

Issue One | Twenty Twenty

Covisory Connect

MAGAZINE

INTRODUCTION:



NIGEL SMITH
Founder - Covisory Group

For this quarters Covisory Connect we have a Business focus. Owning a business can be a lonely experience, often owners comment that there is a sense of isolation and that they would value someone to talk to about the choices they have for their business but are unsure who is the right person or people to start this conversation with.

In early March we brought our team together who are business specialists in their fields to run a seminar focusing on the choices business owners have for the future of their business. Do you grow, harvest or hold and where does the family fit into that? Each owner, family and business are different and what may be the best solution will often change over time.

What you do need to understand as a business owner is:

- What your business is worth today
- How that value can be improved and what are the threats to it
- How you can retain the business and the income while working less in the business?
- How you can access the capability of the management team and fill any gaps?

We talk more about this in our Feature Article [The Business Owners Challenge]. In our opinion the business owner does need to start these conversations sooner than later and on an ongoing basis.

With the election announced for the 19th of September 2020 Chris Ng gets the crystal ball out to see what the election may offer for business owners. It may not all be good news.

Our expectation for 2020 is for a flatter year as typically people are reluctant to invest or make big decisions in an election year. Add to this the escalating worldwide Covid-19 Virus outbreak with the markets having a volatile reaction, our imports and exports starting to experience the impact as well as the tourism industry taking a hit. The full nature and extent of it is yet to be known and it is far from being under control. We urge caution until it is as we are seeing direct, actual adverse impacts for clients in New Zealand. The real question is how long the impact of it will last for and the share market storm will continue for?

However, 2020 is for you to make of it what you can and want to, so the glass may be half full or half empty depending on your outlook. As always, we look forward to hearing your news on these matters.

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Covid-19 Update

Considering the events of the past week and the escalation the Covid-19 virus I wanted to add to what I had written earlier.

With the global stock markets fluctuating wildly, countries borders being closed or with strict restrictions, sporting, business and cultural events being cancelled or postponed we are living through a life changing event – we can not control everything so it is important to concentrate on what is within our spheres of influence, remain calm, don't react out of fear and keep focused on long term goals.

My focus is on the health and productivity for both the Covisory team and you our clients. I'm sure you have plans in place for your work and personal situation and I would like to update you on how Covisory can support you through this global crisis.

The Covisory team all can work both in the office and in the cloud with access to all our client files. We can work remotely ensuring that business interruption for both you and Covisory is kept to a minimum.

We are all contactable via our office numbers which transfer our calls to our mobile phones whether we are working in the office or at home. We are all happy to talk and discuss any concerns you may be having both on a business and personal situation.

I can understand if your preference is to not meet face to face during this time and we are able to facilitate meetings in a virtual format either via Skype, WhatsApp or through standard teleconferencing.

I will be continuing to monitor the situation and will provide further updates if necessary.

Please take care of yourselves and stay safe.

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To grow, harvest, or hold?

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The inland scenic route

A journey through rural South Island New Zealand

You've had the idea, seen it through its launch, survived the many challenges and built your business up to its current level. We can imagine although it's not always been plain sailing it's been good to you and the family. So let's look at your future options.

The Business Owners Challenge:
To grow, harvest
or hold?

Firstly, you need to have the following information available to you now and on an ongoing basis:

- What is my business worth today in the market?
- What can I do to improve its value and what are the threats to that value?
- If I did want to sell it how would I go about that, how long will it take and how much will it cost?
- How can I keep the business, but reduce my involvement in it so I can have the best of both worlds?
- Where do my family fit into this? What are my expectations? Do my children see themselves working in the business or owning it? How could they afford to buy it off me? Are they capable?

The answers to these questions will depend on you, your business and your circumstances. However, here are a few general pointers or truths that business owners need to be aware of when looking for answers to these questions.

1. Most privately owned businesses were founded by the owner. They built them up over time from their own toil and hard work. As a result of this often we see what is referred to as the “founder syndrome”, whereby everyone in the business does what the founder says. When he says to do it, and how he says to do it. This creates a lack of independent thinking or initiative, which

ultimately means that there is not the capability or capacity within any existing management or staff base for suitable talent to emerge. There is an old saying that it's hard for a flower to flourish and bloom if its forever living in the shade.

2. Couple this with the fact that many family businesses are purely reactive and don't have clear strategic plans and direction. If there are senior staff or management, they will often have no clear direction or view on the businesses future path, other than perhaps to get out there and sell more. There needs to be a clear strategic plan and direction set, and shared/debated with senior staff. This applies whether a business is to be sold, independently managed by a new CEO, or even a board. In a sale situation being able to articulate the future blue-sky potential of the business adds to both its saleability and the price that will be achieved. If the business is to be retained, an agreed future direction and goals enable the owner to step back knowing that the course has been set, while being able to precisely monitor the progress along that course.
3. Being able to trust and empower key senior staff, management and/or a board can be difficult for an owner, but especially for a founder who may see it as losing control of the business. Firstly, it is extremely important that any owner does not undermine those running the business. This can easily happen, and usually manifests itself in the owner retaining an open channel to selected loyal old staff members who may not like the CEO etc, or even be aware of the agreed plan for the business. It is often annoying how low down the organisational structure they can be. Armed with this the owner then meddles in the business.

