Adapting to change

Strengthening your business plan to anticipate, react to, and adapt to change

WORKSHOP WORKBOOK

Introduction

Uncertainty has become the new normal. We are experiencing unprecedented weather events, health pandemics, and political dramas, just to name a few. From this, we are seeing the downstream effects take a toll on businesses, forcing many to shut their doors for good.

The Adapting to Change workshop is designed to give you the tools and frameworks to cope with and adapt to the ever-changing business environment. This will help you to evaluate your current business position, assess potential opportunities, and build agility and resilience into your business plan going forward.

This workbook details the content covered in the workshop and also provides supplementary resources to guide you through your business journey.

The key focus of the workshop is:

01 **Pivoting**

- Defining a pivot
- Identifying changes in the market structure and consumer behaviours
- Assessing the impact of these changes
- Assessing the current state of your business and where the value lies
- Identifying potential solutions and business pivots

02 **Building resilience and agility**

- Business risk assessment overview
- Identifying potential business threats
- Categorising the type of risk
- Identifying who and what could be harmed
- Identifying risk mitigation strategies and business continuity plans

03 **Extra resources**

- Risk Identification: key questions to identify potential business risks/threats
- Insurance: core insurance policies for businesses
- Insurance: common pitfalls
- Legal documents: Some common agreements in business

Icebreaker

Before we start with the session, let's get to know each other with this icebreaker.

01 Pair up with somebody you don’t know.

02 Introduce yourself to them with your name, business, position and one interesting fact.

03 Introduce your partner to another pair based on what you have just learnt.

You can use the space to jot down people's names and businesses. You never know who might prove to be a useful connection!

Using AI as a “Thinking Partner” (Optional)

Throughout this workbook, you’ll see optional AI prompts that you can use to support your thinking.
These prompts are designed to act as a thinking partner, helping you to:

- Expand your ideas
- Identify risks and opportunities
- Test and refine your thinking

You do not need to use AI during this workshop. For best results, we recommend:

1. Focusing on the workshop exercises first using your own knowledge and experience
2. Then use the AI prompts after the workshop to deepen your thinking and explore additional ideas

If you choose to use AI:

- Use the same chat session so it can build on your previous answers
- Be specific when describing your business and situation
- Treat outputs as suggestions - not instructions

Always sense-check any suggestions against your own knowledge of your business.

Setting Up Your AI Thinking Partner

If you choose to use AI, start by setting up your “thinking partner” using the prompt below.

This helps the tool understand your business and provide more relevant, practical suggestions.

1. Open your preferred AI tool (e.g. ChatGPT, Copilot, Gemini etc), and start a new chat
2. Copy the prompt below into the chat and fill in the details about your business.
3. Once set up, keep using the same chat as you work through the exercises
4. Add more detail as you go - the more context you provide, the better the outputs
5. Remember: AI is a support tool - not a decision-maker.

Use it to:
- Explore ideas
- Challenge your thinking
- Generate options

But always:
- Apply your own judgement
- Consider what is realistic for your business
- Test ideas before committing

Tips

01 For best results, use the same AI chat throughout this section so it can build on your earlier responses.

02 Don’t worry if your answers are rough or incomplete - you can refine them as you go. However, the more specific and honest you are, the more useful and practical the AI suggestions will be.

Setting the Scene

On the following page there is a prompt that you can use to set the scene before asking it further questions. There will be AI prompts throughout this workbook, they will always have a green background.

Optional AI Thinking Partner Prompt - Setting the Scene

You are an experienced business advisor supporting small and medium-sized businesses in New Zealand.

I am working through a workshop on adapting to change and identifying pivot opportunities.

Please act as a thinking partner. Please do not make decisions for me. As we proceed into the exercises, help me identify blind spots, challenge my assumptions, and suggest practical options suitable for a small business with limited time and resources. Only ask questions when explicitly requested in the prompt.

Prioritise ideas that are low-cost, realistic, and able to be tested quickly.

When responding, please suggest a small number of practical options and highlight any key risks or trade-offs. Do not ask questions unless explicitly requested in the prompt.

Here is some context about my business:

- *Industry: [INSERT YOUR INDUSTRY HERE - What industry are you in? Be as specific as possible (e.g. "residential construction" instead of just "construction", or "specialty coffee retail" instead of "hospitality").]*
- *Products/services: [INSERT YOUR PRODUCTS/SERVICES HERE- What do you sell or provide? List your core offerings. If relevant, include your most popular or highest-margin products/services.]*
- *Customers: [INSERT YOUR CUSTOMERS HERE - Who are your main customers? Think about: 1) Type (e.g. businesses, consumers, niche groups); 2) Key characteristics (e.g. busy professionals, price-sensitive, premium buyers); 3) Where they are located or how they typically find you]*
- *Sales channels: [INSERT YOUR SALES CHANNELS HERE- How do you currently sell or deliver your products/services? (e.g. physical store, online store, social media, wholesale, events, direct sales, marketplaces)]*
- *Region: [INSERT YOUR REGION HERE- Where do you primarily operate? Include any important geographic details (e.g. local vs national, tourist-driven, rural vs urban, multiple locations).]*

The workshop is designed as a step-by-step process. Each exercise builds on the previous one. Please respond only to the prompt, using earlier information where relevant, but do not introduce later-stage analysis, recommendations, or next steps unless I specifically ask you to.

At this stage, this information is provided as background only. Do not tailor recommendations to my specific situation yet - I will refer back to this context as we work through the following steps.

Part One

Pivoting

In this section we'll explore the concept of pivoting and give you practical tips to deal with changes - reactive and anticipatory - in your business.

DEFINING A PIVOT

To start off with, it's important to understand what a pivot is and how it might look in your business. By definition, a business pivot is:

A fundamental shift in your business in response to unmet market needs or in response to big changes in market structure.

Essentially this is saying that these shifts can be reactive or proactive.

01 Reactive changes tend to happen in response to external factors which influence the market such as environmental, health, political and demographic changes.

02 Proactive changes can occur when businesses continually observe and respond to market changes and trends, and pivot to harness a growth opportunity.

What's the point in pivoting?

Regardless of whether your business is acting reactively or proactively, the risk of making no change is far greater than the risk of trying something new. Eventually, chances are that an alternative solution will appear on the market that is more appealing to the customer - and they'll switch to the option that is more cost-effective, convenient, or better aligned with their values.

WHAT DOES A PIVOT LOOK LIKE?

Whether it is reactive or proactive, a pivot can involve a change in any area of your business. These changes are often categorised as the following:

- Creating a new product or service.
- Serving a new market (e.g., a new geographical location or customer segment).
- Utilising a new marketing or sales channel (e.g., moving to e-commerce).
- Rebranding or repositioning an existing product or service.
- Implementing a process improvement (e.g., automated manufacturing, adjusting team roles, changing suppliers)

EXAMPLE

During the Covid-19 lockdowns in New Zealand, restaurants and cafes had to close their doors to diners. Many chose to tackle the problem head-on and devised an alternative solution to get products to customers via 'click and collect' or home delivery. Many restaurants also focused more on 'eat local', changing their branding and messaging to suit local clientele and innovating to make options more home-friendly and delivery-friendly.

#1: Hallertau: Brewery and restaurant had to alter their standard business model. They decided to offer a cut-down version of their menu via takeaway and offer filled flagons of beer, through a drive-through style pick up.

#2: Nanam: Filipino restaurant Nanam created a new takeaway menu called "Nanam Hits Home" and also launched food kits for customers to assemble a few of Nanam's dishes themselves. This allowed them to serve both local markets and those further afield.

Optional AI Thinking Partner Prompt

Use this to better understand what a pivot could look like for your business before moving into the exercises.

Using the business context I shared earlier, can you:
1. Provide 2–3 realistic examples of how a business like mine might pivot in response to different types of change
2. Clearly explain the difference between a small adjustment and a more significant pivot
3. Describe a few signs that indicate when a business should consider pivoting

At this stage, keep your response general and illustrative. Do not ask clarifying questions or tailor recommendations to a specific situation yet. Keep your suggestions practical, easy to understand, and suitable for a small business with limited time and resources.

[Optional: Focus on examples that could be explored or tested without major upfront investment.]

→ You are not choosing a direction yet - just exploring what might be possible.

How to: Pivot

Next, we'll talk through how to assess the current state of the market and of your business, to allow you to find growth opportunities.

Step 1: Assess the changes in the market structure and consumer behaviours

The first step is to understand the external changes in the market and the downstream effects of these on your business. At a broad level, you'll want to consider two things: 1) how it impacts your business operations and 2) how it impacts your customers, which in turn impacts you.

First, consider what changes on a macro level:

- Economic: financial downturn, unemployment, talent shortage
- Political and legal: law and policy changes
- Environmental: natural disasters, weather events, climate change
- Health: global pandemics, changing health habits
- Demographics: the demographics of a market you serve may change over time. E.g., age, gender, nationality, occupation, income.
- Social and ethical: attitudes towards certain products/processes, values, and beliefs
- Technology: AI, automation, digital tools, changing online behaviour

EXERCISE #1: Key Changes

Identify 2-3 key changes in the market structure and consumer behaviours that are likely to impact your business.

