



BDO WELLBEING & BUSINESS PERFORMANCE INDEX

NOVEMBER 2022



FOREWORD

WELCOME TO THE SECOND EDITION OF THE BDO WELLBEING AND BUSINESS PERFORMANCE INDEX – BDO TE RANGAHAU O NGĀ HAUORA PAI.

While wellbeing and business performance are both areas that receive regular coverage, the BDO Wellbeing and Business Performance Index jointly monitors both aspects – to better understand how they influence each other.

It's been six months since we conducted our last wave of research into the state of wellbeing and business performance among New Zealand's business community. Since that time, positively, the impacts of COVID-19 appear to be lessening, something that is borne out in the survey, with far fewer people saying that the effects of the pandemic on their business are causing them stress. However, inflation has begun to bite both here in Aotearoa and across the globe, while geopolitical conditions continue to be unstable.

This is all having an impact on business financials, which just as they did in our May 2022 results, are contributing to negative wellbeing among New Zealand's business leaders, and it was discouraging to see the WHO-5 wellbeing score decrease in our October 2022 results.

A UNIQUE POSITION TO HELP NZ BUSINESS LEADERS

At BDO, we're certainly not the mental health experts. However, as advisers to over 16,000 businesses across Aotearoa, we are in a unique position to see the impact of a wide range of factors on New Zealand businesses – including economic, business, social and personal. The BDO Wellbeing and Business Performance Index is our opportunity to provide practical advice to NZ's business leaders and owners – helping them to alleviate the key stresses of running a business, particularly financial concerns (consistently shown to be a leading driver of negative wellbeing), and in turn promoting stronger wellbeing.

Mental wellbeing is often only seen in a negative light – but positive wellbeing is something you can top up and maintain; so we also wanted to give tips for people to maintain their wellbeing when it's in a good space.

The BDO Wellbeing and Business Performance Index measures the wellbeing of business owners by applying the World Health Organisation's globally recognised WHO-5 Wellbeing Index methodology. This unique study is the first bespoke investigation of its kind into the link between wellbeing and business performance in the New Zealand business sector.

With little variation in findings between sectors in this particular measure, we have chosen to focus on the overall (all-of-business) results. However, an overview of the WHO-5 scores across major sectors can be found at the end of our report.

Of more consequence in this measure is the impact of growing economic uncertainty for business leaders; heightening the need for effective risk management practices. In light of this, BDO has launched a related report – the [2022 New Zealand Risk Landscape Report](#) – which shares specialist insights into the greatest risks facing NZ business leaders and tips for helping them both assess and mitigate these.

We hope you find this edition of the BDO Wellbeing and Business Performance Index useful. We know that it's the people like you running these businesses who are the real heart of the business sector - and only through supporting your wellbeing, can we help you achieve your dreams and drive sustainable economic growth for Aotearoa.

Most importantly, it's never too soon or too late to reach out for help. Please lean on your trusted team - whānau, friends, colleagues and advisers - for the support you need in managing your wellbeing and business performance. You'll find details of useful contacts at the end of this report and at bdo.nz/wellbeing.

BDO WELLBEING IN BUSINESS LEADERS.



KIMBERLEY SYMON
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ABOUT THE REPORT

The BDO Wellbeing and Business Performance Index – BDO Te Rangahau o ngā hauora pai - collates feedback from a total of 514 business owners and leaders across Aotearoa who completed our digital survey in early October 2022. Respondents span a wide range of industries and business stages. The survey targeted business leaders and owners (anyone who was not an owner, General Manager, CEO or Director was excluded from results). For the purpose of the report, we have referred to all respondents generically as “business leaders”.

SURVEY METHODOLOGY

The World Health Organisation's 'WHO-5 Index' score, adopted in this survey, is a point in time measure – reflecting wellbeing as experienced by respondents over the past two weeks. For this reason, wellbeing is best tracked over time. To assist in providing a perspective of wellbeing trends, we asked respondents to indicate how their current wellbeing compares with when their business was worst impacted by COVID-19. Respondents were also asked to share where they expect their business performance and wellbeing to be in six months' time – and the key drivers for this.

The survey collects details of why respondents might have been feeling less mentally healthy recently. We also ask what they do to stay mentally healthy, both in their business and in their personal life.

THE WHO-5 WELLBEING INDEX - STATEMENTS

I HAVE FELT CHEERFUL, IN GOOD SPIRITS

I HAVE FELT CALM AND RELAXED

I HAVE FELT ACTIVE AND VIGOROUS

I HAVE WOKEN UP FEELING FRESH AND RESTED

MY DAILY LIFE HAS BEEN FILLED WITH THINGS THAT INTEREST ME

FOR MORE



Scan the QR Code or visit bdo.nz/wellbeing for video insights, sector reports and more on the BDO Wellbeing in Business Index.

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EXECUTIVE SUMMARY

In the October 2022 measure of the BDO Wellbeing and Business Performance Index – BDO Te Rangahau o ngā hauora pai - the wellbeing of New Zealand business leaders and owners averaged 62 out of 100 (applying the World Health Organisation's 'WHO-5 Index' methodology) – a drop of seven points since we did the last measure back in May.



DURING THIS MOST RECENT SURVEY WAVE, **46%** SAID THAT THEY HAD BEEN FEELING **LESS MENTALLY HEALTHY** THAN NORMAL.

BEYOND COVID-19

At the time of our first survey wave, business confidence had slightly increased in a lot of sectors. New Zealand had finally seen the end of lockdowns, and things were beginning to return to a relative degree of normality, albeit a new normal where flexible working had become much more common and it was still mandatory to wear masks in shops.

Since then, times have gotten a little tougher, and the outlook increasingly uncertain. While the impacts of COVID-19 have decreased, the global economy has seen significant disruption, with inflation occurring all over the world as well as here in New Zealand. The war in Ukraine has gone on for much longer than many predicted, and supply chain and labour supply challenges continue to cause issues. Domestically, business leaders will now also be feeling the brunt of successive recent OCR and interest rate rises, which the Reserve Bank of New Zealand expects to continue into 2023.

WELLBEING DECLINING – DRIVEN BY BUSINESS FINANCIAL CONCERNS

While worrying, it is perhaps not that surprising that the wellbeing of business leaders has worsened. Indeed, 41% of respondents indicated that they are feeling just as stressed now as they were during peak COVID-19 disruption.