Could you go and ask any of your “senior” staff what the 3 or 4 key goals are for the business of the next 12-36 months?

What would they tell you and would they all be consistent?



4. Perhaps the hardest part for any owner is to define an organisational management structure, write job descriptions, outcomes and set accountabilities. This is perhaps one of the hardest parts of letting go. These are all needed if an owner truly wants to see their business grow, or to maximise value for sale.
5. Recruitment can also be a daunting process. In family businesses recruiting often happens informally, by internal promotion or shoulder tapping well known individuals the business already deals with, or perhaps someone well liked at the local rugby, netball or golf club. While this can work, the best result from recruiting starts with writing a detailed job description, clear outcomes and goals, but most importantly defining the key personal attributes that a person would need to succeed in the role. You can also draw on Psych testing and detailed targeting to improve the odds on selecting the best people for the business. Face to face interviews with a team of people will also allow the owner to see how good a fit a candidate really is.
6. The family involvement in a business will be the subject of a separate article later in the year. However, in true family business fashion, family members often end up filling roles that were needed at a specific time and not necessarily what they would be best suited to. They are also prone to the founder syndrome and end up doing what Mum and/or Dad tell them, without question or thought.

However, the involvement of family in a business can be an impediment in different ways. Firstly, they can put off potential buyers who see a business' value being lowered if several key roles are being held by family members. They are likely to question whether the family will stay if the business is sold, and for how long? Secondly, family members may not be the best suited to take over from Mum and Dad. Will they accept reporting to a non-family member CEO if it came to that? And how do you handle the unhappy child if a sibling gets to be CEO or another senior role and they don't?

From our experience there are no simple answers to these questions as each business and family circumstance are different. Having seen many we can at least assist and lead the discussions so that the pros and cons around each option are clear.

Whether a business is to be kept or sold, or if undecided, we think it is important to always run it as if it were to be sold. By doing this if the choice to sell, or the need arises then the value of the business is more readily maximise. Often sale offers are unsolicited and unplanned, so it is important to acknowledge that.

[Case Study]



When you last recruited a person did you have a clear job description to show them with KPI's and outcomes?

Case Study: Hiring a company accountant

A small clothing import and wholesaling business needed to hire an accountant due to growth. Previously a clerk did payables, receivables etc with an external CA doing end of year books.

The recruit needed to be able to:

- Manage staff
- Write cheques
- Collect debtors
- Prepare monthly accounts

- But also help unload containers, fix non-accounting problems, be flexible as to hours
- They had to self-manage, self-start and look at how the financing side of the business could be improved

From this a clear picture of the type of person that was needed could be developed.

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How to 'Up' the valuation multiplier

Business owners are always seeking higher valuation multiples when selling their business.

To recap; the valuation multiple is a function of the risk facing the business and is the inverse of the rate of return/capitalization rate required by potential purchasers for the business given the risk facing the business. Put simply, decreasing the risk associated with the business will increase the multiple a purchaser would be willing to pay for your business.

Whether a purchaser pays a multiple of 3 times earnings or 5 or 6 times earnings, has a very material impact on the sale price.

Accordingly, understanding the major factors that increase your business's valuation multiple allows business owners to focus on specific areas that will help maximize value.

What then are the major factors that increase the valuation multiple that a buyer will pay?


First, and foremost, is a loyal recurring customer base.

A loyal and recurring customer base results in a regular flow of business activity and consistent earnings. This enhances a business's value as it reduces the risk associated with future revenue generation. Having long-term contracts with customers or say a renewable subscription-based revenue business will help to further maximize your business's valuation multiple; as will a wide spread of customers – that is, not overly dependent on one or several customers. For example, if one customer makes up say 80% of a business's sales, the future earnings will be highly contingent on that customer's purchases. Conversely, if the major customer only accounts for say 4% of sales revenue; losing that customer would not materially impact future earnings.

Second, is a strong management team.

A strong management team can operate a business considerably more effectively than a business that is dependent on its sole owner. Such a business is significantly more attractive to a potential purchaser as skills, abilities and contacts will not 'walk out the door' when the owner sells and will command a higher valuation multiple in the marketplace.

Conversely, if your business is overly dependent on the business owner's personal skills, abilities and contacts in the sector, the transferability of your customers and future revenues to a new owner



Whether a purchaser pays a multiple of
3 times earnings or 5 or 6 times earnings, has a very
material impact on the sale price.

BUSINESS:

is more at risk. This “personal goodwill” is not commercially transferable and will significantly reduce the valuation multiple that a potential purchaser would be willing to pay for your business.

Third, is growth prospects.

Potential purchasers are attracted to businesses that have high growth potential. Future growth results in increased revenues and earnings. A plan or strategy for future growth will assist to some degree in increasing your valuation multiple, but a demonstrated track-record of achieving historical growth, combined with a plan for future growth, will have a particularly positive impact on your valuation multiple.

Further, it is important to understand that volatility in earnings (‘ups and downs’) create uncertainty about what the future will bring. This uncertainty translates into increased risk. Accordingly, if your business’s earnings fluctuate over time, potential purchasers will apply a lower valuation multiple to your business than if earnings have been stable or increasing over time.