Optional AI Thinking Partner Prompt

Use this after identifying your key changes to check for gaps or blind spots.

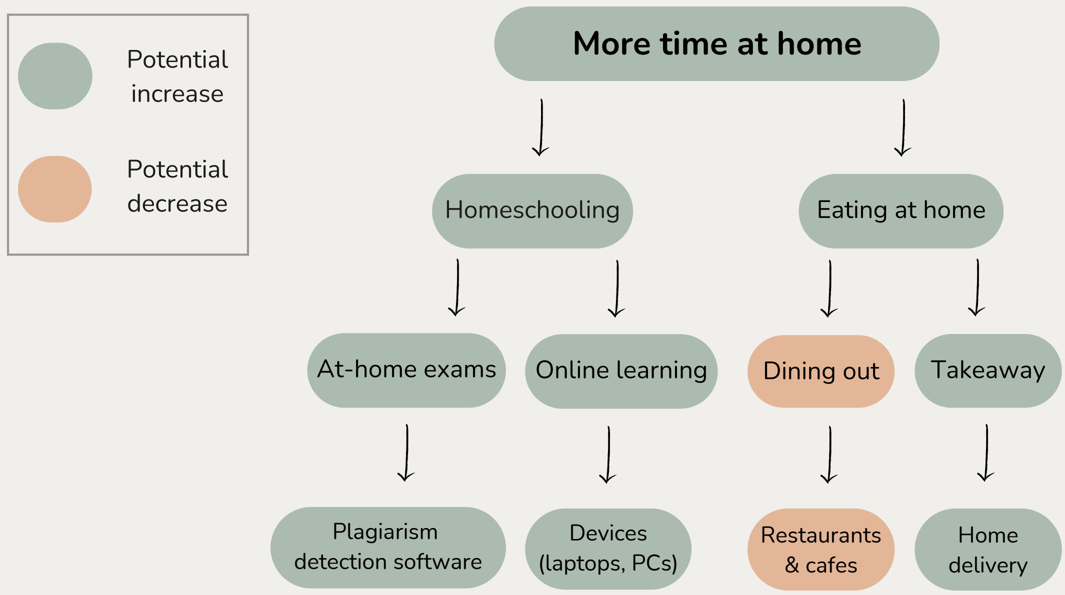
Using the business context I shared earlier, I am seeing the following changes within my industry:
[insert your notes from above]

Can you:
1. Suggest any additional market or consumer changes (2-3 max) I may not have considered
2. Highlight which of these are likely to have the biggest impact in the next 6–12 months
3. Identify any opportunities emerging from these changes

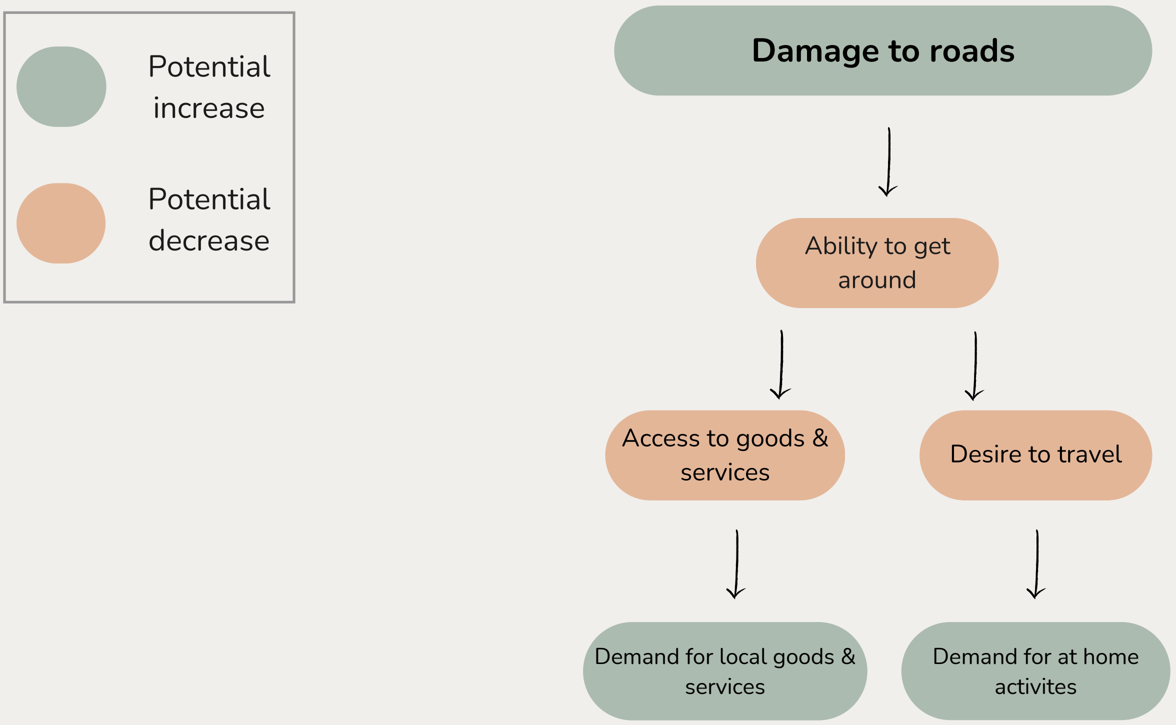
EXERCISE #2: Downstream impacts of change

Now pick ONE of the key changes you identified. In groups, draw a map of the downstream impacts of this, paying particular attention to the products or business opportunities that are likely to increase or decrease as a result of the change.
An example diagram has been provided for you at the bottom of the page.

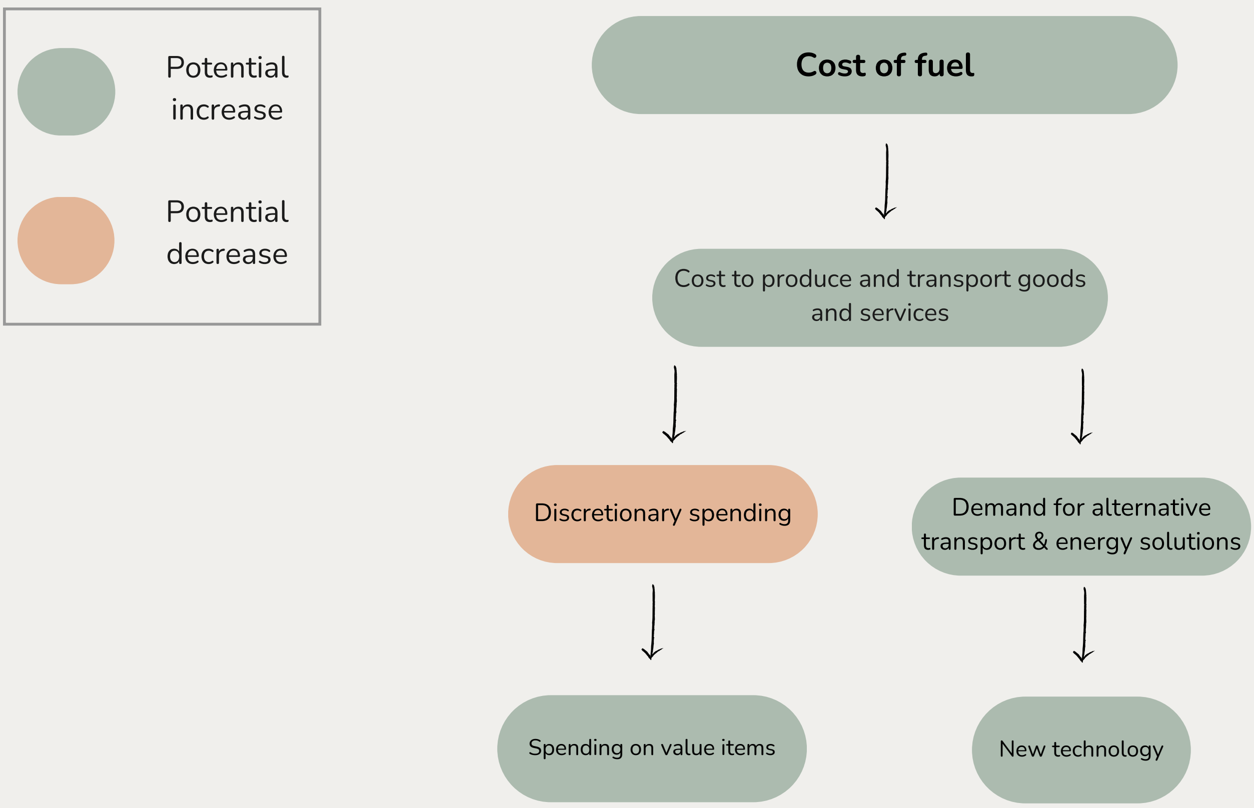
EXAMPLE: Covid-19 Lockdowns



EXAMPLE: Cyclone Gabriel



EXAMPLE: Rising Fuel Prices



Optional AI Thinking Partner Prompt

Now let's explore downstream impacts. Use this to explore how a single change could impact different areas of your business.

