

# What makes a healthy business?

The current economic climate, coupled with a global pandemic, has given businesses throughout the world a shake up. Despite relative geographical isolation, New Zealand businesses too have been affected – often surprisingly quickly. But those businesses that have invested in the health of their organisation seem to be less impacted. The question then, is: what makes a healthy business?

“The most obvious determinant, and one that many people are often too flippant about, is money,” says Paul Dawson, chartered accountant at Numbiz. “Cash is king – the cornerstone of all commerce. And that is probably no truer than in the current economic climate.”

“Having said that, it’s staggering the number of people who rely on intuition or ‘a gut feeling’ to manage their business,” says Paul. “My reply to that is ‘intuition favours a well-stocked mind’. During tough times, efficient financial management can make a significant difference, so it’s important that business owners keep a close eye on cash flow, in order to keep their finger on the pulse.

“This is particularly the case with large expenditure decisions – too often I see business owners who have taken the ‘act now, work out how to pay it later’ approach, which has landed them in cash flow difficulties. Sure, sometimes you need to act quickly, which may be in the best interests of the business, but still the funding issues should be reviewed as part of any business decision. Cash flow forecasting – a rolling 12-week forecast – can enable business owners to gain a better understanding of the financial flow of their business to make more informed decisions.

“You wouldn’t trust a diagnosis from a doctor based on a gut feeling, so why take that chance on the survival of your business and your livelihood?”

The way in which debtors are managed can also have a significant impact on a healthy cash flow, says Paul. “All businesses that provide credit should monitor their debtor days, and really examine their credit management procedures if that figure gets above 45 days.

“Setting expectation up front is generally the best way to manage debtors. Debt collection agencies, too, can be useful to collect debts as well as establishing credit arrangement procedures in a manner that minimises the risk of bad debts and slow paying debtors.

“As with any business relationship, good communication is paramount. By discussing any payment difficulties and advising when payments can be made – again, the cash flow forecast can come in handy – a suitable agreement can be reached. Although creditors will normally be reasonable about late payment, you don’t want to push your luck and abuse the situation by using creditors as a bank overdraft.

“The key to a healthy business is maintaining a healthy cash flow and ensuring regular business health checks.”



With an increasingly discerning public, businesses also need to consider determinants other than profit to maintain a healthy business, says Landcare Research environmental consultant, Kim Kelleher. “Yes, cash flow is the cold, hard, bottom line for business owners, but nowadays businesses need to create a more well-rounded public entity,” says Kim.

“The awareness of environmental issues is probably at an all time high, given the profile of global issues, such as climate change and the resultant mainstreaming of ‘green’ issues. And while many businesses are already enjoying the very real benefits of being environmentally-savvy, other businesses need to be careful that they don’t get left behind.

“The problem is that many businesses are stuck in the ‘conscious incompetence space’ – where they are aware that they need to do something to minimise their environmental impacts, and be seen to be doing something, but they have not yet worked out how to approach it in a logical, effective way. They need some assistance to take that next step.”

In 2001, Landcare Research introduced Enviro-Mark in New Zealand – an independently audited, certification programme for environmentally aware businesses. “Enviro-Mark challenges companies to look at their environmental risks holistically, to plan and then to implement ways to minimise all their significant environmental risks, by using a well-planned and robust Environmental Management System, or EMS,” says Kim.

“The Enviro-Mark certification programme is a step-by-step approach to developing an EMS, providing both assistance and training to businesses, as well as credible certification at each of the five stages through independently verified audits.”

As well as benefiting the environment, a robust EMS can also make a significant impact on a business’ bottom line. “Businesses can achieve significant operational cost savings, by focusing on energy efficiencies, waste management and resource efficiencies. And environmental credentials can enable companies to retain current projects or win new work over businesses that may not be able to prove their ‘green’ claims,” says Kim.

“But it is probably the business’ brand or reputation that benefits the most. Where there is potential for environmental harm, sound environmental risk management is absolutely critical. A robust EMS can help a business to ensure appropriate and effective management of any risk, avoiding environmental harm and costly legal implications – not to mention damage to reputation due to spills or other environmental incidents.

“For businesses who are on the lower end of the risk profile, the benefits will be the more intangible contribution of a credible environmental reputation to the brand.”

It’s also a significant factor in attracting and retaining staff, says Kim. “Good, talented people want to work for an organisation that operates with an awareness of sustainability and has the track record to show for it. They want to work for a well-rounded business that isn’t solely focused on turning a profit. Regardless of the economic climate, staff attraction and retention will always be topical issues.”



At a time when businesses are realising the importance of investing in human capital, Canterbury District Health Board (CDHB), Community and Public Health Division’s general manager, Evon Currie, says there has been a significant shift in mindset with regards to the health and wellbeing of employees. “Employers are beginning to see the financial benefits of healthy, well employees, so the old way of thinking of health care as a cost that needs to be managed has shifted to health and productivity as a critical business investment.

