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## Big Cost, Big Mistake

Most of the businesses that I deal with have wage costs of between 30% and 45% of sales. This makes wages one of the biggest costs of running a business. Why then is so little attention given to wages when completing monthly financial statements?



Even businesses which have monthly financial statements produced for them by their external accountant are getting misleading and unhelpful reports because wages are not being properly accounted for.

Read the full article



## Big Opportunities

As wages are such a major cost they also provide a significant opportunity to improve the performance of your business. I am a great believer in getting the best people you can and providing them with the best training, support and tools that you can.



A recent survey published by Hudson found that 44% of new hires were considered by their employers to be "not good". It also found that 81% of employees are not engaged or are actively disengaged in their current roles and that 6 out of 10 are seeking new jobs. This shows that there is plenty of room for improving business performance by addressing these issues.

The following articles deal with each of these areas.

## Managing Costs & Risks in Recruitment & Selection

## Our Business

Our business has grown through word of mouth. If you know anyone that might benefit from our services please send this newsletter to them. We offer a 1 hour initial consultation at no charge.

[refer a friend](#)

## Our Services

- + systems review
- + systems restructuring
- + systems implementation & training
- + customised development
- + troubleshooting
- + dashboard style reporting
- + benchmarking
- + business analysis
- + key performance indicators
- + budgeting
- + cash forecasting
- + strategy analysis



The cost of hiring the wrong person has been estimated by the UK's Chartered Institute of Personnel & Development (CIPD) as over 140% of the employee's annual salary. The figure rises to in excess of 250% for key senior staff and sales people who have the capacity to destroy years of carefully accumulated goodwill and trust in a matter of weeks or even minutes.

The question is therefore, what can a company do to minimise this risk and ensure that they employ top class people who are going to make an impact on their bottom line and give a long-term commitment to the company?

Read the full article [Tweet](#) [Like](#)

## Training

Someone said to me recently that training is the equivalent of repairs and maintenance for machinery. Wise operators ensure that preventative maintenance is performed on machinery to minimise downtime and yet how many do the same with training staff? During times of economic pressure, training is often one of the first items to be cut. Given that wages are such a big cost, this approach may actually be counterproductive.



At the same time you need to ensure that the training you are providing will be effective. If you have the wrong person in a role then no amount of training will help. Sometimes you need to "bite the bullet" and remove a person from a role they are not suited to. [Tweet](#) [Like](#)

## Productivity

Even small improvements in productivity can have a significant effect on business profitability. This doesn't mean that you need to make your staff work harder. A key factor in improving productivity is the systems you use.

In one business I went to, computers were crashing several times a day and this was wasting valuable productive time. Another business was performing tasks that were no longer relevant and



other processes were needlessly complex. A simple change of procedures (no new software was required) eliminated the double & triple handling, resulting in immediate productivity gains.



Likewise, improvements to component ordering and job scheduling can result in major gains in productivity. Even changes to documentation can have a real impact. Cutting down the time a person has to spend getting the information that they need to perform their tasks results in improved productivity. [Tweet](#) [Like](#)

## Rewards

I recently saw a very enlightening video clip on YouTube which discusses research into motivation and the use of “carrot and stick” incentives. It showed that, in **all** but the most basic roles, higher monetary rewards actually resulted in poorer performance.



The key points that I took from it were:

- Pay enough to take the issue “off the table”
- Give autonomy
- Provide opportunities for your people to achieve “Mastery”
- Provide an environment where your people feel that they are making a worthwhile contribution

It's well worth a watch, just [click here](#)

## Just for Fun

A woman came home to see her husband holding a flyswat. She asked him how many he had got, to which he replied 3 males and 2 females. "How do you know that?" she asked. He replied "Well 3 were on a beer can and the other 2 were on the phone."





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