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## WHICH WAY?

Our lives are not determined by what happens to us but by how we react to what happens, not by what life brings to us, but by the attitude we bring to life. A positive attitude causes a chain reaction of positive thoughts, events and outcomes. It is a catalyst, a spark that can create extraordinary results.

If you want success, you really need to have a written plan to help outline how you are going to get there.

We can help you write your business plan.

Plans take many forms but should include:

- An analysis of where the business is now, what the strengths and weaknesses are and what the opportunities and threats for the future are.
- Where do you want to go and what do the owners want the business to achieve over the next 12 to 36 months?
- Why do you want to do it and do all the owners want to achieve the same objectives?
- How are you going to get there and what actions should the business take to achieve its objectives?
- The financial implications – what will happen if the business achieves its objectives and what will happen if it does not? What capital is required to achieve the objectives?

Once the overall strategy has been set, the owners can then focus on making it happen.

**Call us about helping you set your plans. We can advise on all aspects of business planning and help in your success!**

## **Start Right – Tax Exemption for 2009 start up companies**

Tax is a business cost like any other and accordingly should be managed like any other. Therefore, what better way to manage such a cost than to avail of a complete exemption!

New legislation is to be enacted to encourage the incorporation of new trades in 2009.

Under this proposal, new start-up companies which commence trading in 2009 will be exempt from tax, including Capital Gains Tax, for the first three years, providing that their Corporation Taxation liability in each year does not exceed €40,000.

Marginal relief for companies with corporation tax liabilities of up to €60,000 will also apply.

To put this in perspective this would surmount to a company with a taxable profit of around €300,000 and therefore a turnover probably in excess of € million.

### **New Companies**

To constitute a new company;

- The company must be incorporated on or after 14<sup>th</sup> October 2008 and it must commence trade in 2009.
- The new trade cannot have been previously carried out by another person.
- The new trade cannot have been previously carried on as part of another person's trade or profession
- The new trade cannot be a profession

### **Existing Companies**

For companies considering new activities now is the time to consider carrying out these activities in a separate company. By restructuring or reorganising activities this could enable the set up of a newly-formed company taking advantage of the relief available.

This start-up exemption will boost cash flows during the early years for the company which makes it an extremely attractive option for anyone with a new line of business.

Please contact us if you require any advice regarding this new exemption and/or the set up of a new Company. Paul O'Donovan & Associates provide Business Start up and Taxation advice.

## STAYING A FLOAT

As the credit crunch continues to make its presence felt, SMEs face a challenging trading period. With profit margins getting squeezed and sales harder to secure, how can business owners and directors make sure they stay afloat?

Despite the doom and gloom, a well managed business with a quality product or service to sell can succeed. It is crucial owner-managers are on the look-out for the warning signs of a business in trouble.

These could include:

- Gaps in financial information and slipping budgetary controls
- A significant drop in working capital
- A lack of cost controls
- Increasing overdraft
- Deferred or delayed tax payments
- Unhealthy dependence on a small number of customers or suppliers
- Production disruptions or delays
- Poor staff retention
- Loss of key customers
- Disputes among directors and senior managers
- Deteriorating relationships with funders.

At different times most businesses will experience one or other of these factors. But a combination of two or more over a sustained period is usually a signal that something is going wrong. Owner-managers when confronted with these challenges can spread themselves too thinly, 'fire fighting' in a bid to resolve the company's current predicament. This can result in unresolved issues escalating and cause the stakeholders of the business, including banks and other funders, to become uncertain about their position.

There are immediate actions that can be taken to alleviate some of the pressure. Firstly, cashflow controls need to be tightened and if an arrangement with the funder exists, be it a bank or an asset-based lender, it is far better to confront financial performance issues rather than wait until the business is unable to pay them. This is where we can assist. Although each business is different, options could include the following:

- Negotiating a new funding package
- Providing managerial support to the company's existing finance function
- Compiling financial information on the company's behalf
- Rescheduling mounting tax payments.

Often companies fail because they hit a stumbling block, which results in managers spending all of their time liaising with disgruntled creditors and funders. Once a turnaround programme is implemented, the owner's focus is entirely on the future growth and success of the business. In today's challenging climate, management need to be free to do what they do best:

Navigate the way ahead.

If you require further assistance please contact us.



## Action List

### KEEPING CUSTOMERS HAPPY

The easiest way to grow your business is to keep what you've got happy! In today's economic environment the customer is king and successful businesses know this.