Business financials emerged as a leading concern for business leaders and owners in our May 2022 results, and this has only increased with the impacts of inflation. Over one-third (34%) of those who had been feeling less mentally healthy than normal said financial concerns in their business were a key cause. When asked about future drivers of mental health, 42% said business financial concerns would be an issue in six months' time - replacing COVID-19 as the top concern for businesses.



34% OF THOSE WHO HAD BEEN FEELING LESS MENTALLY HEALTHY THAN NORMAL SAID **FINANCIAL CONCERNS** IN THEIR BUSINESS WERE A KEY CAUSE.

AN OPPORTUNITY FOR STRONGER FINANCIAL MANAGEMENT PROCESSES

Despite this, only one-third of business owners said that they were using strong cash flow and financial management processes as a tool to manage stress. This suggests an opportunity for business leaders to focus on their financials as we head into an uncertain and potentially rocky time for the economy.

It would be very encouraging to see a higher proportion of respondents saying they are using strong financial management processes in our next wave of research next year. Importantly, these practices, if effectively applied, can play a key role in safeguarding, minimising or even preventing, many of the worst impacts of the external pressures businesses face. Proactively planning ahead for multiple risk scenarios will be increasingly vital for business leaders; and we cover related financial tips later in this report.

While wellbeing has gone down, and business leaders are clearly increasingly concerned as we see the global economy begin to take a downturn, it is notable that New Zealand's business leaders remain positive about their own personal contribution to their business. Nearly three-quarters (71%) of respondents said that they have felt that they are making a positive personal contribution to their business, up 2% from our May results. This suggests that, despite difficult business conditions, our business leaders are capable and confident in their ability to steer the ship.














WORKLOAD A SERIOUS CONCERN

That said, New Zealand's business leaders are beginning to feel increasingly stretched, with workload being cited as a serious concern causing respondents to feel less mentally healthy than normal. This increased by 8% this wave to 33%. Meanwhile 29% said that they don't feel they have enough people to rely on for support.

The labour market is tight and immigration settings are still fairly restrictive – but it's important business leaders feel that they don't have to go it alone. It can be isolated at the top, and many business leaders are reluctant to burden family or friends with talk about financial concerns. This makes it all the more important to have a network around you to help bounce ideas off and work through problems. Respondents clearly agreed, with one-third saying that they seek business advice from people they trust as a way to stay mentally healthy.



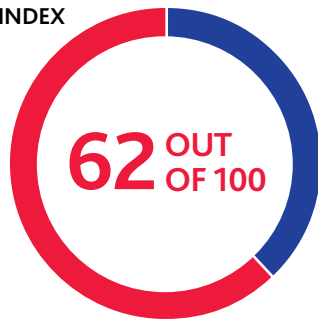
TOP TIPS FOR BUSINESSES TO MANAGE FINANCIAL PERFORMANCE AND OTHER KEY BUSINESS STRESSORS

- 
Forecast around different scenarios – This can be around sales, inflation, interest rates, exchange rates – anything that might affect your business over the coming year. This can then guide you as you plan for stock, staffing, pricing and financing, enabling you to review which levers you can pull and when, and how each one will impact the rest of your business.
- 
Report on cash flow – daily if you have to – Cash flow planning should be done regularly, but the cadence will depend on what's going on in your business and in the wider economy. If things are changing all the time, and interest rates and inflation are going up, it's important to regularly review your cash flow so that you can be absolutely sure you have enough to pay your essential costs, and seek help in advance if you need it.
- 
Understand your financials – You need to know your business finances just as well as your market and industry.
- 
Plan your supply chain carefully - If making alterations to your supply chain management practices, ensure you have considered the broader impacts. For example, how does buying more stock ahead of time impact your cash flow? Forecast different scenarios to ensure you aren't creating further problems as you look to manage supply chain disruption.
- 
Take the time to properly plan – Consider holding a half day or full-day planning session where you plan out the next 18 months by quarter, identifying key areas of focus and breaking this down into specific tasks and goals. Hold regular follow-ups to ensure progress and identify what's working and what isn't.
- 
Make friends with your bank to help manage rising interest rates – This will help ensure you have a trade finance facility that works for your business. You will have a stronger relationship with your bank if you can showcase detailed forecasts and up-to-date cash flow reports.
- 
Don't go it alone – Seek advice from people you trust. Consider establishing an advisory board of experts to provide advice on a regular basis.
- 
Take a proactive approach to risk management – Risk analysis and forecasting is not just for large corporates. COVID-19 has shown that SMEs are also impacted by significant risks, and so understanding those and having risk mitigation plans in place is essential. Consider taking the time to create a risk register of your top 20 business risks, whether they are low, medium or high risk, and what controls you can put in place to mitigate them.
- 
Manage inflation by regularly reviewing your pricing and margins – Make sure your margins don't get squeezed by inflation by regularly reviewing your pricing to ensure it is keeping up with increased business costs. This is particularly important at the start of any key project that is likely to span a significant period of time. It's also a good idea to have clauses in your contracts that help you adjust your prices according to inflation.
- 
Manage workload by focusing on your best customers – Consider the 80-20 rule (Pareto principle) where 80% of your output (or profit) often comes from 20% of your clients. Careful analysis of this will enable you to move your focus away from customers who aren't making you a lot of money but are still consuming your time and resources.
- 
Communicate regularly with your customers – Most people understand that things can go wrong. But they want to be kept in the loop. If you can't fulfil an item of work because you don't have enough staff, let your customers know. Nine times out of ten they will be okay with it, provided you are communicating with them regularly.
- 
Consider foreign exchange planning if importing or exporting – If your business is dependent on foreign currency exchange rates, consider fixing your foreign currency for the next 12 months so you won't be so negatively impacted by exchange rate fluctuations.
- 
Ensure you have business continuity plans in place – You never know what might happen, and business continuity plans enable your business to carry on even if a major, unexpected event occurs.