Please use the business context I shared earlier. From the changes above, the one I want to focus on is: [insert change]

Can you map the likely flow-on effects for:

1. *Customers*
2. *Costs*
3. *Operations*
4. *Suppliers or partners*
5. *Possible opportunities*

Highlight any second-order effects (i.e. impacts that may not be immediately obvious)

Step 2: Identify the type of change and its timeframe

The next step is to understand how long the change is likely to last. This will help you to assess whether it is worthwhile investing considerable time, money and effort to go after new opportunities, or whether you adapt temporarily to survive.

Policy and law changes are likely to be long-term, whereas behavioural changes in the market will be harder to assess. For behavioural shifts, you'll need to consider whether these existed before a certain event (e.g., Covid-19, flooding events), or if they began at the same time.

To aid with your assessment, we have placed in a useful grid below:

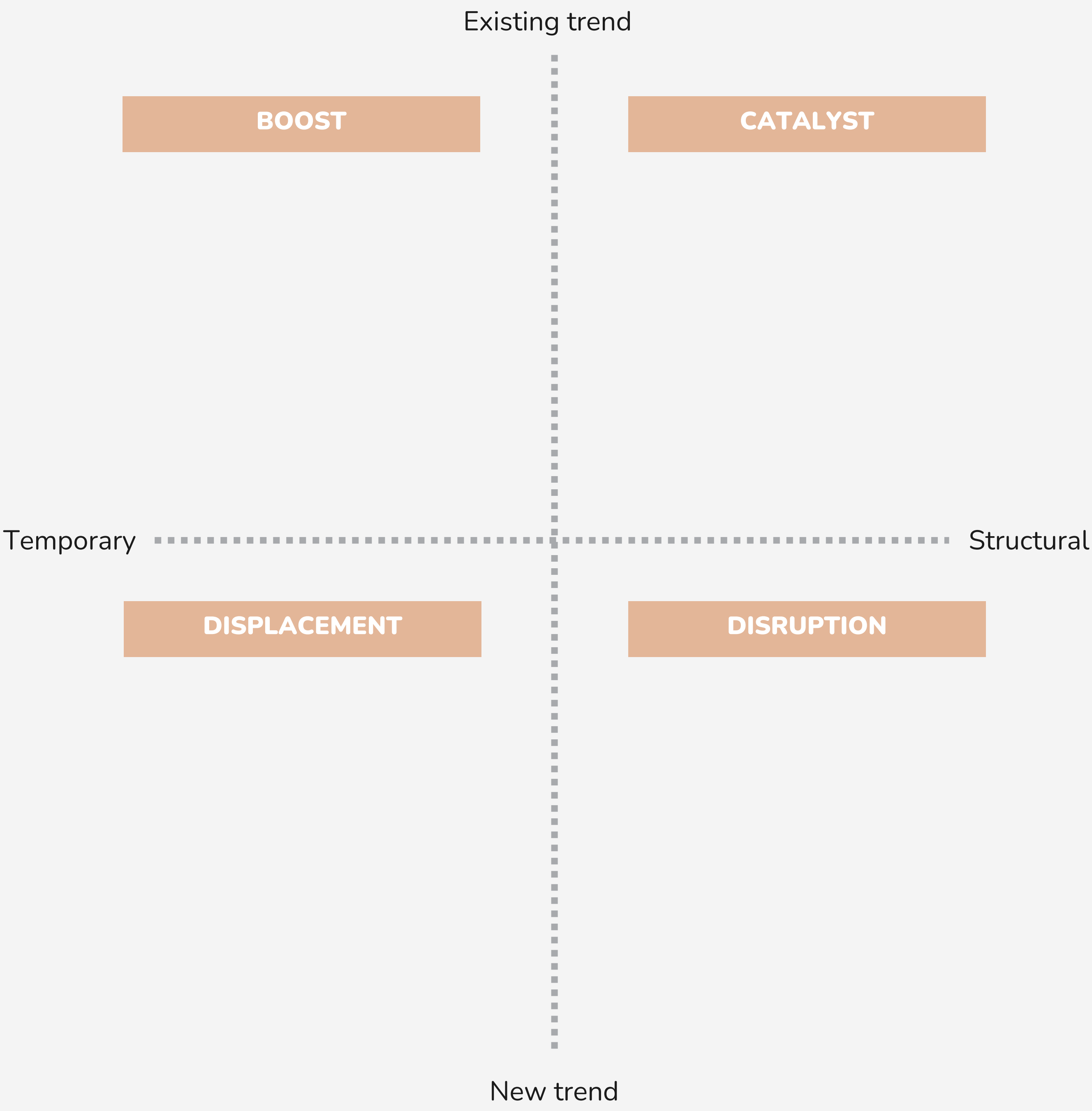
Existing trend

Temporary	Structural
BOOST **Temporary acceleration** Already on an upward trend and receives a short-term boost after a certain event.	**CATALYST** **Lasting acceleration** Already on an upward trend and receives a long-term boost after a certain event.
DISPLACEMENT **Temporary shift** A temporary change from existing behaviours or activities. It will revert back eventually.	**DISRUPTION** **Lasting shift** A long-term change away from existing behaviours and activities. It will continue to grow.

New trend

EXERCISE #3: Timeframes

Using the empty grid below, place the changes you identified in Exercise #1 in the appropriate section. In small groups, discuss the rationale behind your decisions.



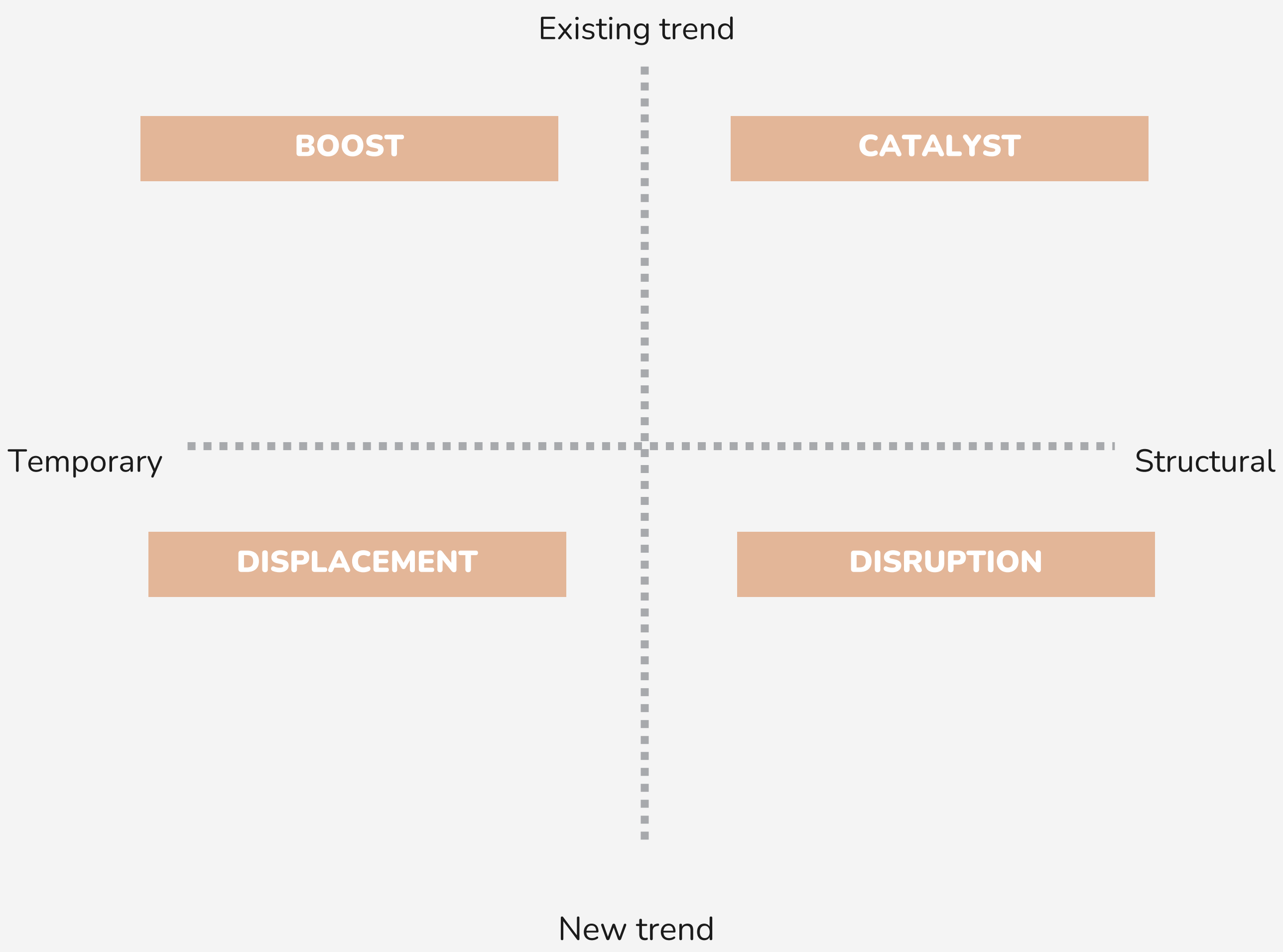
Optional AI Thinking Partner Prompt

Use this to sense-check how you've classified changes and their likely timeframe.