Other factors that help reduce your business’s risk profile and therefore increase the valuation multiple, include:

- Business size – the larger the business implies lower risk that the business will not perform – a larger business has greater scale and therefore a downturn or say a loss of a customer would not impact its performance as much as for a smaller business – therefore a higher multiple would apply for a larger business,
- Business type – for example, a service business with few assets will, all other things being equal, command a lower multiple than say a retailer/wholesaler with significant assets, which would command a mid-range multiple, and a manufacturing business with assets being a major component of value, which would command a high multiple,
- Condition of facilities and plant & equipment – above average to superior would result in a higher multiple, whereas less than desirable would result in a lower multiple,
- Marketability – if there is a limited market for a business or special skills are required to operate the business, then a lower multiple would apply than if there was a large market with many qualified potential buyers,
- Competitive environment – little competition and/or high start-up cost or barriers to entry mean low risk and therefore a higher multiple, whereas a highly competitive environment would result in a lower multiple,
- Market share – high market share would translate to a higher multiple, and
- Terms of Sale – if, for example, the seller required all cash up-front, this would translate to a low multiple, whereas if attractive terms are offered this would translate to a higher multiple.

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What happens if you wish to do business outside of New Zealand?

Covisory is a member of IAPA International. Our membership in this association ultimately provides you with a more comprehensive range of expert services anywhere in the world. If you are intending to conduct business globally or if you are relocating overseas talk to us about what IAPA can offer.

Established in 1979 IAPA is a leading global association of independent accounting, audit, tax, legal, advisory, financial, immigration and technology service firms that aim to support its members in providing their clients with a diverse range of professional, comprehensive and cost effective business solutions regardless of sector or location.

Currently IAPA comprises of over 185 member firms with officers in over 70 countries. IAPA ranks in the top 9 of associations of independent accountancy firms in the world. We know that success on a global stage comes from local knowledge and the international reach that IAPA offers allows us to tap into first-hand knowledge of local regulations, culture and customs removing the potential cross border uncertainties and increasing the opportunities for real business development for you the client.

IAPA's extensive coverage with independent member firms all over the globe, ensures that you can access a full range of professional services and advice whatever your needs and wherever you are based.

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Case Study

A REVIEW OF INTERNAL DATA PROCESSES

A client operates 2 companies.

Both use Xero as an accounting system with Internal systems and forms preparing the information necessary to process the weekly invoice run.

The main company processes around 200 invoices a week with the smaller company processing around 50 invoices per week.

Prior to Covisory's involvement weekly invoicing in the main company took 2 administrative staff 3 days a week. There was a reasonably high level of supervision and cross checking to ensure the integrity and accuracy of the data.

Beginning with the smaller company Covisory evaluated the software systems and data processes already in place at the company, building an understanding of how the data used for invoicing is produced and what it means in the larger operations of the company.

Using this understanding Covisory helped standardise and organise the data to make it suitable for processing by software. Covisory then designed and developed a software solution which allows the company to upload many invoices at once at the press of a button from within excel, completely removing the need for manual data entry, or organising a spreadsheet for a csv batch upload. These invoices would appear in the draft tab in Xero, ready to be approved and sent to clients.

The solution built in validation checking, giving feedback and error information if the data

inputted was not formatted correctly. This both lowered the chances of incorrect amounts being generated in invoices, but also increased the consistency of the data through time.

It would also give a report after an invoicing upload, informing the user of the successful invoices and the ones that it could not upload due to some misconfiguration in Xero. This had the added benefit of identifying problems in their Xero data.

After a short period operating on the smaller company, this software was successfully rolled out to the main company.

The weekly invoicing in the main company now takes one person around 3-4 hours. Since inception the exception reports have become increasingly minimal resulting in a seamless process with a very high degree of integrity and accuracy in the data produced.

The Covisory team are now assisting the company with an independent overview of their overall IT systems with a focus on the payroll solution.

As any business owner will testify, businesses are multi-faceted with any number of issues and challenges. With Covisory's unique mix of specialist expertise and depth of experience we are ideally placed to help with any issues or challenges you may face – large or small.

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Tax in this
changed world

This article was originally drafted in mid- February to discuss the possible tax issues that may have been debated prior to the NZ general elections on 17th September.

With this evolving situation with Covid-19, the Government announced on 17 March 2020 the following tax measures:

- The reintroduction of depreciation on industrial and commercial buildings (including motels and hotels) from the start of the 2020-21 income tax year. The diminishing value rate will be 2% with a separate straight-line rate to be announced later.
- An immediate deduction for low value assets rather than being depreciated over time. The lower value asset limit will increase from \$500 to \$5,000 for the 2020-21 income year. The limit will move down to \$1,000 from the 2021-22 income year.
- Provisional tax threshold for the 2020-21 income year will rise to \$5,000, up from \$2,500.
- For next two years, use of money interest on late payment of tax will be waived for businesses affected by the Covid-19 outbreak. It applies to payments of all taxes on or after 14 February 2020. Details on how Inland Revenue will operate this waiver of interest are being released in a separate announcement.