WELLBEING HAS DECREASED AMONG BUSINESS LEADERS – ECONOMIC DOWNTURN BEGINNING TO TAKE A TOLL

The World Health Organisation's 'WHO-5' Index prompts respondents to score how they have been feeling during the past two weeks in relation to five key statements, as shown in Figure 1.*

FIGURE 1 - WHO-5 WELLBEING INDEX



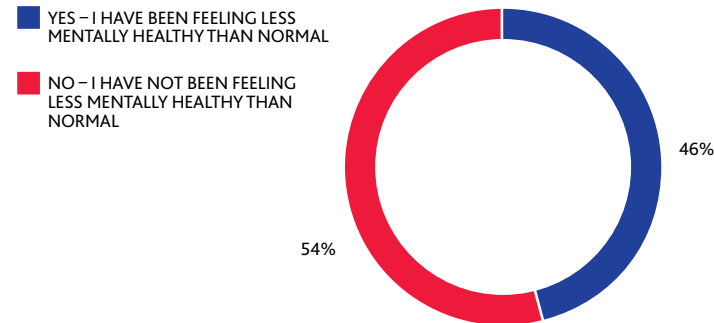
HOW THE WHO-5 SCORE IS CALCULATED

Someone who scores 'all of the time' on a particular statement is given a score of 5, while if they score 'at no time' they get a score of 0 for that statement. The total raw score, ranging from 0 to 25, is multiplied by 4 to give the final score, with 0 representing the worst imaginable wellbeing and 100 representing the best imaginable wellbeing.

In our October measure, survey respondents averaged 62 out of 100. This is a decrease of seven since the last wellbeing measure in May 2022 and indicates that the mental health of New Zealand business leaders has worsened.

Nearly half of business leaders surveyed (46%) said that they have been feeling less mentally healthy than normal, an increase of 2% from our previous wave.

FIGURE 2 - IN THE LAST 6 MONTHS HAS ANYTHING BEEN CAUSING YOU TO FEEL LESS MENTALLY HEALTHY THAN NORMAL?



When asked what in their personal life has been causing respondents to feel less mentally healthy than normal, feeling like they don't have enough time, personal financial problems and other personal challenges all scored highly.

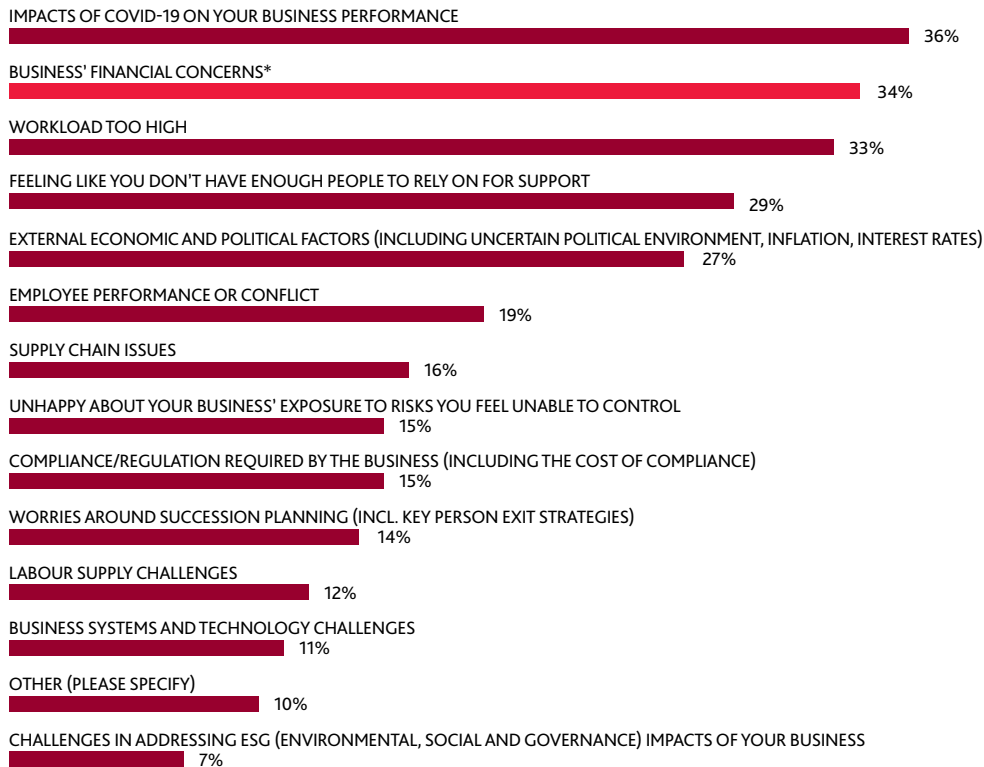
FIGURE 3 - IN THE LAST 6 MONTHS HAS ANYTHING BEEN CAUSING YOU TO FEEL LESS MENTALLY HEALTHY THAN NORMAL IN YOUR PERSONAL LIFE?



FINANCIAL PRESSURES REMAIN A KEY CONCERN

When it came to their business life, those who had been feeling less mentally healthy than normal rated the impacts of COVID-19 on business performance as the most common cause. However, business leader concerns regarding the business impacts of COVID-19 have decreased by 9% compared to the May results – potentially influenced by the end of New Zealand’s traffic light framework, a key disruptor for many local businesses.

FIGURE 4 - IN THE LAST 6 MONTHS HAS ANYTHING BEEN CAUSING YOU TO FEEL LESS MENTALLY HEALTHY THAN NORMAL IN YOUR BUSINESS LIFE?



* Combined score based on respondents who selected the following two drivers: Cash flow problems 26%. Business' financial performance challenges 19%

Financial-related pressures in their business came second at 34%. These pressures include general financial performance challenges and cash flow problems. Those saying that cash flow was causing stress increased by 8% from our May results – indicating that tough economic conditions are beginning to have a serious impact on business leader wellbeing.

WORKLOAD INCREASING FOR NZ BUSINESS LEADERS

Workload was also a serious concern for business leaders this wave, increasing from 25% saying it was causing them to be less mentally healthy in May to 33%. Respondents also indicated that they felt like they did not have enough people around them to rely on for support. Both of these factors could be a result of the tight labour market, which means business leaders are struggling to fill roles and are having to do more themselves. Rising wages coupled with cash flow concerns are also leading many business leaders to shy away from employing further staff altogether – choosing to go it alone rather than locking in additional cost.

BUSINESS LEADERS DON'T HAVE TO GO IT ALONE

"It's really important business leaders don't feel they have to go it alone. Many of my clients work with me because they want that sounding board. It's a way to check if they're on track, keep them safe and plan the next steps for their business.