Using the business context I shared earlier, and based on the changes and downstream impacts we've discussed, can you help me classify each change as:

- *Temporary or long-term*
- *Existing trend or new trend*

Please briefly explain your reasoning and where you are uncertain or where assumptions are being made.



Step 3: Assess how these changes may impact your business

Now that you understand the changes happening on the grander scale, you'll want to assess how these may impact your business.

Think about the impact it will have on your customer, and the way you serve them, and also on your operations and production.

We've provided some example questions to get you started.

OPERATIONAL

- How do these changes impact the supply/cost of goods or raw materials?
- How do they impact production? (e.g. rate of production, manufacturing capacity)
- How do they impact the way you get products to your customers?
- How do they impact the way your team operates?
- How do they impact your ability to retain staff or find talent?

MARKET & CUSTOMERS

- How do these changes impact your customer's purchasing behaviours?
- How do they impact the way your customer receives products? (e.g. online)
- How do they impact your customer's ability to purchase goods? (e.g. financial)
- What new problems is your customer facing as a result of the change?

EXERCISE #4: Impact on your business

Selecting one of the market changes you identified in Exercise #1, note down the impacts this could have on different aspects of your business. Then, rank the severity of these impacts and discuss your answers in small groups.

Optional AI Thinking Partner Prompt

Use this to deepen your understanding of how changes may impact your business.

Using the business context and changes we've discussed earlier, please help me assess the impact on my business.

Based on the key change and downstream impacts we've discussed, what are the most important impacts on:
1. My operations (e.g. costs, supply chain, staffing)
2. My customers (e.g. behaviour, demand, purchasing decisions)
3. My revenue or margins
4. My ability to keep delivering value

Highlight the top 1–2 most critical impacts in each area. Please keep your response practical and prioritise the most important impacts, rather than listing everything.

Step 4: Understand where your core business value lies

To identify potential pivots and solutions, you'll need to understand the external problems and then marry these up with the core competencies in your business. This requires a deep understanding of your operations and of the way your business is perceived in the market.

The next step is to undertake a critical and objective review of the business and determine what your most valuable business assets ('anchors') are. Understanding these will help you to identify which parts of the business you could leverage, and which you could scale back or let go of.

It is worth noting that anchor points can be tangible or intangible and can cover any aspect of your business. For example, your greatest value may be in your customer relationships and connections, or it may be a manufacturing system or process. Try to think as broadly as possible when reviewing your business and considering future opportunities.

CRITICAL REVIEW OF YOUR BUSINESS

Map out your current assumptions on a business model canvas.

To start with, it's a good idea to write down your assumptions about the business' key assets/value, business model and the effectiveness of current operations. A business model canvas can be a useful tool for this.

Be aware of your biases and any emotional attachments.

To undertake an objective review, it's important to remove emotion from the equation and be honest about projects or parts of your business you are emotionally invested in. Do they hold value to others, or just to you?

Invite others to share their insights and feedback.

Use insights from others to test your assumptions and identify potential gaps or opportunities. Where do they see the greatest value? What don't they care about? Try to keep an open mind and try not to take it personally.

EXERCISE #5: Business Model Canvas

Using Business Model Canvas template below, fill in the key information and current assumptions you have about the different aspects of your business. Try to keep it to bullet points.

Problem
What problems are your customers facing?

Existing alternatives
How are these problems solved today? What alternative solutions/competitor products are already on the market?

Solution
How will you solve these problems? What do you offer your customer?

Partners
Who are the key partners/ What activities will each one perform?
E.g. suppliers, distributors, manufacturers, sponsors, referral partners

Unique value proposition
What is your unique solution and what value do you provide the customer? Create a clear and compelling one-liner message you want to send across to your potential customers.

Advantage
What separates you from competitors? Why would customers choose you instead?

Channels
How will you reach your target customers? E.g., Direct marketing,social media, ads, partnerships

Customer segments
What different customer segments do you serve? What characteristics define these customers? Create 3 to 4 personas of your core customers.

Cost structure
Are there any one-off start-up costs involved? What are they? What are the ongoing costs?
Consider staffing, equipment, services, transport

Revenue streams
How will you generate income? Show a pricing model of your products or service and include potential revenue sources, such as direct sales and subscription fees.

Optional AI Thinking Partner Prompt

Use this to help clarify what your customers truly value.

Using the business context I shared earlier, here is some additional detail:

- My most important customer group right now is: [INSERT HERE – Who are your primary customers? Describe them clearly, e.g. for a cafe it might be office workers grabbing lunch, busy parents needing quick meals, tradies wanting early coffee, small business owners buying regularly.Tip: If unsure, think about who you serve most often or who brings in the most revenue.]

- The problem I help them solve is: [INSERT HERE – What need, frustration, or job are you helping with? Think about why customers choose you (e.g. convenience, quality, saving time, treating themselves, solving a specific pain point).]

- The solution I offer is: [INSERT HERE – What do you actually provide to solve this problem? Describe your core product/service and how it delivers value (not just what it is, but what it does for the customer).]

- What they value most about my business is: [INSERT HERE – What do customers consistently respond to or come back for? This could be quality, price, experience, speed, location, brand, or something unique. If unsure, make your best guess based on feedback or repeat behaviour.]

- The biggest challenge I'm facing right now is: [INSERT HERE – Based on the changes and impacts you've identified earlier, what is the most important challenge for your business right now? Try to summarise this in one clear sentence.]

Can you:

1. *Summarise what you believe my core value proposition is*
2. *Highlight any gaps or inconsistencies in my thinking*
3. *Suggest ways I could strengthen or clarify this value*

GATHERING INSIGHTS FROM OTHERS

In order to gather the best insights, it's important to collect data and feedback from a range of sources. This will help to test your own assumptions of how the business operates and how it is perceived. It may also open your mind to opportunities you hadn't seen before.

Make a list of key people you'd like to target. Aim to talk to consumers of your products or services, or people who are experiencing the problem you're trying to solve. You may also want to consider those who understand your operational systems or supply chain. You could consider talking to:

01 **Existing customers**
Approach existing customers to understand what they love about your product or service, and where the key value lies in their eyes.

02 **Potential customers**
You may also want to approach potential customers who are experiencing the problem your product or service is trying to solve. It's important to gather perspectives from the people you actually hope to serve, not just any member of the community.

03 **Employees**
Approach your front-line staff in each facet of the business. They'll be able to identify key gaps / key strengths and may offer insights you didn't consider.

04 **Partners / Stakeholders**
Approach partnering businesses and other key people in your business operations such as distributors and retailers. From their perspective, what is it that makes your business valuable?

Jot down who you plan to gather insights from. If it is a customer/potential customer, try to note down the persona you are targeting.

METHODS OF GATHERING QUALITY INSIGHTS

There are many ways to gather customer insights, you can use a mixture of different gathering techniques to find the right mix for getting insights from your customers.

01

Surveys and Questionnaires

Surveys are useful for providing quantitative data to identify trends across a large group. They tend to provide less detailed insights, with a focus on quantity rather than quality.

You can send out surveys with targeted questions to current and potential customers via:

- Newsletters or email (if you have an email database)
- Facebook groups relevant to your industry
- Your personal or business social media accounts such as LinkedIn or Facebook
- Leveraging bodies or potential partners to help you spread the survey to a wider audience

02

Social listening

Monitor social media, forums, and review sites to see what customers are discussing, complaining about or asking for.

03

Customer support data

Look at customer support tickets, feedback forms, or live chat logs of similar products or services to identify recurring issues. Support data provides real-world evidence of the most frequent problems that customers encounter.

04

Observation

Observing customers in real-time to watch how they use a product or complete a task can reveal pain points they might not verbalise or even be aware of. This method can expose hidden frustrations and inefficiencies that might not be reported through surveys or interviews.

HOW TO GATHER QUALITY INSIGHTS

Choosing the right people to talk to is part of the equation, but there are a few other tips and tricks to keep in mind:

Ask open-ended questions and get stories.

The key is to ask questions of others which don't sway them towards the answer you want. To get real answers, try to ask questions which will get the person to tell a story. E.g. "Can you tell me about an experience when...?"

Spend most of the time listening.

Your aim should be to listen more than talk. Try to avoid talking too much about your product/service and your own ideas and assumptions. This will help you to get honest, unbiased feedback. If you can, try to meet in person. You'll be able to pick up a lot from how they say things.

Spend time reflecting.

Listen intently and then take the time to reflect back on what people say. Try to keep an open mind and understand that people are offering an opinion to try to help you - it's nothing personal. Consider how that feedback may influence your decisions going forward. Not everything everyone says will be useful, but try to look for the patterns or similarities across different people's insights.

EXERCISE #6: Practice interview

In pairs, take turns interviewing each other and gathering insights from a 'potential customer'. Note down anything which surprises you, challenges your assumptions or confirms what you already knew.

Step 5: Identify potential solutions and business pivots

The final step is to use the insights you gained to work out the potential business pivots you could make to grow through, or to survive, this period of change.

