen to us - cut the red tape

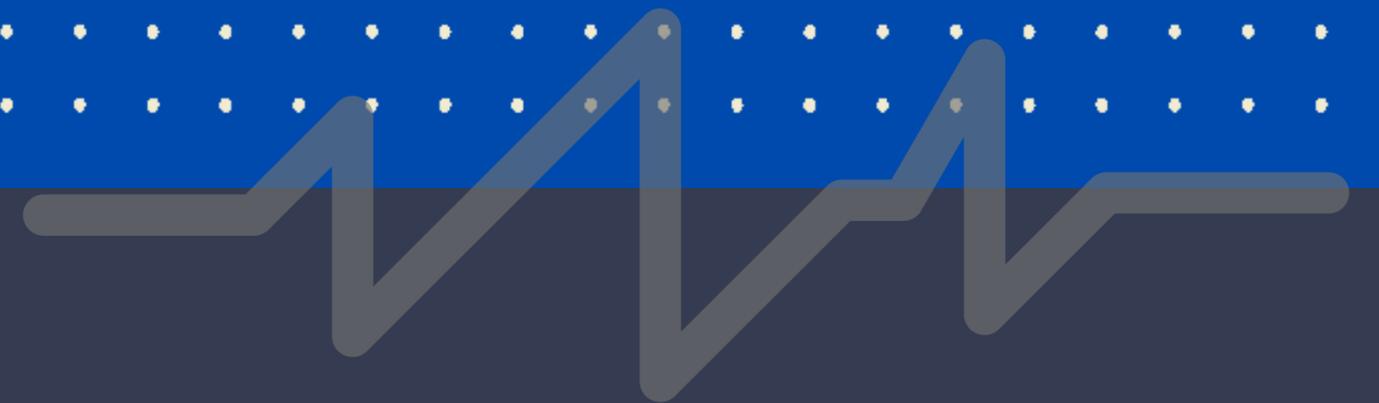
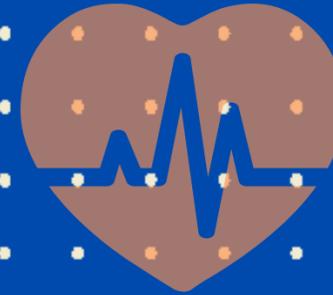


- Listen to small businesses
- Look to SME sector to supply to government
- Get the 'shovel ready' projects moving
- Hold bureaucrats accountable for wasteful spending
- Encourage government departments to buy from NZ based suppliers

Top three wishes drawn from most frequent responses



THE ALTERNATIVE BOARD®
Shared Wisdom, Bottom Line Success



—
The Alternative Board supports small to medium sized businesses and their owners through advisory boards consisting of other local business owners, expert one-on-one coaching, a suite of business planning tools and business mentoring.

<https://thealternativeboard.co.nz/>