Another great option especially for businesses in the mid-tier is establishing an advisory board – a regular meeting of minds focussed on your business. This is a group that brings different skill sets and experience to provide valued advice, without the decision-making power of a standard board of directors. It can include industry experts, an accountant or lawyer, or even others who understand your business and where you've come from. With the right people on board providing the right insights, they may be able to see past the stress you are feeling and look to the future to help you make the best business decisions."



KIMBERLEY SYMON,
BDO BUSINESS ADVISORY PARTNER.

External economic and political factors were also rated highly as a key concern causing business leaders to feel less mentally healthy than normal. It will be interesting to see how this tracks over time as inflation and interest rates continue to rise.

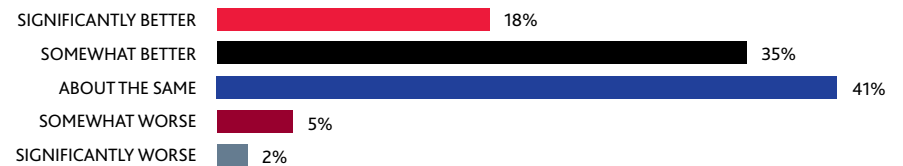
One positive development in the results was that those saying supply chain issues were causing them to feel less mentally healthy than normal has decreased by 3% to 16%. At the time of our first survey wave, Shanghai was in a strict COVID-19 lockdown and the war in Ukraine had only just begun. While there is still significant ongoing disruption, our October results may indicate that as we return to something of a global post-COVID normality, at least in the short term, business leaders have found a way to manage. However, how they manage may be having an impact on cash flow, as many businesses have begun to buy stock ahead of time. This will be a key statistic to monitor over time.

IMPACTS OF COVID-19 LESSENING – BUT OTHER ISSUES CAUSING NEGATIVE WELLBEING

We also asked how business leaders are feeling compared to when they were facing peak COVID-19 disruption. In our first wave back in May, people were generally feeling better, with nearly two-thirds (61%) saying they were feeling significantly or somewhat better. Another third said they felt about the same.

This time around, however, only 52% said they were feeling significantly or somewhat better, a drop of 9%. Meanwhile 41% said they felt about the same as during peak COVID-19 disruption.

FIGURE 5 - COMPARED WITH WHEN YOUR BUSINESS WAS FACING THE MOST DISRUPTION FROM COVID-19, WOULD YOU SAY IN THE LAST TWO WEEKS YOUR GENERAL WELLBEING HAS BEEN:



This indicates that, while business leaders may be feeling like the effects of COVID-19 are lessening, other issues, such as the economy and inflation, are still causing significant amounts of disruption.

SUPPLY CHAIN MANAGEMENT AND CASH FLOW

"A lot of businesses have adapted to the new normal when it comes to supply chain, however we are seeing that this can create other issues. For example, many businesses are ordering stock significantly ahead of time, which in turn negatively impacts cash flow, because they've had to put more cash into ordering stock that may not be sold for a significant period of time. This also feeds into higher insurance and trade finance costs. It's great to manage your supply chain but it does need to be planned pro-actively and effectively – this is where forecasting can have a significant impact. In planning stock purchases, forecast how that will impact your cash flow and other financial indicators and ensure you have considered different scenarios that could play out."



KIMBERLEY SYMON,
BDO BUSINESS ADVISORY PARTNER.

UNPRECEDENTED LEVELS OF GEOPOLITICAL AND ECONOMIC INSTABILITY

"Geopolitical tension has been par for the course in 2022. With this comes economic instability. It's this instability that's having a very real impact for businesses across the world – and right here at home in Aotearoa – which are having to deal with the stresses of a high inflation, high interest rate economy.

While businesses can't control what happens in the geopolitical sphere, they can control how prepared they are, and how they'll react to change. Now more than ever it's time for businesses of all shapes and sizes to start taking a proactive approach to risk – it's not just something for the big corporates. Having a risk register that lists the top 20 risks to your business in a prioritised way, together with the impact that those risks could have on your business, and the controls that you have in place to mitigate these risks, is the foundation to proactively managing uncertainty."



TARUNESH SINGH
BDO RISK ADVISORY NATIONAL LEADER

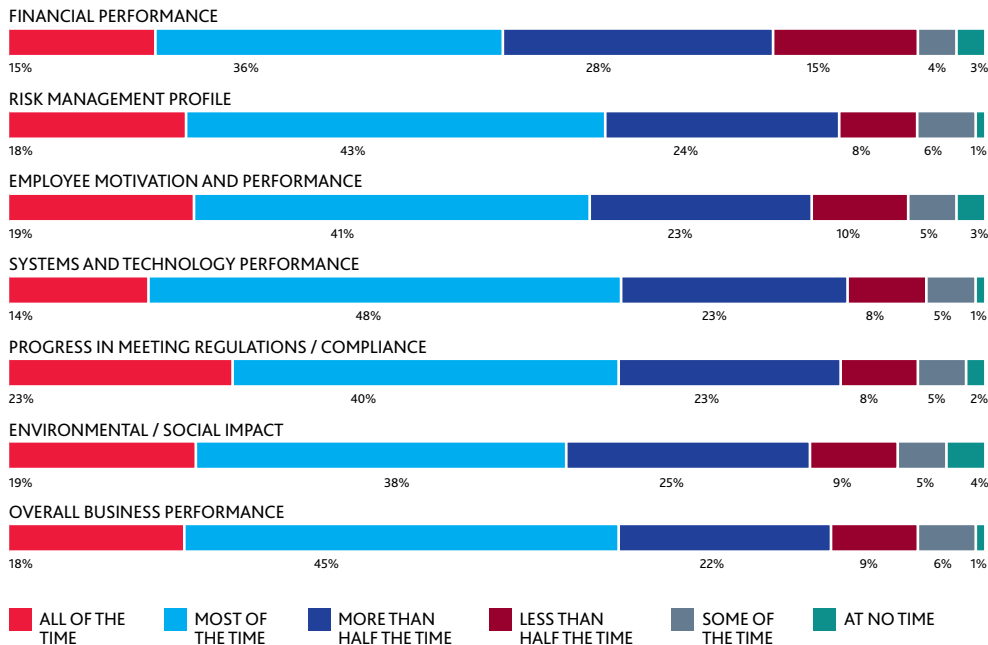
GENERALLY POSITIVE FEELINGS AROUND BUSINESS PERFORMANCE – BUT FINANCIAL PERFORMANCE CONCERNS GROWING

In order to get a gauge on current business performance, we asked respondents to rate how they had felt over the past two weeks against a range of statements. Generally, our business leaders feel positive about their business' performance.