The measures were part of a \$12.1 billion fiscal stimulus package. The tax measures are estimated to cost \$2.8 billion. The Government's stated intention is to improve cash flow and stimulate business investment.

We hope and expect that Inland Revenue will be given operational guidelines that allow these measures to be introduced and applied in a way that maximises the benefits of these measures.

Further Tax Measures

Since the announcement of the fiscal stimulus package, the Government has not ruled out other tax measures to address the challenges that the NZ economy now faces.

In considering potential tax measures, the Government will need to walk the tight rope between the expected drop in tax revenue with an economy in recession and reducing tax rates to stimulate cash flow and investment.

Income Tax Brackets and Rates

"Tax creep" has arisen as individual tax brackets have not been adjusted since 2010. Where salaries and wages have increased due to inflation, an individual may pay more tax as they move into a higher tax bracket. However, there may be no increase in real purchasing power of the individual. It has been estimated that as much as \$1.7 billion in tax has been collected since 2010 as result of "tax creep".

The current top marginal tax rate is 33% for income over \$70,000. This rate is relatively low when compared with other OECD countries. For example, Australia taxes income over of \$90k at 37% and 45% over \$180,000.

NZ's corporate tax is 28% which is considered one of the higher corporate tax rates amongst OECD countries. NZ Treasury published calculations last year that show 1% change in the corporate rate would have a \$490m impact on tax revenue from non-crown owned companies.

GST

GST contributes around 1/3 of the Government's overall revenue from taxes and levies. Since its introduction in 1985, it has been recognised as NZ's most efficient tax and has been relatively free of tampering to exclude certain items from the GST system.

Where to now?

In this rapidly changing time, no tax measure should be off the table when considering how to reduce the impact of Covid-19 on the NZ economy. With their recent announcement, the Government has shown its desire to stimulate the economy mainly with cash injections via wage subsidies, leave support and increases to benefits.

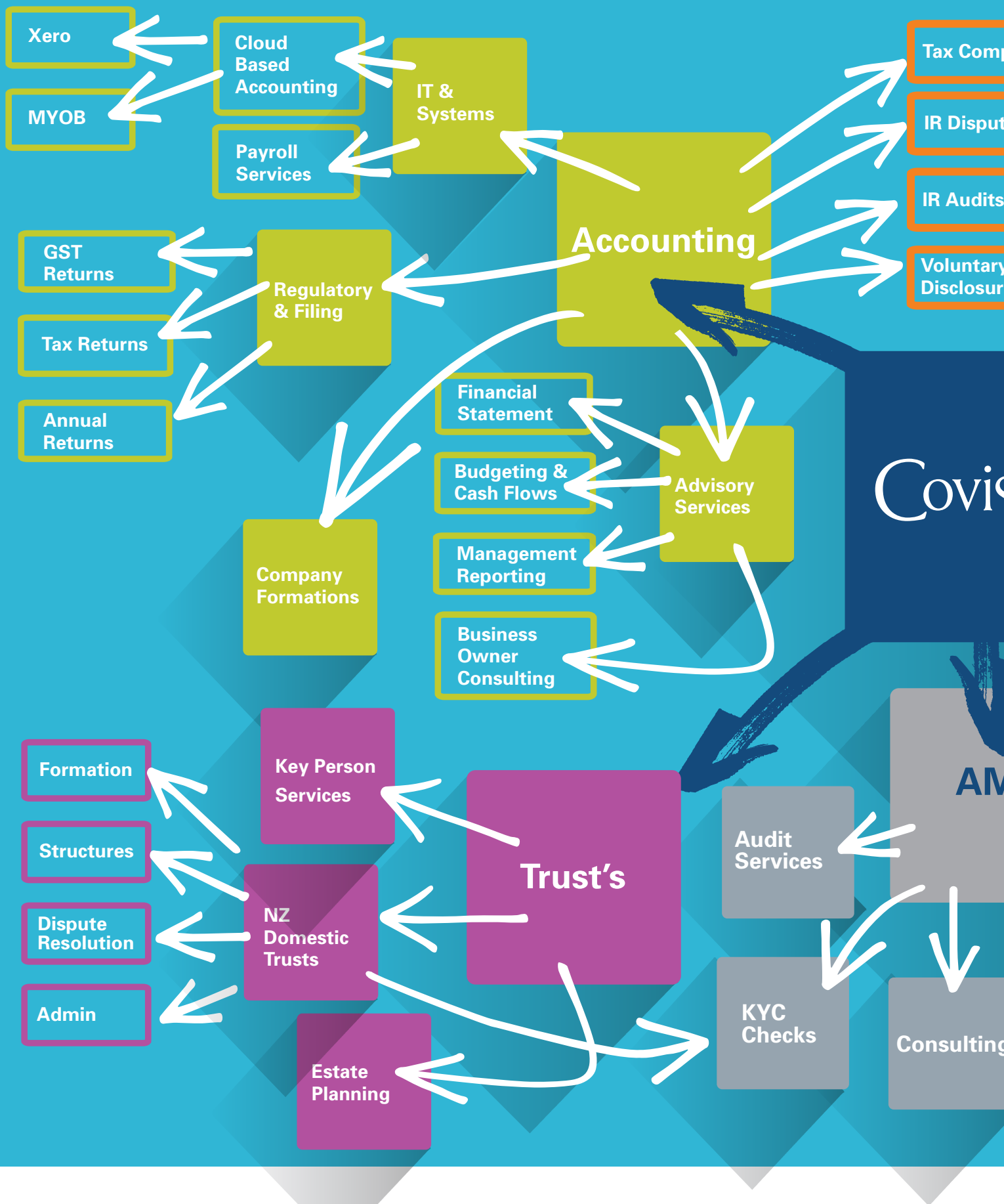
It remains to be seen whether the Government will incorporate changes to tax rates as part of any future stimulus packages. The May Budget announcement will be the next major indicator on where the NZ economy is on this wild ride and whether tax can be part of smoothing that ride.