Taking into account everything you have done in step 1-4, now you should begin to look for matches between your assets and the way you respond. What pivots can you make to ensure you meet the changing needs of the market, whilst retaining your core assets? Can you create value from existing assets, or do you need to monetise it or deliver it to customers differently?

Brainstorm as many ideas that fit with the above questions. Try to minimise judgement and keep in mind that there are multiple aspects of the business you could change to better serve your customer, or do so more effectively. As discussed in the beginning of this section, a pivot may look like:

- Creating a new product or service.
- Serving a new market (e.g., a new geographical location or customer segment).
- Utilising a new marketing or sales channel (e.g., moving to e-commerce).
- Rebranding or repositioning an existing product or service.
- Implementing a process improvement (e.g., automated manufacturing, adjusting team roles, changing suppliers)

EXERCISE #7: Brainstorming solutions

Take a few minutes to jot down some potential ideas. Get as creative as you like in the brainstorm stage - you never know what might actually be possible!

Optional AI Thinking Partner Prompt

Use this after brainstorming to expand and refine your ideas.

Using everything we've discussed so far, suggest 3–5 realistic pivot options.

For each option, include:
1. What the pivot is
2. Why it fits the changes identified
3. What customer need it responds to
4. How difficult it may be to test
5. One small first step

Ensure the options are meaningfully different from each other.

TESTING FEASIBILITY OF A SOLUTION

Now that you have a few potential ideas, you'll want to test how feasible they are for your business. The steps below provide a high level overview of how you might go about this:

01

Assess product-market fit.

In a nutshell, you want to ensure that you are selling the right products or services to the right people and in the right way. Consider the following questions to determine whether you have matched the customer need and the value proposition.

- What is the new problem that your customer has?
- What does this customer look like? I.e. persona See Section 3: Extra Resources (A)
- Will the proposed solution fill that need/problem?
- Who else has similar problems? Could you serve them too?
- How big is that demand?
- Is the demand sustainable/long-term?
- Is there a scalable solution?

02

Assess whether your operations can support it.

The next step is to understand what changes you would need to make in your operations to support a change in the way you serve your customers. Keys things to consider are:

- Staff / talent
- Supply chain
- Manufacturing and production
- Financial feasibility

03

Try rapid prototyping.

If you get through the first two points and it still sounds like a sensible pivot, then you'll want to test the idea out. Rapid prototyping is the practice of building a minimum viable product and testing it with the market to get feedback.

- What is the most simple version of the solution that you can build to test?
- What smaller 'sprints' can you set as Go/No Go milestones?

You can use this space to jot down some ideas.

Optional AI Thinking Partner Prompt

Using the business context and selected idea, use this to turn your chosen idea into a practical test.

I want to explore this pivot idea:
[insert selected idea chosen from above]

Can you help me design a simple low-risk test?

Include:
1. The key assumption to test
2. A simple experiment I could run in 2–4 weeks
3. What success would look like
4. What feedback I should collect and how
5. What would tell me to stop, adjust, or continue

Keep the test as simple and low-cost as possible.

Pivoting: Summary

Identify what the changes are and how this impacts consumer behaviour. Where is the new demand? Lead with the demand when ideating your solution; you have to go to where the market is.

Consider the timeframes. Is this a fundamental shift in the landscape or something you need to weather in the short-term?

Identify your key business assets and leverage these. The aim is to protect these key assets and eliminate the things that no longer serve your business (non-essential assets).

Don't focus on complete clarity or perfection when designing a solution. Test it, learn and then iterate as you go.

Recognise that you may need to change again. The biggest asset a business can have is adaptability - how can you build this into your business?

Part Two

Building agility and resilience

The business environment is constantly changing. Even without natural disasters or global pandemics, there are continuous small changes in the market that alter the context businesses operate in.

In order to remain relevant and succeed, businesses need to be adaptable, agile and resilient. These may sound like over-used buzz words, but they amount to the same thing: businesses have to be able to identify risks and market changes, and know how to quickly respond. They need to have plans in place to continue business when things go wrong.

Optional AI Thinking Partner Prompt

Continue using the same AI chat from Part One as you work through this section.

These prompts are designed to help you:

- *Identify potential business risks*
- *Think through possible impact*
- *Explore practical mitigation strategies*
- *Strengthen business agility and resilience*

As before:

- *Focus on completing the exercises first using your own knowledge and experience*
- *Use AI afterwards to expand and refine your thinking*
- *Treat outputs as suggestions — not instructions*
- *Keep using the same chat so the AI can build on earlier context and exercises*

BUSINESS RISK ASSESSMENT

The first key element that we will explore in this section is risk identification and risk management. Ideally, this will serve as a guide for you to build risk identification processes into your business, and explore a variety of ways that you can protect your key assets.

To conduct a comprehensive risk assessment, there are a few key steps:

1. Identify the potential threats and risks
2. Categorise the type of risk
3. Identify WHO or WHAT could be harmed
4. Put in place processes or strategies to mitigate these risks
5. Review and monitor risks regularly

We'll discuss these in more detail on the following pages.

We will not go into detail about emergency planning in this workshop. If you need assistance building an emergency plan, please visit:

- *Earthquake preparedness checklist at www.business.govt.nz*
- *Making an Emergency Plan at www.getready.govt.nz*

Step 1: Identify potential business threats

There are numerous ways to assess potential threats and risks to your business. Some of the key tools for risk identification are:

- Identifying key dependencies i.e., the things your business relies on to function well. If these were disrupted, it could have a serious impact on your business.
- Conducting a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats)
- Reviewing financial statements and performance indicators. This can help you identify risks related to cash flow, profitability, or solvency.
- Utilising data and feedback from customers, employees and the market.

We'll discuss a couple of these in further detail.

Key dependencies

Key dependencies are the things your business relies on to function well. If these were to fall over or be disrupted, it could have a serious impact on your business. Consider what these dependencies might be in your organisation, paying careful attention to:

1) Products and Services:

- What is your most profitable product or service?
- What would be the impact on your business if this was disrupted?
- What are the internal risks that could impact production / delivery of these? E.g. staff, specialised equiptment, processes
- What external elements are essential to producing / delivering this product or service? E.g. raw materials, manufacturers. What are the risks associated with these?

2) Key People:

- Who are your key staff? Could you still operate without some of them?
- Does your business rely on one or two people? What would happen if they were unavailable, got ill or could no longer work?

3) Key partners:

- What external parties do you rely on to keep your business running and getting goods/services to customers? E.g. suppliers, distributors
- What are your supply chain risks?

4) Business premises, facilities and equipment:

- What would happen if your property was damaged or you could not access your premises?
- What are the risks associated with your business' physical location and/or equipment you use?

SWOT Analysis

A SWOT (Strengths, Weaknesses, Opportunities and Threats) table is another tool to identify business assets and strengths, and also the areas of risk in the context of the market you operate in.

STRENGTHS	WEAKNESSES
Internal strengths. What does the business do well? What sets it apart from competitors? What unique knowledge, skills ideas does the business have? What are the key business assets?	Internal weaknesses. What do your competitors do better? Where are the gaps in your business? e.g., missing skillsets What does your company lack? What are your resource limitations?
OPPORTUNITIES	**THREATS**
External opportunities. What are the emerging market trends? How could these drive demand for your products/services? Are you operating in an underserved area of the market? Could you be?	**External threats.** Are there any emerging competitors or industry disruptors? Are there any upcoming changes in the regulatory environment? Are customer attitudes changing?

We have created a list of example questions in Section 3: Extra Resources (Resource B), that may assist you in identifying key risks.

EXERCISE #8: Risk Identification

Using the SWOT analysis grid below, note down the key internal risks (weaknesses) and the key external risks (threats) in your business. If you have time, you can use the strengths and opportunities columns to note down potential strengths that you could leverage to mitigate risks.

STRENGTHS	WEAKNESSES

OPPORTUNITIES	THREATS

Optional AI Thinking Partner Prompt

Use this after completing your SWOT analysis to check for gaps or blind spots.

Using the business context and changes we've discussed earlier, can you:

1. *Suggest any additional:*
    a. *Strengths*
    b. *Weaknesses*
    c. *Opportunities*
    d. *Threats I may not have considered*
2. *Highlight which weaknesses or threats are likely to create the biggest risk for my business in the next 12 months*
3. *Identify any strengths or opportunities that could help reduce these risks*

Keep your response practical and focused on the most important points rather than listing everything.

Step 2: Categorise the type of risk

Once you have identified the key risks and threats to your business, you can categorise these by type of risk. In this case the type of risk includes the severity of the risk and function/area of the business it would impact.

SEVERITY

EXERCISE #9: Ranking risks

For the risks you identified in Exercise #8, use the grid below to rank them as high, medium or low risk. Consider how likely the risk is to occur and the magnitude of the impact if it did occur.

HIGH	MEDIUM	LOW

Optional AI Thinking Partner Prompt

Use this to sense-check how you've ranked your risks.

Using the risks identified earlier, can you:

1. *Help me identify which risks are likely to have:*
    a. *High impact*
    b. *Medium impact*
    c. *Low impact*
2. *Briefly explain what makes each risk more or less severe*
3. *Highlight any risks that could affect multiple areas of the business at the same time*

Please focus on practical business impact rather than unlikely worst-case scenarios.