Nearly two-thirds (63%) said that they have felt positive about their business performance all or most of the time. This is exactly the same as the result we saw in May 2022. However, there does appear to be a shift from respondents saying they felt positive all of the time (18% for this wave, down from 26% in May) to now feeling positive only most of the time (45% in this wave compared to 37% in May).

FIGURE 6 - BUSINESS PERFORMANCE SENTIMENT (LAST TWO WEEKS)

PERCENTAGE OF RESPONDENTS WHO HAVE FELT POSITIVE ABOUT THEIR:



Financial performance appears to be a stronger cause for concern this wave – only half (51%) said that they have felt positive about their financial performance all or most of the time, down 8% from May. This reflects the higher numbers of respondents saying that business financial concerns were causing them to feel less mentally healthy than normal.

MANAGING THE IMPACTS OF A HIGH INFLATION ENVIRONMENT

"Every time inflation goes up, your margins will be getting squeezed – one way to counteract this is through regularly reviewing your pricing. This should be done during every monthly financial review at a minimum, but also every time you undertake a key project that is likely to span a significant time period. Any pricing of this type of project should incorporate projections for increased costs further down the track.

It's also important to ensure you have clauses in your contracts so that you can adjust project pricing according to the consumer price index."



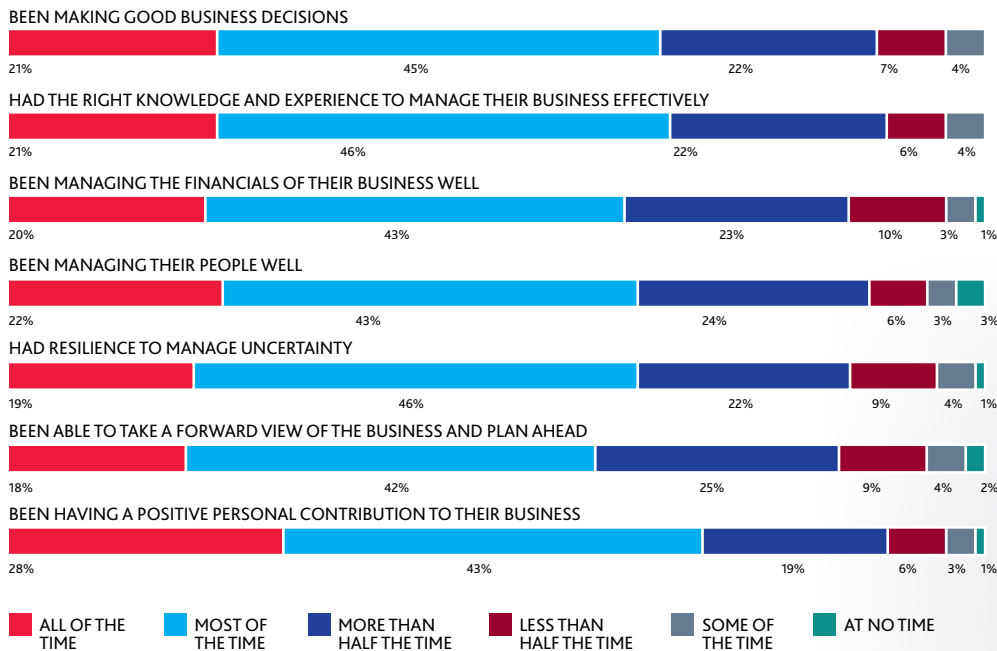
KIMBERLEY SYMON,
BDO BUSINESS ADVISORY PARTNER.

PERSONAL CONTRIBUTION TO BUSINESS PERFORMANCE REMAINS STRONG

We also wanted to get an idea of how business leaders feel about their own personal contribution to their business performance. Generally, business leaders have felt positive about their personal contribution, with 71% saying that they feel they are making a positive personal contribution to their business, up 2% from our May wave.

FIGURE 7 - PERSONAL CONTRIBUTION TO BUSINESS PERFORMANCE (LAST TWO WEEKS)

PERCENTAGE OF RESPONDENTS WHO HAVE FELT THEY HAVE:



IDENTIFYING OPPORTUNITIES TO MAKE YOUR BUSINESS BETTER

A lot of business leaders need to consider what's working and what's not. I've recently been sitting down with my clients for a half day session and really planning out the next 18 months, broken down by quarter as to what they are going to do for the benefit of their business. During this session, we've identified key areas of focus and broken that down into specific tasks and goals. This helps to provide direction, which is always useful but is especially important during uncertain times, and enables businesses to identify where they want to be better and how they can get there. Meeting bi-monthly after this planning session to assess what's working and what alternatives there might be is also a great way to stay on track and be held accountable."



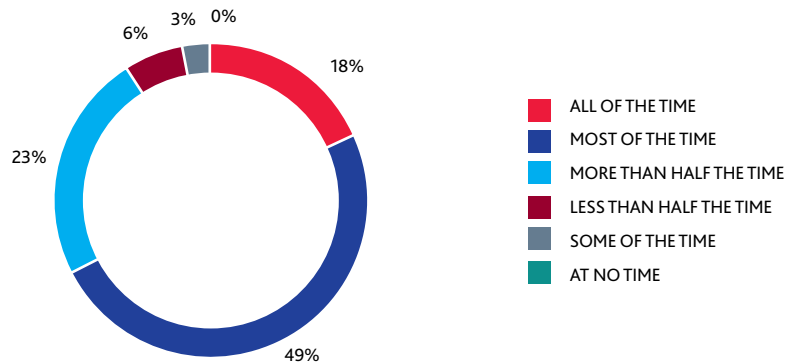
MICHELLE HILL, BDO ADVISORY PARTNER,
BDO ROTORUA MANAGING PARTNER.