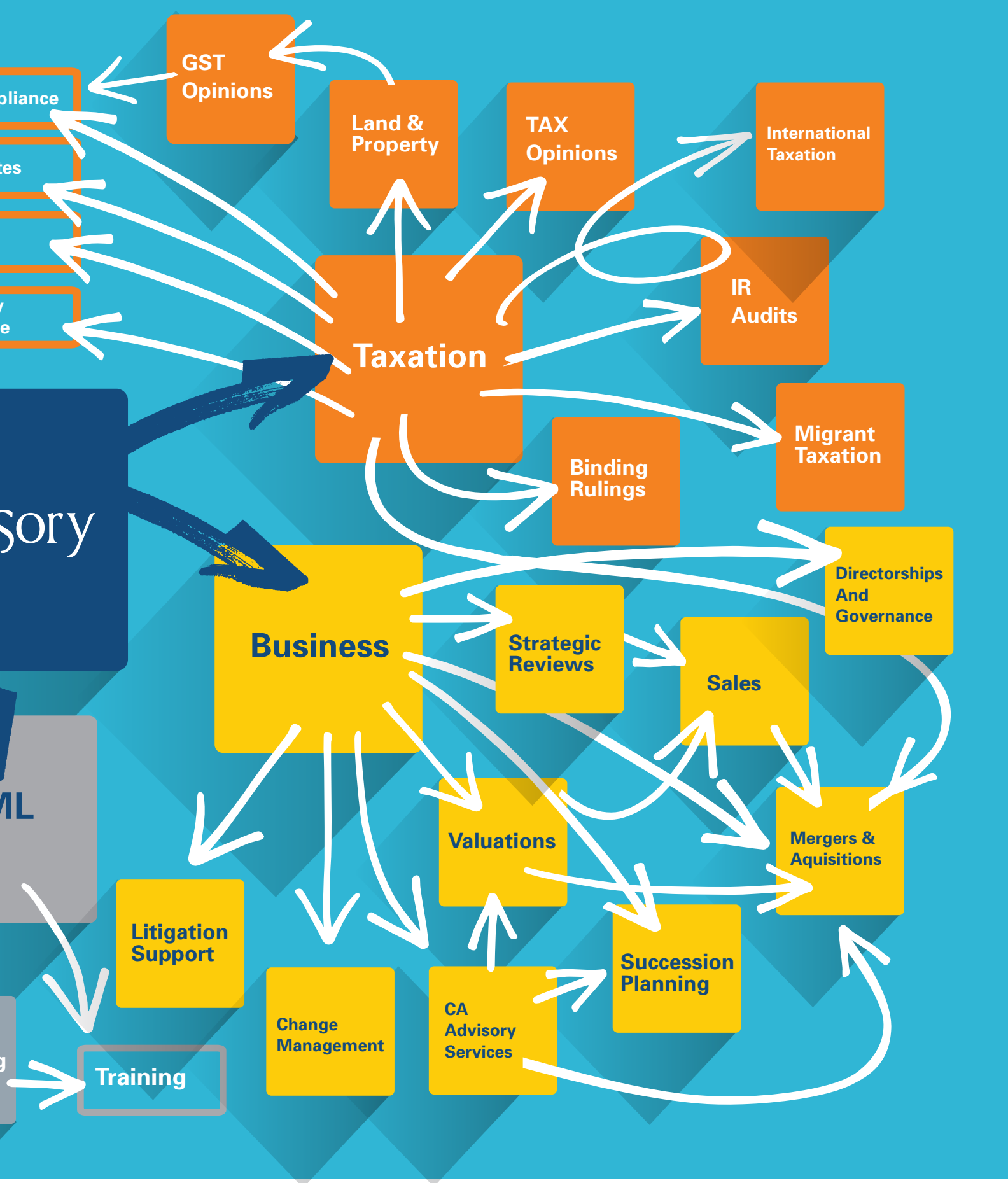
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Covisory: Our services can be seen as standalone or...





TRUSTS:

Reviewing Your Trusts

With the Trusts Act 2019 coming into force at the end of January 2021 there is a window of opportunity to review your current trust structure and determine if it is still fit for purpose under the new rules.

We expect that several clients will consider the new rules too hard to comply with, especially in respect of disclosure to beneficiaries, and decide to terminate the trust completely. Other clients will be happy to keep the trust structure on foot, but some 'surgery' might be required as well.

Regardless of what path is ultimately decided, any review for a trust will need to be comprehensive and you do not want to be leaving it to the last minute.