AREA OF IMPACT

The risk can also be categorised by the function/area of the business it may impact. Note that it may have an impact on multiple areas. Typically, these are split into:

- Strategic Risks: These are from the changing dynamics in the market/industry. E.g., Changes in customer behaviour, changes in technology that would make your current offering obsolete or less useful.
- Financial Risks: Any risk that may impact the receipt of money, payment of loans, or international payments.
- Regulatory Risks: Changes in laws or rules by governing bodies.
- Operational Risks: Unforeseen events that are likely to impact the day-to-day running of your business.
- Reputational Risks: Events that impact the way the business is perceived, or the company standing.

EXERCISE #10: Area of impact

In the space below, categorise 3-4 key risks as Strategic, Financial, Regulatory, Operational or Reputational. Discuss your answers in pairs.

Strategic	
Financial	
Regulatory	
Operational	
Reputational	

Step 3: Identify WHO and WHAT could be harmed

Once you have categorised the risks, you'll need to identify who may be implicated as a result, or what equipment or processes may be impacted. Pay particular attention to the key assets you have that may be impacted.

Consider the WHO in terms of:

- Employees
- Supply chain (suppliers, distributors)
- Manufacturers
- Customers or clients
- Other key people involved in the business

Consider the WHAT in terms of:

- Reputation
- Infrastructure
- Equipment
- Buildings
- IT Systems
- Stock
- Intellectual Property
- Other key assets

EXERCISE #11: WHO and WHAT

In groups, discuss WHO and WHAT are impacted the most by these risks. Note down the greatest impacts for your business in the space below.

Optional AI Thinking Partner Prompt

Use this to better understand who or what may be affected if a key risk occurs.

Using the risks we've discussed earlier, can you help me identify the most likely impacts on:

1. *People (e.g. staff, customers, suppliers, contractors)*
2. *Operations (e.g. production, delivery, systems, equipment)*
3. *Financial performance*
4. *Reputation or customer trust*

Highlight the areas that appear most vulnerable or interconnected.

Step 4: Identify risk mitigation strategies

The strategy you choose to employ to mitigate risks will depend on a range of factors including the size of the risk, your risk appetite, your budget and ease of implementation.

INTERNAL PROCESSES AND CHECKS

In the first instance, consider how you could mitigate the risk internally.

- What processes and checks could you put in place to minimise the likelihood of a certain event?
- What processes could you put in place to ensure the business could continue, if the event did occur?
- What plan could you build to minimise the resultant damage?

Here are some examples of internal processes to mitigate risk of the event occurring.

RISK	MITIGATION STRATEGY
A big client doesn't pay.	Conduct background checks and do due diligence on clients, particularly for projects of significant value e.g., more the $X amount.
Customer data is hacked by an external party.	Invest in cyber security solutions and fraud detection tools. Educate employees on cyber security attacks and create a register to log any suspicious activity.
Customer does reputational damage by writing a scathing review on Facebook.	Create processes to check in with customers and gain feedback on their experience. Put in place a clear customer complaints process on your website.
A key person falls seriously ill and cannot attend work for months.	Create processes to ensure key information about projects and clients is captured in an online domain that other staff could access, if necessary.

EXERCISE #12: Mitigation Strategies

What are some potential internal mitigation strategies you could employ for your own business?

RISK	MITIGATION STRATEGY

Optional AI Thinking Partner Prompt

Use this after identifying your key risks to explore practical mitigation strategies.

Using the risks and impacts we've discussed earlier, can you suggest:

1. *Practical ways to reduce the likelihood of these risks occurring*
2. *Internal processes or checks that could help minimise disruption*
3. *Any low-cost actions that could strengthen resilience over time*

Please prioritise strategies that are realistic for a small business with limited time and resources.

Here are some examples of internal processes to enable business continuity if the event were to occur.

RISK	BUSINESS CONTINUITY PLAN
A flood event occurs. Multiple staff members cannot get to work.	Create a list of casual staff, contractors or people you know that you could call in at short notice.
A vital piece of equipment breaks down.	Create a list of service providers / maintenance support that you could call to fix urgent issues. Make sure your staff know where this is and have access to it.
A marketing campaign receives public backlash.	Have a Public Relations contact that you can call upon (internal or external) for if you get negative media attention.

EXERCISE #13: Business continuity plans

What are some potential internal business continuity plans you could put in place?

RISK	BUSINESS CONTINUITY PLAN

Optional AI Thinking Partner Prompt

Use this to help turn your risk planning into practical continuity actions.

Using the risks and mitigation strategies discussed earlier, can you suggest:

1. *Simple continuity plans I could put in place if a key disruption occurred*
2. *The most important systems, people, or processes I should protect first*
3. *Any backup plans, alternative suppliers, or contingency options worth considering*

Keep your suggestions practical, realistic, and easy to implement.

INSURANCE

In addition to internal mitigation strategies, you may want to look at how you insure the business to enable business continuity if the event does occur.

The type of insurance needed can look very different for each business. It can depend on the products/services you sell, markets you sell into, ownership of land, assets, IP, and also your involvement in the business as the owner.

When considering insurance, think about the key physical assets you own that could be impacted by theft, damage or other, as well as the instances where you may be liable if something goes wrong. Do your research and make sure you have the best policy that fits your specific business needs.

We have provided a list of core business insurance policies in Section 3: Extra Resources (C), as well as information on the common pitfalls when it comes to insurance (D).

LEGAL DOCUMENTS AND CONTRACTS

Legal documentation and agreements are another good way to protect your business from major damage in the event of an unexpected event.

Every business will need different legal documents, depending on the business structure, industry, goods being traded, and many other factors. Some common legal documents used in business are:

1. Terms of Trade
2. Confidentiality Agreements / Non-disclosure agreements (NDAs)
3. Privacy Policies (or other company policy documents)
4. Shareholder Agreements
5. Partnership Agreements
6. Supply Contracts
7. Patents / Intellectual Property Ownership documents
8. Employment contracts

We have provided more information about some of these legal documents in Section 3: Extra Resources (E). If you are unsure about which documents are relevant to your specific business, it is a good idea to seek advice from a trained legal professional. Kindrik Partners also have an extensive range of templates and guides on their website for those looking to research this further.

KEEPING GOOD RECORDS

Another great way to protect yourself from potential risks and minimise the damage if events do occur, is by keeping up-to-date, clear records.

This includes:

Financial records
Make sure you keep records for all financial activity, in New Zealand, businesses are required to keep financial records for at least seven years. This may include documents or evidence such as:

- Invoices: For sales and purchases
- Receipts: Proof of business expenses
- Bank statements: To reconcile income and expenses
- Loan and investment agreements: Documentation of any funding or financial commitments
- Tax and GST returns: Copies of all filed returns
- Annual reports: Summaries of business performance
- Contracts and agreements: With customers, suppliers, and partners

Good record-keeping not only ensures compliance but also makes audits, financial forecasting, and resolving disputes much easier.

Best practice:
- Use cloud storage or accounting software to securely store and organise records.
- Schedule a weekly or fortnightly admin session to update and reconcile your records.
- Build a financial calendar to regularly assess key performance metrics and keep on top of your tax obligations.

Client communications
Sometimes things can be agreed over the phone or in passing, only to be disputed after the fact. Ensure you keep email trails, meeting notes and any records that may help you in client disputes later on.

Project information
It's a good idea to track progress and information from each employee's different projects or clients. This way the information is shared across the business and there is minimal risk of losing that information when the staff member leaves or is unable to come to work.

Processes and Standard Operating Procedures
To minimise human error, it's a great idea to keep a record of your standard procedures that staff can easily access. Take time to review these with staff and update them regularly.

Step 5: Regular check ins and updates

Things are always changing in the business environment, so make sure you take the time to review your risks and update your risk management plan, legal contracts and insurance policies accordingly.

Agility

WHAT DOES AN AGILE AND RESILIENT BUSINESS LOOK LIKE?

An agile business is one that is constantly evaluating their risks and potential pivots, and thus, re-evaluating their strategy. They build processes to identify and respond to market changes and customer needs flexibly and quickly. They constantly look at what's working and what isn't and they are prepared to change tactics and goals if they need to.

To illustrate this better, let's take an analogy of a captain and their ship. The captain is usually a very experienced sailor who knows their ship and crew inside out. However, when the captain takes the ship to sea, they don't know what conditions they'll run into beyond the two-week weather forecast. So, the captain prepares the ship and their crew for every eventuality and uses his crew to lookout for danger. When they hit the ocean, they constantly monitor the weather and the currents, making quick decisions as to whether they need to change course.

A business is really no different. As a business owner, you are the captain, and whilst you may know your way around your ship, there are always going to be unexpected events and changes. In order to respond to these events, you need to be aware of the risks and prepare a plan to manage these.

HOW TO BUILD AGILITY

Building agility into a business is an exercise done over time. It requires designing operational processes and a team culture and leadership style that facilitate change and innovation. Below are some key principles that may assist you in building a more agile and resilient business.