LOOKING AHEAD: CONCERNS AROUND CASH FLOW MOUNTING AS INFLATION BITES

Despite a lower WHO-5 score and some clear concerns around global uncertainty and workload, there appears to still be a good degree of optimism for the future among business leaders in Aotearoa.

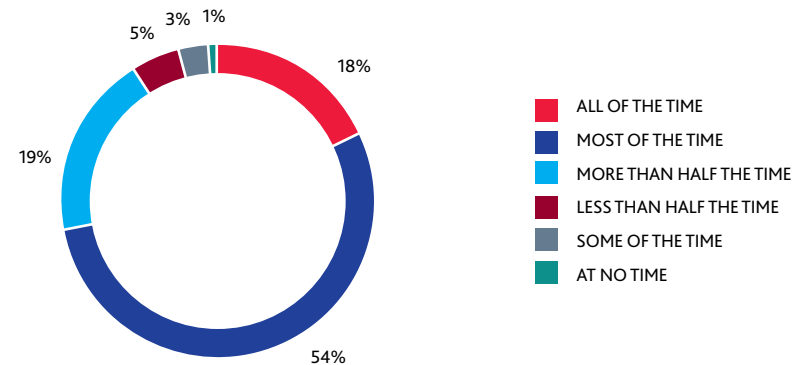
Over two-thirds (67%) said that they expect to feel positive about their business performance all or most of the time in six months' time. In our May 2022 survey, the future outlook saw 71% expecting to feel positive about business performance, so although this has decreased, generally there does appear to still be a level of optimism among New Zealand business leaders.

FIGURE 8 - THINKING AHEAD, HOW DO YOU EXPECT TO FEEL ABOUT YOUR BUSINESS PERFORMANCE IN SIX MONTHS' TIME?



This is borne out in their expectations for general life satisfaction, with 72% of respondents saying that they expect to feel satisfied with their life all or most of the time in six months' time.

FIGURE 9 - TAKING INTO CONSIDERATION YOUR PREVIOUS ANSWERS, HOW DO YOU EXPECT YOUR GENERAL SATISFACTION WITH LIFE TO BE IN SIX MONTHS' TIME?



The main driver of any negative future wellbeing in respondents' personal life was personal financial problems, going from 48% currently to 59% for future outlook.

FIGURE TEN: WHAT DO YOU EXPECT TO BE THE MAIN DRIVERS OF THIS IN YOUR PERSONAL LIFE?



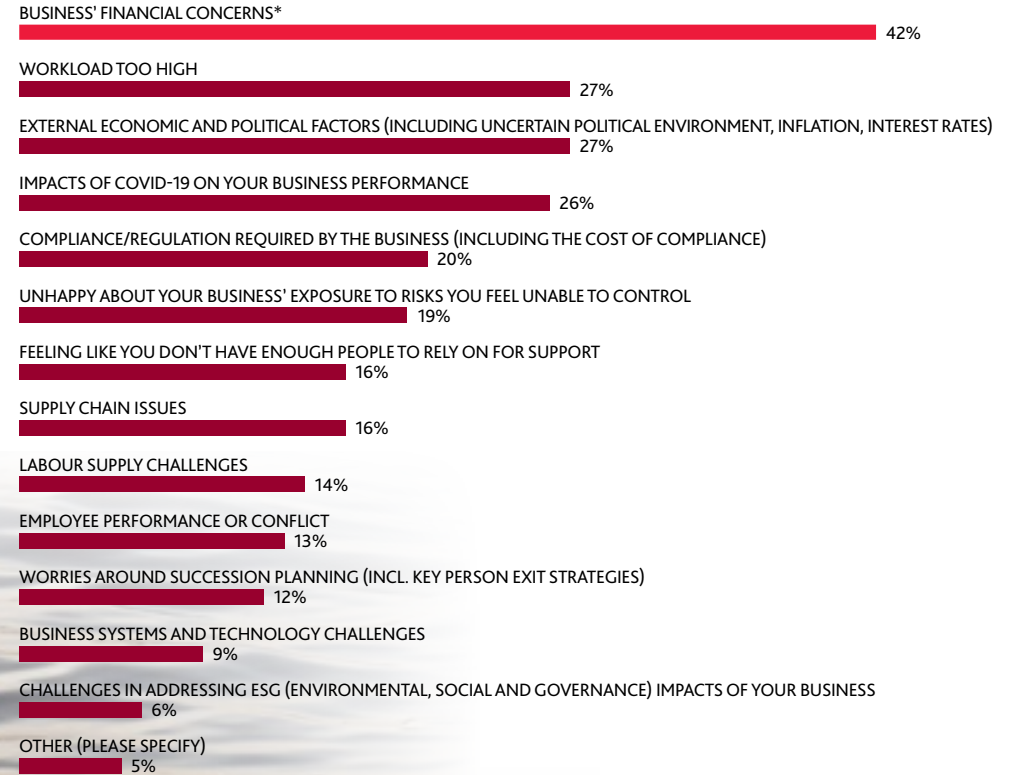
FINANCIAL PRESSURES EXPECTED TO BE NUMBER ONE CONCERN IN SIX MONTHS

In their business life, financial pressures were expected to be the number one cause of any negative wellbeing in six months' time, increasing from 34% currently to 42% in six months. Cash flow is expected to be a key driver of this, moving from 26% currently to 31% in six months – a reflection of the worsening forecasts for inflation and economic conditions.

Compliance is also expected to be a key driver of any future negative wellbeing, with 20% saying it will impact their wellbeing in six months' time compared to only 15% currently. There are a number of new regulations coming into force next year, including mandatory climate-related disclosures for larger corporates. The agri sector will also be gearing up for increased regulations as the industry prepares for mandatory emissions pricing from 2025 onwards.

On a more positive note, the impacts of COVID-19 continue to take a downwards trajectory, with only 26% indicating that this would be a driver of negative wellbeing in six months' time, compared to 36% currently.

FIGURE 11 - WHAT DO YOU EXPECT TO BE THE MAIN DRIVERS OF THIS IN YOUR BUSINESS LIFE?



* Combined score based on respondents who selected the following two drivers: Cash flow problems 31% . Business' financial performance challenges 18%

MAKING FRIENDS WITH YOUR BANK TO MANAGE RISING INTEREST RATES

"Foreign exchange planning can be a useful tool as we face global economic uncertainty. Any business whose earnings depend on foreign currency exchange rates may want to consider buying currency now to gain some certainty. A number of my clients fixed their foreign currency for the coming 12 months or longer, and therefore haven't been as impacted by the sharp changes in exchange rates that we've seen recently.