How are we going to do this? For Covisory, we have clients where we act as trustee and clients where we provide trust advice. For those clients where we act as trustee, we will lead this process in conjunction with the other trustees and settlors. For those clients we will be sending you a letter in the coming month which will outline the process. Where we provide clients with trust advice, we are happy to help with the review process as well in conjunction with the trustees.

What will be involved during a trust review? At the highest level we will be reviewing the deed of trust and associated documents as well as what is happening on a practical level. We will be considering issues such as:

- The age of the trust and whether the trust deed itself can be varied?
- Who are the beneficiaries, and can they all be identified? Do any beneficiaries need to be removed? Who holds the power to remove and appoint beneficiaries?
- Are there issues in respect of the trustees, is the trustee indemnified, who can remove and appoint trustees?
- Can all trust assets be identified?
- Where are all the documents relating to the trust kept?

We will also be looking at the client's personal Wills and Enduring Powers of Attorney at the same time as they make up the overall estate planning plan.

We anticipate for each trust the initial review will take about two hours and an action list will result from this. For reviews we undertake we will then meet with you to discuss the outcome of the review and we anticipate a number of client's will decide not to keep the trust depending on the family's circumstances and the nature of the assets in the trust. In some cases, although the purpose of the trust might have finished, terminating it might result in adverse tax consequences. We believe this approach should be collaborative as possible.

This process should also be taken as an opportunity to review your Wills and Enduring Powers of Attorney, if you have them. If you do not, then we should be talking about the best way to put these in place.

Letters regarding the trust review we will be undertaking will go out in late March. If you have any questions on this process, please let us know.

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Meet the Team

Chris Ng

Who the hell am I?

I am a Chartered Accountant who has been involved in tax since 1989. I have worked as an investigator with Inland Revenue, a tax advisor in Big 4 chartered accountancy firm and as tax manager in a number of large corporates in Auckland.

Born in Wellington, I grew up in the quiet suburb of Tawa in the 1970's and 80s. I still remember "car less" days being introduced during the 70's world oil crisis. I moved to Auckland prior to getting married in 1995.

When did you join the Covisory family?

I have known Nigel Smith for over thirty years as part of the small world of tax practitioners and with my wife working for Nigel Smith in the 1990s. Nigel even came to my wedding!

After a period of contract tax work in two large corporates in 2016, I found that Nigel was overloaded with work in his tax consulting business. I started with a couple of assignments and have ended working on a part time basis with Nigel ever since.

What do you really do?

Since working with Nigel at Covisory, I have consulted on large property transactions, obtained Inland Revenue binding rulings, managed Inland Revenue investigations and negotiated tax debt repayment arrangements. However, the major part of my Covisory work has been consulting on GST and income tax implications of buying, selling and developing property.

I have seen situations where relatively simple property transactions have been complicated by clients (including other accountants) due to GST or the bright line test not being considered prior to undertaking the transaction.

What floats your boat outside of work?

My wife, Lindsay, and I have two sons who both attend Auckland University. Lindsay works for the professional body, Chartered Accountants Australia New Zealand. While we try not to talk "shop" at home, sometimes it does enter the conversation at the dinner table.

We have lived in Greenlane for over twenty years and have loved the relative quiet with easy access to the CBD, Cornwall Park and good local schools.

I have a love for sport having played rugby and cricket in my youth. I was also involved extensively involved with my boys' football during their teenage years. I coached their teams and was on the Junior/Youth Committee at Ellerslie Association Football Club for five years.

I enjoyed my administration time in a game which has shown significant growth in New Zealand in recent years. I find the topic of how different sports are structured, financed and governed in NZ fascinating.

Sadly, my dreams of being the first All Black of Asian descent have passed. As a result, I currently play the occasional game of golf with Nigel and follow professional team sports in the USA particularly the NBA.

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Covisory is all about people and their businesses – for us it is about forming long term partnerships. We met Sonia and Laurent Haumonté back in 2011 when they opened their bricks and mortar Boutique Cake Shop. We've had fun getting to know Sonia, Laurent and their team and are thrilled at what they have achieved to date.

As part of our focus on businesses as a whole and getting behind the scenes, Sonia and Laurent took some time out of their busy schedules to chat with Covisory's Sally Herbert on how their journey to date has been, some of the influences that have driven their business decisions and the successes along the way.



Sonia, when did you start Vaniye?

We started selling at multiple Auckland Farmers markets back in 2009 and opened in 2011 our current Parnell Boutique at 1/7 Windsor Street.

Tell us a little bit about Vaniye who are the people that work there, where are you located, what do you do?

We are a modern contemporary French or 'Parisian' patisserie that specialises in birthday cakes, chocolates, desserts, croissants, and baguettes. Our mindset is very much around being Artisan, so everything our small international team of 5 do is from scratch and by hand. The best part about having people of all backgrounds and ages working together is that it teaches everyone about respect for one another. It also allows us to share our experiences, our food cultures, work ethics, etc.

We sell our products to both private and corporate customers. We cater and create special products for corporate gifts, large events, as well as weddings. We work with our clients to create a memorable experience for that one truly special moment of their life. We can customize French style wedding cakes up to 9 tiers!