“A healthy, engaged and productive workforce is critical to maximising business performance and driving sustainable growth – never more so than during the current economic climate. When people are your most valuable business asset, investing in their health and wellbeing can have a very significant affect on business productivity, reputation and profitability. When your employees are feeling good and have tangible evidence that they’re working for a company that cares, the business can only benefit.”

**Workplace wellness programmes are recognised by an increasingly large number of organisations for their value in improving the health and wellbeing of employees, and for increasing morale, loyalty, and productivity, says Evon.**

Such programmes can include onsite fitness centres, smoking cessation programmes, vaccinations, health screenings, and coaching related to nutrition, weight and stress management.

“Workplaces are an ideal setting for health promotion, and healthy habits can be incorporated into our working days,” says Evon. “For example, choosing to walk or bike to work instead of taking the car, using the stairs instead of the lift, or selecting healthy options from the canteen menu.”

# Emergency

In late 2004, the Community and Public Health Division established HEAL (Healthy Eating Active Living) to increase CDHB staff awareness about healthy eating and active living. "HEAL is about developing and maintaining initiatives for staff, as well as providing an environment with policies and practices that support healthy eating and active living," says Evon.

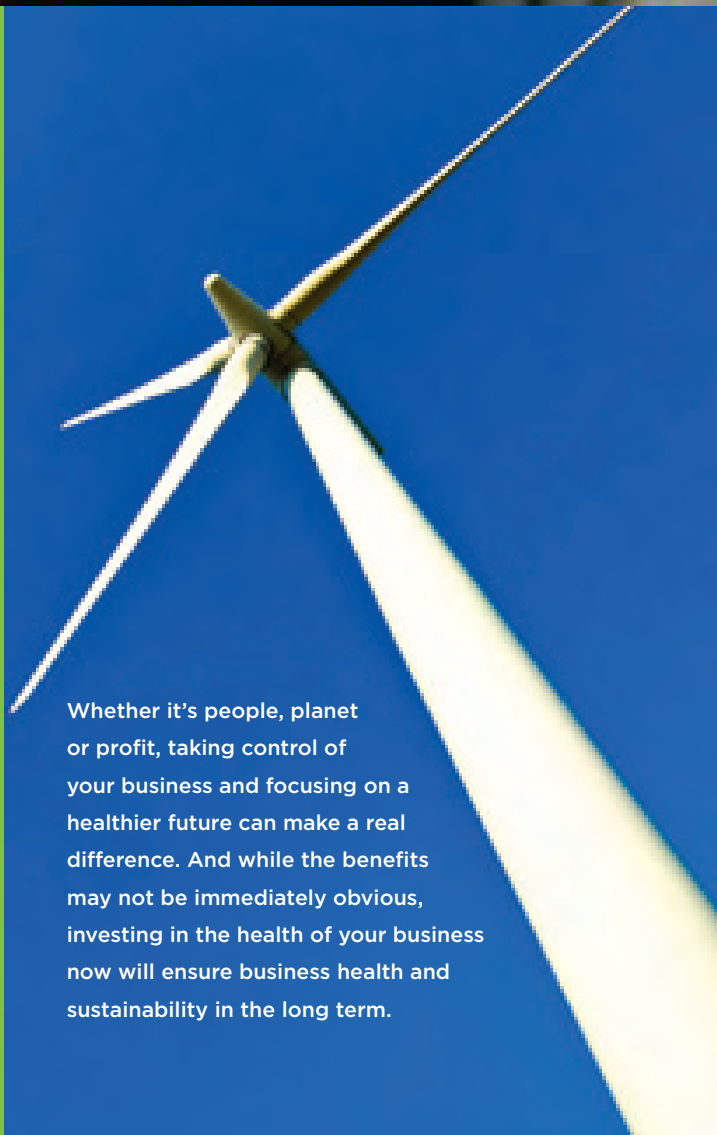
"It's about investing in the health and wellbeing of our staff, and, as the largest employer in the South Island, presenting a model that we hope other organisations will adopt and adapt to suit their own staff."

The approach used in the HEAL project is the Health Promoting Health Services approach, a World Health Organisation (WHO) developed model. "This model has a strong emphasis on the need to consider the social, physical and cultural environments and how they support healthy choices," says Evon.

"In order for such initiatives to be successful it has been recognised that there is a need for strong political and managerial support, community participation, an articulated vision and plan, a comprehensive approach and monitoring and research of the effectiveness on actions. It really is a team effort that needs full support from the top."

To date, the HEAL project has concentrated on developing and implementing a nutrition policy for all CDHB premises, says Evon. "This policy has achieved 70% healthy food choices in our hospital cafés and food vending machines. We also support staff to become physically active, and promote a number of community fitness initiatives through the HEAL website.

"Healthy people means a healthy business," summarises Evon. "If you look after your people, they will look after the business."



Whether it's people, planet or profit, taking control of your business and focusing on a healthier future can make a real difference. And while the benefits may not be immediately obvious, investing in the health of your business now will ensure business health and sustainability in the long term.