Whatever type of business you are in, it's always important to make friends with your bank. This enables you to access finance facilities that work for your business and that allows you to carefully consider available rates and term options. The more up-to-date and detailed your financial reports and forecasts are, the better your relationship with your financiers will be."



KIMBERLEY SYMON,
BDO BUSINESS ADVISORY PARTNER.

ESG ONE TO WATCH FOR THE FUTURE

"It's not surprising to see those economic risks being a key cause of concern in six months' time. One area that is perhaps having a slower burn but can still cause significant issues for businesses is ESG (Environmental, Social & Governance). Market and consumer expectations are changing – the need for sound environmental and social credentials is being brought firmly into the spotlight and is having an increasing effect on consumer behaviours at both the B2B and B2C levels.

Likewise ESG is becoming an important issue for job candidates – your actions in this area could be the difference between hiring that perfect candidate and losing out to the competition. This is all the more important as we see workload and a lack of people to rely on for support becoming key stressors in our wellbeing index. It's really worth making some gains in this area now to avoid it becoming a significant issue in future."



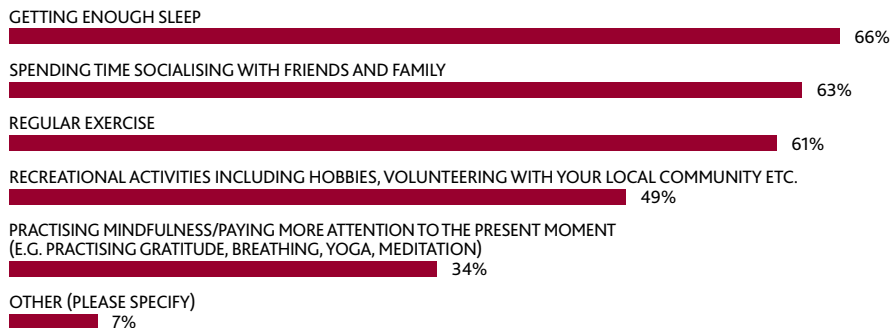
TARUNESH SINGH
BDO RISK ADVISORY NATIONAL LEADER

HOW NEW ZEALAND BUSINESS OWNERS ARE STAYING MENTALLY HEALTHY: MANAGING WORKLOAD WITH FLEXIBILITY

Central to the BDO Wellbeing and Business Performance Index is our wish to provide practical help for business owners to stay mentally healthy. We therefore asked respondents to tell us what they were doing both in their personal life and their business life to maintain high levels of wellbeing.

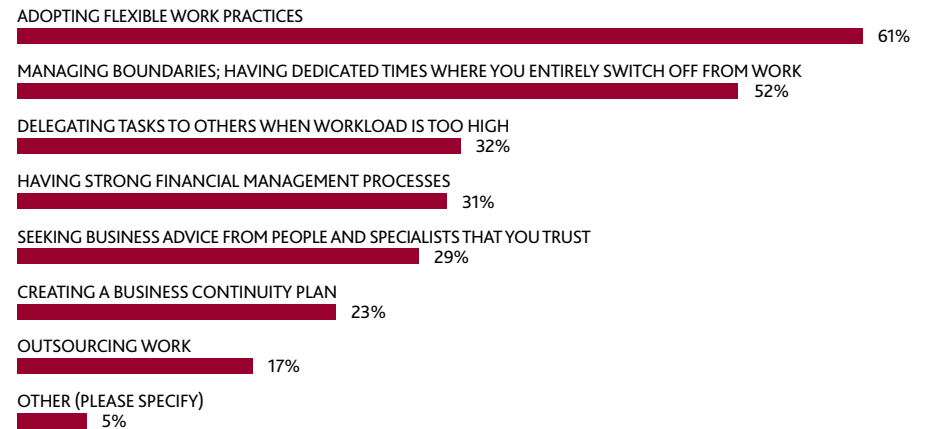
In their personal life, getting enough sleep came out on top, followed by spending time socialising and getting regular exercise.

FIGURE 12 - WHAT DO YOU DO TO STAY MENTALLY HEALTHY GENERALLY IN LIFE?



In their business life, nearly two-thirds (61%) of respondents rated flexible work as the number one way to stay mentally healthy. This was an increase of 11% compared to our May results. Managing boundaries between work and home also increased from 47% to 52%. Both of these go hand-in-hand and are important tools for business leaders to manage their wellbeing as their workload increases.

FIGURE 13 - WHAT DO YOU DO TO STAY MENTALLY HEALTHY GENERALLY IN YOUR BUSINESS?



MANAGING WORKLOAD BY FOCUSING ON YOUR BEST CUSTOMERS

“Workload is an issue for a lot of my clients at the moment because they have team member shortages, so I’ve been helping them follow the 80-20 rule (also known as the Pareto principle) – whereby 80% of your output (or profit) can come from 20% of your clients. Taking the time to analyse this can enable you to focus more on your A and B clients, the ones who you enjoy working with and who are making you the money. You can then provide a better experience for them, while moving your focus away from your D clients, the ones who aren’t really making you a lot of money and yet are still consuming a lot of your time and energy.

Another key point at times when your business is strained is to regularly communicate with your customers. Nine times out of 10 if you can’t fulfil the work due to short staff or supply chain or whatever other reason it might be, your customers will be really understanding provided you are keeping them informed.



MICHELLE HILL, BDO ADVISORY PARTNER,
BDO ROTORUA MANAGING PARTNER.

AN OPPORTUNITY FOR STRONGER FINANCIAL MANAGEMENT PROCESSES

Delegating tasks to others when workload is too high came third at 32%, while 31% said that they have adopted strong financial management processes in order to stay mentally healthy. This includes creating a cash flow management plan, reviewing accounts regularly, and following a business plan closely.

It was interesting to see so many respondents saying that financials had been causing them to feel less mentally healthy than normal, while comparatively few have been using strong financial management processes as a way to manage their wellbeing. There is perhaps an opportunity for business leaders suffering from financial pressures to implement stronger financial management processes in order to alleviate some of those stresses, especially with inflation set to worsen.