Successful customer care means making the customer want to come back for more, and getting them to recommend products and services to others. Customer care is not only about meeting customer expectations but 'delighting' the customer by focusing staff energies on offering value, getting it right first time, and yet improving it in the future.

1. **Know your customers** Excellence in customer care is reliant on knowing your customers' needs and expectations. Needs are not the same as demands: people don't ask for what they don't expect to get, even when it could be provided. Anticipating real needs can give competitive advantage. A range of approaches is available, including:

- feedback direct from customers and staff
- direct discussion with customers
- analysis of customer complaints and enquiries
- attitude surveys and questionnaires
- visits to premises
- focus-group discussions and customer audits.

2. **Assimilate the major elements of customer care** Customer care is more than just an excellent product or a first-class service. It involves a host of elements that contribute to genuine care and value for the customer such as in the purchasing process:

- Clarity of literature on product features, price, payment methods, availability and after-sales support.
- The way the first contact takes place and is followed up.
- Simple ordering procedures highlighted by convenience for the customer.
- Prompt order processing.
- Prompt notification of any changes to specification or procedure.
- Clear invoicing with no hidden charges.
- Assistance when the product is delivered.
- Easy after-sales contacts.

3. **Develop service levels** It may be the case that performance standards do exist but are not formalised, recorded or audited. It is not good enough to set indicators or levels which place supplier-convenience in front of customer-convenience; such levels should be worked out, discussed and agreed with customers. It is good to set levels which are challenging but have a realistic chance of attainment. Questions to help set service levels may include:

- How many times does the phone ring before someone answers?
- How many transfers take place before the customer gets an answer?
- How long does it take to process an order?
- How long does it take to respond to a complaint?

4. **Convert complaints back into customers** Prompt and sympathetic handling of complaints can turn a disgruntled customer into a happy and longer lasting one. People whose complaints are fully dealt with are more loyal than those who have no complaints. Consider the following:

- Listen patiently and let the customer air their grievance without interruption.
- Acknowledge the customer's viewpoint even if you don't agree.
- Apologise if a mistake has been made, but there's no need to overdo it.
- Find a solution and establish what needs to be done to rectify the problem.
- Keep the complainant informed. A lack of ongoing information can exacerbate the problem.
- Reach a conclusion to resolve the problem for the customer quickly. A more permanent solution may take longer to find.
- Follow up and check that promised action happens.



Apple, Nokia, Sony Ericsson, RIM and other top mobile phone manufacturers, led by the European Commission, have agreed to use a mini-USB standard for charging all phones.

After months of negotiations with the European Commission, major producers of mobile phones have finally agreed to develop a standard for phone charging based on the Micro-USB interface. The companies that signed the MoU include -- Apple, LG, Motorola, NEC, Nokia, Qualcomm, Research in Motion (RIM), Samsung, Sony Ericsson and Texas Instruments (TI).

## Humour

**An accountant is walking down the street** and he sees an old bottle. He picks it up, pulls out the cork and out pops a genie. The genie says, "Thank you for freeing me from the bottle. In return I will grant you three wishes."

The accountant says "Great! I always dreamed of this and I know exactly what I want. First, I want one billion pounds in a Swiss bank account."

Poof! There is a flash of light and a piece of paper with an account number appears in his hand. He continues, "Next, I want a brand new red Ferrari right here." Poof! There is a flash of light and a bright red brand new Ferrari appears right next to him.

He continues, "Finally, I want to be irresistible to women." Poof! There is a flash of light and he turns into a box of chocolates!

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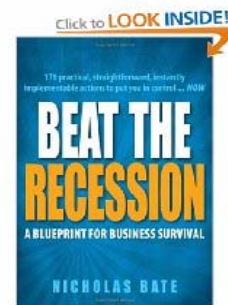
### Business Books of the Month

1. Golden Apple – Bill Cullen. Paul O' Donovan recommends this book. Available from: [www.goldenapples.ie](http://www.goldenapples.ie)

2. Beat the Recession – A Blueprint for Business Survival by Nicholas Bate

This is more of a workbook than a technical book. It contains over 175 practical tips that you can immediately implement to help your business in these challenging economic times.

This book is available for £6.49 from [www.amazon.co.uk](http://www.amazon.co.uk) ISBN-10: 1905940726



**Staff Accountant:** The auditors have just left, sir.

**Financial Director:** Did they check the books?

**Staff Accountant:** Very thoroughly.

**Financial Director:** What did they say?

**Staff Accountant:** They want 15 per cent to keep quiet!