Another part of the business over the past 4 years has been the monthly Masterclasses. The cooking classes are run at our Business Partners/sponsors' Show Kitchen (Kenwood and Miele Kitchen). Launching shortly in 2020 are exclusive private Masterclasses for groups of 6 where we are teaming up with the newly opened Siematic Kitchen in Parnell.

CLIENT FOCUS:

Sonia, what was the reason for setting up your business. What was your motivation, what were you trying to achieve, and where were you and Laurent at that time when you decided to make that step?

Laurent and I wanted to introduce the French culture of fine patisserie to Kiwis. We love everything to do with the French Patisserie; the tradition, the artisan factor, the process of making them, the joy of sharing them with loved ones. It is this tradition that Laurent and myself miss about Paris, to be able to go out with friends or family and catch up over a nice cup of hot chocolate and pastry. We already had a business plan back when we were in Paris, so it was a matter of introducing the concept to New Zealand

Laurent, have your goals changed from when you set up to what you are working towards now? Did you achieve your original goals and did reality live up to your expectations?

Our goals for Vaniye haven't changed but our growth strategies however have had to adapt with what the market wants. This has meant that our views and plans have had to change over time. Initially, we assumed that what worked in France would also work here, so we were trying to do a copy paste. However, after several years into the business, we realized that New Zealand and Auckland has a completely different culture; the people consume differently, priorities are different, spending patterns are different, expectations are different. This has also applied to employees and not just to our customers. We realized quickly that we had to understand and adapt to the place we had set up our business.



Sonia, what made you grow the business from the markets to having a retail presence.

Before setting up a retail premise, we wanted to test the waters and minimize any risks. There's always a certain commitment when setting up a business and we wanted to make sure that before signing a lease and investing in the large amount of commercial equipment that we were actually ready, or rather that the public and the market were ready for us. At the time there was no one else producing high end French style desserts and patisserie so the only way to test the waters was to have a market stall at a well known food market. Both Laurent and I spent our weekends selling and talking to customers to see their reactions. People can say whatever you want to



Our role is to make sure
that this artisan culture and
tradition continues
and not be abandoned.

CLIENT FOCUS:

hear, but it is very hard to hide emotions you see on their faces. Initially it was very difficult. People only commented on how beautiful the products were and how they were like works of arts, but they would not buy. It was almost too intimidating and impressive to eat. By standing and talking to people, sharing our knowledge of the French Patisserie culture, and how products were made, or where we source them from, people become more curious and willing to try. From that moment, we knew that people really appreciated and loved what we do.

We love Parnell but what made you choose Parnell for your boutique?

We love the village feel of Parnell and the central location, with easy access to motorways. Our customers are not spur of the moment buyers, they come because they want our cakes and the experience and not just any sweet craving. Our aim was to make Vaniye a destination; hence we wanted an easily accessible location, with the surrounding neighbourhood having character and was interesting to visit. Parnell ticked all the boxes.

Laurent, tell us some of the moments that have that have been special for you both?

Winning the best Patisserie/cake shop in New Zealand is definitely a highlight and a proud moment for all of us here at Vaniye. We received this award at the end of 2019 from the New Zealand French Chamber of Commerce.

On a more personal level a highlight has been the relationships we have built with all our customers. Many come from our market days or when we first started the Parnell boutique. It is a real compliment

to see them and their family visit us regularly no matter how far they live. It's a very special feeling to know how we have touched them on a personal level and that they're pretty much part of the Vaniyé Family!

Another huge highlight has been Sonia being invited to join top international chefs as a brand Ambassador for 'Les Vergers Boiron' (an exclusive fruit puree brand used around the world by top Michelin starred chefs). To be recognized as one of the top Patisserie chefs in today's world is a huge accomplishment. To be able to share and transmit the knowledge and craftsmanship with others in the industry, especially the future generations is something that makes us truly humble. Our role is to make sure that this artisan culture and tradition continues and not be abandoned.

Sonia, has social media impacted your business

Yes absolutely. We like to keep our lives private, however, our customers are always interested in what is happening around the café, out in our kitchen, what new cakes we do, etc. It is also a great tool for us to investigate new trends from around the world and build professional relationships with other chefs where we can discuss many topics or share thoughts and experiences.

Social media has helped us to showcase what we do and portray the sense of our brand through imagery. It is definitely a great tool for marketing, however both Laurent and I have to ensure that we are not spending more time than necessary as that can easily lower our productivity level and take focus away from what is really important in running our business.

Have you achieved everything that you've wanted to achieve when you started the business.

On an emotional level, YES! Financially, not yet (laughing - it's a work in progress). We still must figure out the true formula to long term growth and success.

Sonia what's your signature dish?

We change the items on our menu often as I like to write new recipes and come up with new designs and creations, but if we must pick one, it would be the "Noah" Cake. We struggle to take that off the menu as our customers get really upset.

We know that being in business can totally consume all your waking thoughts and moments so how do you balance work and home life especially with having a young family?

That's a real challenge for us! When we love something so much and want our business to become successful, we constantly find ourselves living and breathing Vaniyé! There's always something to do and new things to research. We must remind each other all the time to take breaks and find time to enjoy doing different things. We had a goal from the start to close on Sundays for family time for the entire Vaniye Team.