THE IMPORTANCE OF BUSINESS CONTINUITY PLANNING

"I recently had a significant health scare, and it really confirmed for me the value of business continuity planning and promoting a culture where your team feel empowered. When I had to take some extended sick leave at very short notice, we already had a business continuity plan in place, as well as relevant buy-sell and key-person insurances. This meant everyone knew what they needed to do and I didn't have to give anyone directions. We've worked really hard on team culture over the past few years, and this meant people felt empowered enough to carry on with their work, to step up and continue working together -they knew what they needed to do to get through that period. It just took the stress of managing the business away from me when I just didn't have the headspace to think about it."



MICHELLE HILL, BDO ADVISORY PARTNER,
BDO ROTORUA MANAGING PARTNER.

Around two in five respondents have created a business continuity plan in order to alleviate business stress. This is also something that can be of immense value during uncertain times, allowing you to bounce back quickly from crises by already having a clear plan B in place.

FORECASTING AND CASH FLOW PLANNING TO COUNTERACT A PERFECT STORM OF ECONOMIC CONDITIONS, ESPECIALLY INFLATION

"We're seeing a perfect storm at the moment – inflation pressure is impacting consumers' ability to spend, while at the same time the cost of doing business is increasing. I've seen this particularly impact my retail clients, who just aren't seeing their usual sales figures.

In this type of environment, forecasting and cash flow planning is essential – business leaders need to understand their financials just as well as they understand their market and industry. Forecasting enables you to play around with different sales scenarios, and that can guide you when planning for stock purchases, staffing levels, pricing and financing. It enables you to review which levers you can pull and when and how that will impact the rest of your business. It's also important to consider and forecast different inflation scenarios, taking into account the various economic forecasts being reported.

Some of my clients are reviewing weekly and even daily cash flow data so they can be absolutely sure they have enough to pay for their essential business costs as inflation and interest rates mount. This means they've known instantly when things have become too tight, and have been able reach out for help ahead of time, rather than waiting until the problem has become insurmountable."



KIMBERLEY SYMON,
BDO BUSINESS ADVISORY PARTNER.

FINAL THOUGHTS AND FURTHER SUPPORT

We hope you have found the second wave of our BDO Wellbeing and Business Performance Index useful – business leaders do amazing mahi and yet have it extremely tough at times. At BDO, we are proud to have developed a resource that we hope can provide extra support for business leaders as you navigate through both the incredibly rewarding and challenging task of running a business.



Scan the QR Code or visit bdo.nz/wellbeing for video insights, last wave's results, and more on the BDO Wellbeing and Business Performance Index.

It's important to lean on your trusted team for the support you need in managing your wellbeing and business - whānau, friends, colleagues and professional advisers, including your accountant. Your local BDO team are always on hand with professional business advice and accounting solutions to help you stay on top of your business finances.

WELLBEING SUPPORT

For wellbeing support, please don't hesitate to reach out to your trusted contacts or one of the sources below.



XERO ASSISTANCE PROGRAMME (XAP)

BDO is proud to be the first Xero Global Partner. Xero provide Xero small businesses, their employees, and their families access to the Xero Assistance Programme (XAP). XAP offers free, confidential access to face-to-face, telephone, live chat, and online counselling. [Find out more here.](#)



1737

1737 is a free Government-run advice line for anyone who is feeling stressed or just needs someone to talk to. You can ring them for free or text on 1737. [Find out more here](#)



FIRST STEPS

Find targeted resources for New Zealand business owners, leaders, and entrepreneurs, at [First Steps here.](#)



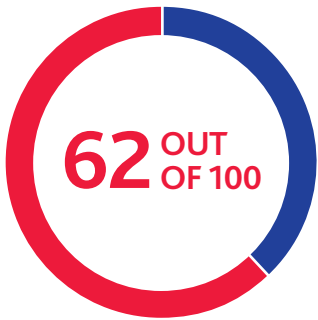
MENTAL HEALTH FOUNDATION OF NEW ZEALAND

For further support, for yourself or others, visit the [Mental Health Foundation of New Zealand website.](#)

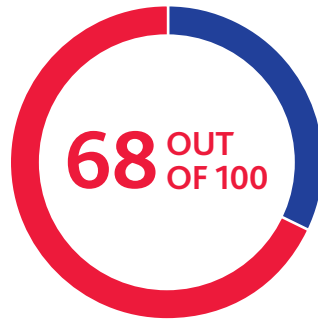
APPENDIX: SECTOR RESULTS

FIGURE 14 - WHO-5 INDEX SCORE BY SECTOR

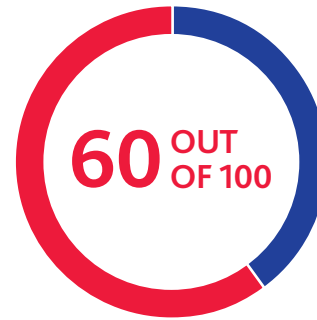
AGRICULTURE, FORESTRY AND FISHING



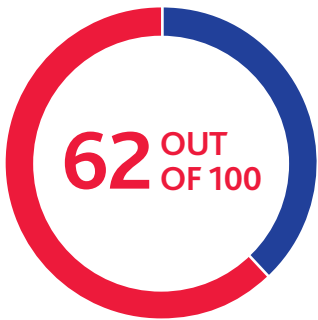
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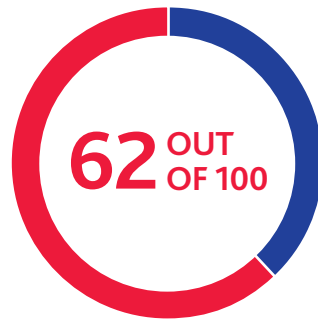
HEALTHCARE



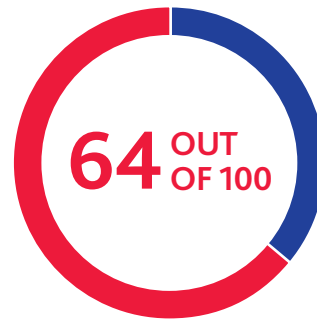
RETAIL TRADE



TOURISM AND HOSPITALITY



MĀORI BUSINESS





WATCH OUR PANEL VIDEO DISCUSSION