01

Put the customer first.

Agile businesses put the customer at the centre. The customer gives the business its purpose and the business will design products, processes and strategic direction based on what will serve their customer best.

As a business, this means:

- Listening to the customer: Agile businesses make a habit of getting customer feedback and data. They use this to make changes to maintain the competitive edge in their customer's eyes.
- Aligning staff to customer outcomes: Each employee is aligned to customer outcomes and each function of the business is framed in the context of 'how does this help us better serve the customer?'
- Enabling feedback loops: Create space for employees to feed back information and insights about the market and customers.

02

Have open and clear communication.

Agile businesses enable open, honest and frequent communication with employees. Aim to:

- Share regular updates about where the company is headed as well as potential opportunities and challenges. Being transparent will increase trust and also encourage solutions and problem-solving within the team.
- Set up safe spaces for employees to share honest feedback and insights and engage in healthy debates.
- Encourage information sharing across the organisation and try to avoid teams working in silos. This protects from the risk of losing information if someone leaves, but also encourages cross-pollination of ideas.

03

Use data to identify and monitor risks and changes.

Capturing accurate and consistent data is a key component to being agile. The more informed you are about business performance and market changes, the earlier you can identify risks and market changes, and the quicker you can make decisions.

Consider how you could leverage technology and build data capture processes into your business to easily capture and monitor information. For example:

- Tools to measure customer engagement e.g., monitor website traffic, newsletter clickthroughs, engagement on social media posts.
- Tools to monitor sales pipelines e.g., online CRMs such as HubSpot and Salesforce may help you to identify where key bottlenecks are in your sales process
- Tools to monitor financial health e.g., MYOB, Xero, Hnry
- Project management tools to capture information e.g., Trello, Asana. (If any employee falls ill or can no longer carry out their role, you'll have all of the information captured in one place).

04

Build empowered teams with a growth mindset.

Agile businesses build self-sufficient teams that are given accountability, autonomy and authority over outcomes. The accountability drives employees to feel empowered to carry out strategic plans and always staying aligned to customer outcomes (i.e. better at problem-solving and finding ways to do their job better).

In practice:

- Create leaders who coach: empowering staff means equipping them with the tools to succeed, removing impediments and guiding them through periods of change; not telling them what to do 24/7.
- Promote a culture of learning and experimentation: Create an environment where employees are able to incorporate their own insights and feedback into their roles, and test out better ways to do things.
- Assess how decisions are made: Not every decision in a business needs to go through the CEO. Perhaps assign less risky decisions to other staff in the business and give them the space to learn from mistakes, or utilise input from the wider team/centralised feedback loop when making bigger decisions.

EXERCISE #14: Building Agility

As a group, discuss other ways you may be able to build agility into your business. Consider:

- Internal team
- External team / experts
- Processes (manufacturing, sales, business etc.)
- Communication
- Technology

Optional AI Thinking Partner Prompt

Use this to explore ways your business could become more agile and adaptable over time.

Using the business context, risks, and opportunities we've discussed earlier, can you suggest practical ways to improve agility within my business in relation to:

1. *Team and communication*
2. *Processes and operations*
3. *Customer feedback and decision-making*
4. *Technology or systems*
5. *Learning, experimentation, or continuous improvement*

Please focus on small, realistic improvements rather than large-scale transformation.

Agility: Summary (2 minutes)

Agile businesses continuously assess risks, monitor change, and adapt their strategies quickly in response to market conditions and customer needs.

Successful agile organisations put customers at the centre by actively gathering feedback and aligning teams around customer outcomes.

Frequent, honest communication builds trust, encourages collaboration, and helps teams solve problems more effectively.

Using data, technology, and performance insights allows businesses to identify risks earlier and make faster, more informed decisions.

Agile businesses empower teams with accountability, autonomy, and authority, while fostering a culture of learning, experimentation, and continuous improvement.

Reflection and Next Steps (2 minutes)

You've now worked through a range of exercises to help you:

- Identify changes affecting your business
- Explore possible downstream impacts
- Assess risks and opportunities
- Consider potential pivots and responses
- Strengthen business agility and resilience

The goal of this workbook is not to create a "perfect plan".
Instead, it is designed to help you:

- Build awareness
- Improve decision-making
- Increase adaptability
- Take practical action before change becomes urgent

Reflection Questions

Before finishing, take a few moments to reflect on the following:

1. What changes or risks now feel most important to your business?
2. What assumptions about your business or customers have been challenged?
3. What strengths or opportunities could help you adapt more effectively?
4. What is one area where your business could become more agile or resilient?
5. What is one practical action you could take in the next 1–2 weeks?

Optional AI Thinking Partner Prompt

Use this at the end of the workbook to help summarise your thinking and identify practical next steps.

Using everything we've discussed throughout this workshop, can you help me summarise:

1. *The most important changes or risks affecting my business*
2. *The biggest opportunities or strengths I should build on*
3. *The 2–3 most important actions I should prioritise over the next 3–6 months*
4. *Any key risks or assumptions I should continue monitoring*
5. *One small action I could take in the next 1–2 weeks to build momentum*

Please keep your response practical, prioritised, and suitable for a small business with limited time and resources.

Focus on clarity and action rather than trying to solve everything at once.

Keep the momentum going!

Business environments continue to change over time. Revisiting these exercises regularly can help you:

- Spot changes earlier
- Respond more confidently
- Test ideas before pressure builds
- Strengthen long-term resilience

Tip: Consider revisiting this workbook every 3–6 months, or after any major business change or disruption.

Part Three

Extra resources

This section will not be covered during the workshop. It contains supplementary information to the content discussed, but is designed for you to go through in your own time. This section contains:

- **A** Customer Persona
- **B** Risk Identification: key questions to help you to identify potential business risks / threats.
- **C** Insurance: core insurance policies for businesses.
- **D** Insurance: common pitfalls.
- **E** Legal documents: Some common agreements in business.

A

Customer Persona

Name:

Demographic

Age:

Gender:

Occupation:

Income:

Education:

Job role details

Who do they report to?

Key responsibilities?

Geographic

Urban or rural?

Climate?

What:

- Country
- City
- Suburb

Interests and Hobbies

Values

Goals & Motivations

Behaviour Patterns

Problems to solve

Frustrations?

Complaints?

Challenges?

Pain points?

Expectations of a solution

Features?

Function?

Form?

B Risk identification - key questions

We have created a list of example questions under key headings, which should act as a guide to help you identify your key business risks and threats. This is not an exhaustive list - it is simply a starter list to get you thinking.

BUSINESS OWNERSHIP AND INTELLECTUAL PROPERTY

- Are you the sole owner/shareholder?
  If not, how will you ensure that the initial intent of the business remains, should a director or shareholder have a change in circumstances / change of heart?

- Do you have any unique Intellectual Property that is worth securing? How will you ensure that others do not copy or steal your original ideas? E.g.
  - *Trademarks (name, logo, brand)*
  - *Patents (novel recipe, system/process, or equipment)*
  - *Copyright information (artwork, books, websites etc.)*

- Do you need to share any private business information with external parties? If so, how will you protect this from getting in the public domain?

REGULATORY RISKS

- What compliance must you meet to run your business within the law? What happens if you don't meet these rules/standards?

  Think about general compliance including financial reporting (IRD, GST, NZ Companies Office etc.), Health & Safety, employment laws, and regulations regarding environmental and hazardous waste. Also consider relevant qualifications and certifications.

- Are there likely to be any upcoming changes in compliance that will impact your business?

FINANCIAL RISKS

- What happens if customers or clients do not pay on time, or at all? How will this impact the business?

- Do you have risks associated with foreign exchange rates, overseas tax changes or any other international financial risks?

- What impacts may your business encounter in the case of changing transaction fees, bank fees, loan fees or other?

CYBERSECURITY RISKS

- What is the potential impact if someone were to hack into your customer / business data?
- What mechanisms do you have in place to protect sensitive information / confidential documents? Is this enough?
- Are your staff aware of and educated about cybersecurity risks?

OPERATIONAL RISKS

- Do you rely on a single supplier for raw materials/goods? What happens if their production is delayed or disrupted?
- Do you rely on retailers, distributors or external delivery companies? What is the risk that they don't deliver to your business standard or meet brand guidelines?
- Do you own property, equipment or large amounts of stock that could have a significant impact on the business in the case of damage, theft or other loss?
- Do you rely on a few key staff to drive the business and generate revenue? If so, how will you continue to operate the business if one of these key staff can no longer fulfil their duties?

C Insurance: Core insurance policies for businesses

Professional Indemnity

Indemnifies you for amounts which you become legally liable to pay as a result of an actual or alleged act, error, or omission in the conduct of your professional service such as:

- Legal costs and expenses incurred.
- Third party financial loss (not property loss).
- Breach of Professional Duty (negligent advice).
- *Commonly used by: consultants, freelancers, lawyers, architects, engineers, accountants, travel agents, and other businesses providing a service or form of advice.*

Public & Products Liability Insurance

- Often called General Liability Insurance.
- Covers damage to other parties' property or bodily injury whilst in connection with your business.
- Commonly contractually required before entering a work site.
- *Commonly used by: manufacturers, distributors, retailers and exporters of products.*

Statutory Liability

- Covers the legal defence costs, fines and reparations imposed under certain sections of Acts of Parliament.
- Most common statute claimed against is Health & Safety Act.
- IMPORTANT NOTE – Insurance against <u>fines</u> incurred under the Health & Safety Act is not permissible by law.