Sonia, tell us about what you enjoy about the job, and who inspires you?

I love waking up every morning and doing what I do. We don't just make desserts. We create emotions. We play with science. Everything in our job touches all our 5 senses, and it is hugely satisfying. There is always new experiments and discoveries, and there are endless possibilities to create new desserts or new techniques. The best part is seeing the beaming faces of our customers and realizing that such small things bring so much joy to a person.

Our parents are our ultimate inspirations. We are very lucky that both our parents share the same values in life. They have taught us about being honest and passionate in everything we do, and to take pleasure in whatever we choose to do in life. The hospitality business is a hard business. We must work long hours, but we get our motivation from the love for what we do also from the joy and smiles that we bring to people. When your passion and hobby become your daily work, it just makes everything much more fun and more valuable.





LIFESTYLE/TRAVEL:

The Inland Scenic Route

A journey through rural
South Island New Zealand





When you travel on main highways between cities and towns you can sometimes miss wonderful opportunities to experience the scenic beauty and hospitality of heartland New Zealand.

The South Island's Inland Scenic Route provides a perfect opportunity to get away from busy main roads to explore a picturesque and thriving region of New Zealand at your own pace. Drive along this stunning route, where the Canterbury Plains meet the Southern Alps and find a rare kind of heaven. On one side you have serene pastures and fields: on the other side, the rock-solid beauty of New Zealand's longest, highest mountain range. Opportunities for outdoor fun can be found at every turn - bring your fishing rod, hiking boots, bike and sense of adventure.

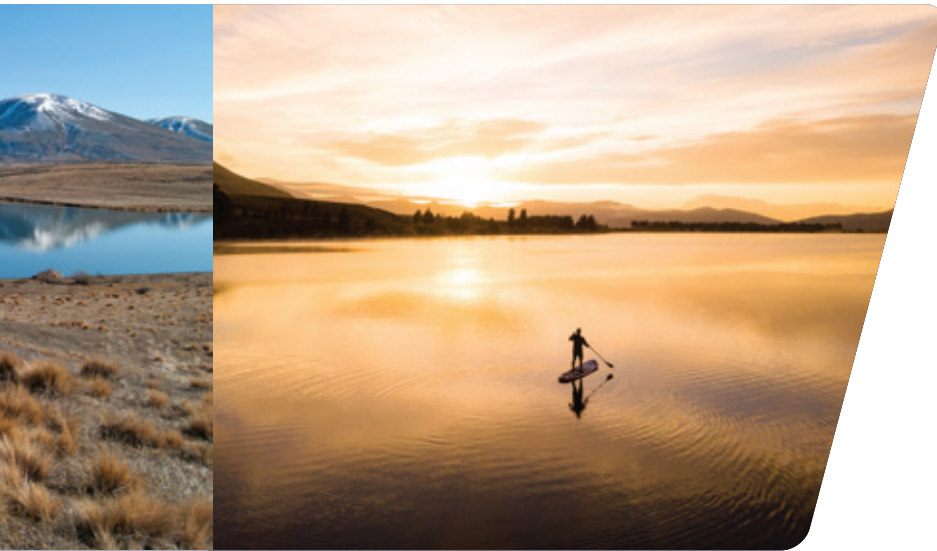


Inland Scenic Route 72 journeys from Amberley, north of Christchurch, to the rural town of Winchester in the South. The route follows the foothills of the alps through Oxford, Darfield, Coalgate then on to the Majestic Rakaia Gorge. Stop for a Jetboat ride before mountain biking or Skiing in the winter on Mt Hutt, New Zealand's No#1 premier ski field.

With plenty of opportunities to stop and many accommodation options to suit every budget the Inland Scenic Route takes you through kiwiessential rural towns and villages between North and South Canterbury.

A short distance after crossing the spectacular Rakaia Gorge, you can ascend the alpine road to Mt Hutt, one of New Zealand's most popular ski areas. The nearby town of Methven is a popular conference centre in summer and, a vibrant ski village in winter. This area offers a wide range of recreational opportunities including hot air ballooning, horse riding, off-road tours, jetboating, abseiling and hiking.

Along the route find Awa Awa Rata Reserve at the base of Mt Hutt. The reserve is a wonderful rest area complete with BBQ's with several short walks in the shadow of the mountains.



The Mt Somers area is where dramatically rounded foothills rise to the Southern Alps. Visit the scenic reserve near Staveley and walk the track to the Sharplin Falls or the Mt Somers Subalpine Walkway, one of New Zealand's top ten walkways. Mt Somers is the gateway to a major outdoor recreation and fishing area in heartland high country of mountains, rivers and lakes, including Lakes Clearwater, Emma and Heron.

Mt Sunday, the spectacular location on Mount Potts Station in the Rangitata river valley (approx 40kms from Mt Somers) was the film set for Edoras, the fortress city of Rohan people in the Lord of the Rings: The Two Towers.

Then it's over the Rangitata River to beautiful Geraldine, where you can link to State Highway 1 at Winchester or head inland through Fairlie to Lake Tekapo, Mount Cook and beyond.

As road trips go, this one's more trip than road, think plenty of very cool action-packed stop-offs for you to enjoy



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