<u>Asset Insurance</u>

Material Damage

- Covers accidental loss to physical property owned by you. This covers buildings, contents/plant/equipment and stock of the business. Portable Plant and Transit of Property is included. All property is covered for replacement except stock which is insured on an indemnity value (Present Day Value) basis.

Commercial Motor Vehicle

- Covers accidental damage to your vehicle or damage caused to third party property by your vehicle. Most insurers cover vehicles on a 'market value' basis of settlement.

C

Insurance: Core insurance policies for businesses

Life / Health / Key-person Insurance

- Contingency / disaster planning.
- What happens if you can't work? For example, you become ill or injured and can no longer carry out your business duties.
- What happens if a key employee is unable to work or passes away?
- This form of insurance helps to manage the risk in the event that a person who is a key revenue driver (e.g., owner, manager, key engineer/designer/technical person) is unable to continue at their normal capacity.

Business Interruption Insurance

- Provides cover for the loss of income and increased costs of operating a business caused by a specified insured event (e.g., property damage, fire).
- Also designed to assist a business in recovering from an event by paying ongoing expenses (e.g., wages or rent).

D Insurance: Common pitfalls

Underinsurance

Underinsurance commonly occurs as a result of:

- Outdated insurance valuations. These should be done every 2-3 years, particularly for building valuations. It is a common theme that landlords see this as a bug bear, but it should be considered part of a periodic cost of business. Christchurch property owners caught out by this issue with under-insured buildings after 2011 Earthquakes
- Inadequate sums insured. This is common when it comes to stock held on premises and plant equipment/materials.
- Misunderstood policy terms and conditions. Policies often have endorsements specific to the business industry/occupation that you operate (e.g., Deep Fat Frying, Wet/Leaky building, Hot Work/Welding), you need to be aware of your obligations under your policy/minimum standards. Warranties, endorsements and exclusions often catch people out too.

Not being fit for purpose

- Exclusions / Warranties / Endorsements. As per above, if the endorsements exclude the highest risks for your business, it may not be the best insurer for you.
- Retroactive date. Your policy will cover all activities taking place on or after the "Retroactive Date". Ideally, this should align with when you started your business so as all work is covered (if the Insurer will offer it).
- Lack of proper review. As your business evolves and grows, you want to ensure you are working with your broker to align with the changing risks that you have (e.g., exporting).
- Jurisdiction/Territory. If you are conducting work/operations overseas (by virtue of export etc), this needs to be advised as most policies are New Zealand only unless amended.
- Accurate business description: It is imperative to accurately note all the business activities that you offer to your clients, as these change, the description needs to be updated. If it's not noted in the description, then it's not covered, and insurers can decline claims for non-disclosure of full business activities.
- Aligning insurance with contractual obligations (i.e., if you have a large contract with a supplier/distributor of your products, or are working on site of a large manufacturing site). You can work with your broker by sending them your contracts and they will advise contractual obligations for that project/contract.

D Insurance: Common pitfalls

Choosing by price

- There can be several factors which drive the cost of premiums. Often the key differences can relate to types of cover (e.g., Replacement vs Indemnity Value), the policy coverage (New Zealand only vs Worldwide territories), and restrictive terms and conditions (blanket exclusions or warranties for a particular risk i.e., asbestos, recycling, EPS/polypanel, woodworking). Make sure you read the policy thoroughly before deciding on price alone.
- <u>Defence costs</u> - These are not always included in the policy and ideally, these need to be 'in addition' to your limit of indemnity or catered for via a separate policy. If they are 'included within' your limit of indemnity, you will potentially not have access to defence costs in the event of a claim.

Claims Made Liability Policies

- Most Liability policies are "Claim made" which means the policy must be active for a claim to be made during the policy period.
- When a business ceases trading, they can purchase what is called 'runoff cover/insurance'. A 'Run-off' policy covers work done by a business in the past (up to the point you decide to cease trading). This is due to the 'Claims made' nature of liability policies. i.e., they will only respond to a claim if an 'active' or "run-off" policy is held.

Insurance can't cover everything
Part of doing business is undertaking some risk. Insurance is one mitigation strategy, however, it is important to have a multi-prong approach to manage your business risks. Working with an insurance broker can be one way to understand and mitigate risks that you don't or can't insure. This may assist you in the development of an in-house strategy or set of policies.

This insurance information was put together with the help of the team at Frank Risk Management in Hamilton.

E

Legals: Common legal documents in business

Terms of Trade

As a business, big or small, it is important to set the terms and conditions of the business-client relationship. Key aspects typically include payment terms, conditions, limitations, liabilities, and obligations.

You may want to ask yourself the following questions to determine what terms of trade are relevant to your business, and what conditions you might put in place:

- How will you get paid? E.g. Upfront and in full, 50% deposit up front, or full payment upon sale/completion of project.
- What will happen if the client doesn't pay on time?
- How will you collect debt?
- What will your dispute resolution process be?
- For goods providers, what manufacturer or other warranties will be passed onto the buyer?
- What information will remain confidential?
- How will you manage private information?
- For service providers, such as photographers, consultants, designers, tutors etc., you may want to include additional terms such as:
  - Who will the intellectual property be owned by?
  - How can either party leave or terminate the contract if needed? What is the required notice period?
  - What is the relationship between the parties? E.g. Contractual/casual, employee, partnership.
  - Will you charge an hourly rate or project rate?
  - How will you deal with changes or extensions to the contract?
  - What equipment and information will the client provide?
  - What is the timeline and proposed hours of work?
  - How will you communicate and what is the regularity of communication?

Shareholder Agreements

If you're going into business with another person, whether that be a director or shareholder, it can be useful to put together a shareholder agreement. This agreement will ensure clarification of the original intentions of each party. Issues most often arise later down the track, particularly when a business is doing really well or really poorly, so a written agreement can help resolve issues by serving as a reference point.

E Legals: Common legal documents in business (cont.)

Key considerations for a shareholder agreement include:

- How directors are appointed: who can appoint new directors? What is the process?
- How decisions are made: for example, voting rights and majority votes, and approval thresholds.
- How the company can issue new shares.
- How shareholders can transfer their existing shares.
- Details on payment if the company were to be sold.
- What happens if a shareholder can no longer actively own their shares e.g., in the event the shareholder becomes ill, disabled, passes away, resigns or is fired.
- Who is eligible to be a board member.
- Pre-emptive rights which outline the ability for current shareholders to purchase more shares to maintain their shareholding percentages.
- Restraints of trade, should one of the shareholders or directors exit the business.

Intellectual Property

If you have any novel Intellectual Property (IP), you can engage an Intellectual Property lawyer to conduct searches for you, draft patents or register trademarks. This tends to be a very costly exercise, so you should think carefully about whether you have any Intellectual Property that is worth protecting, or whether you will keep it as trade secret. Protectable Intellectual Property is typically in the form of novel product recipes, processes, or equipment/product design, which requires significant expertise and/or research to make. Logos and designs can also be trademarked if they are unique.

To conduct your own research, prior to engaging an Intellectual Property lawyer, you may want to visit IPONZ. This is the Intellectual Property Office of New Zealand. You can check existing trademarks, domain names and company names, and you can register your own ones through this site too. It also includes information on copyrights and trade secrets, to help you understand if these are relevant to your business.

Confidentiality Agreements

If you are disclosing confidential or proprietary information to an external party, it is common practice to use a confidentiality agreement (sometimes called a 'Non-disclosure agreement' or 'NDA'). These agreements protect sensitive information and help to mitigate the risk of this information being misused, or being shared beyond the intended recipient. These are generally used when external parties wish to learn more about your business idea, before investing into it.

E Legals: Common legal documents in business (cont.)

Confidentiality Agreements can be as simple or complex as you want, but here are some key considerations to make:

- How long must the recipient keep my information confidential?
- Who are the key parties in the agreement? Who needs to be privy to this information? Think about the parties involved including individual employees, advisors, partner firms or others that will be involved in the decision making of the recipient.
- Who is disclosing the information? Is it both parties or just one? You will need to decide whether to go with a 'one-way' or 'mutual' agreement.
- Does it describe the information you are disclosing without giving away the 'secret sauce'?
- Is it clear what the recipient can or cannot to do with the information?
- How long must the recipient keep my information confidential?
- How will the information be kept confidential by the recipient? What is the minimum level of security you require?

It is important to note that confidentiality agreements have their limitations, particularly if the information has already been shared in a public domain (e.g., trade show, media, sale of goods). It could be worth speaking with a legal professional to determine the best way to protect your business information if you intend to disclose private business information.

Templates and Guides

There is a huge range of free legal resources and guides available online. Whilst these do not replace professional legal advice, they can be a good starting point to help you understand what legal documents you may need to consider. Kindrik Partners have a variety of templates for businesses in New Zealand.

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