

Dear Client,

Welcome to our monthly newswire. We hope you enjoy reading this newsletter and find it useful.

Best wishes,
John Harrison

Embracing Diversity

Diversity is an economic and legal priority in business. It increases the bottom line, encourages innovation and steers businesses away from legal issues. Business owners, managers and employees at every level need to find ways to embrace and respect diversity in their departments and across the entire business.

We all have biases

Bias is a naturally occurring phenomenon. It occurs as a natural result of our life experiences. Take a moment to write down what your biases are and how you can avoid these biases affecting the way you conduct yourself when you are at work.

Language

Avoid language that demeans a particular group of individuals. For instance avoid being patronising and avoid jokes that have religious or cultural inferences.

Invite input from people with different backgrounds

Not only does this show respect, but it makes good business sense to have a diverse opinion. Find someone with a different background who shares the same business objectives as you and have a strategy meeting with them.

Bring together diverse groups for innovation

Inviting people from many backgrounds and cultures will increase the pace and creativity involved with innovation.

Respect religious holidays

Most businesses respect Christian holidays such as Christmas, however the workplace is far more than just Christian. All important religious holidays should be respected for employees of that particular religion.

Recruitment

When hiring or promoting individuals do so on the basis of facts only. Skills, abilities, knowledge and results should be the only factors involved in your decisions.

Embrace diversity in your firm and you are on the way to a more fulfilling and productive business. The world is a mosaic of cultural differences and the workplace should be as well. Respecting your colleagues and employees is paramount to tapping the valuable diversity in your business.

Apple iPad pro

The iPad Pro follows the general design principles of the iPad Air 2, but on a significantly larger scale. Aside from the increase in screen area, there are some key design differences, each corresponding to a functional difference.

One is that there are four speakers, as opposed to the twin speakers on the iPad Air 2. This results in far more volume output of course, and Apple says the device is also smart enough to adjust audio balance between the four units to maintain a consistent performance as you hold the iPad in different ways. There is also a new type of connector on the left hand side. Apple calls it the Smart Connector, and it's designed to fit the new Smart Keyboard accessory. Its not yet known if third parties will produce their own accessories to fit the Smart Connector, but it's fairly likely that a range of accessories will be available in due course.

The iPad Pro gets a super-powered A9X processor chip, one that Apple claims is close to twice the speed of the iPad Air 2's A8X. It also comes with a 12.9-inch display, compared to the 9.7-inch display on the iPad Air and the 7.9-inch display on the iPad mini. That's 78 percent more screen space than the next-largest iPad. Apple claims the iPad Pro will last for 10 hours (of video play or web use) between charges. That figure is the same as the quoted battery life for the iPad Air 2.

A diagonal measurement of 12.9 inches makes for a device that is both sharply differentiated from the smaller iPads and a convenient size in terms of productivity and ease of use. The iPad Pro's screen is also pleasingly sharp, with a massive screen resolution of 2732 x 2048, the largest resolution ever seen on an iOS device. That's the same pixel density - 264.68 pixels per inch (ppi) - as the iPad Air 2, stretched across a much bigger screen.

With a total of 5.6 million pixels on show, Apple boasts that the iPad Pro has more pixels than the 15-inch Retina MacBook Pro. And it's supposed to be power-efficient too, with the ability to adjust refresh rate as and when the movement on the screen warrants it. "For the first time in any of our devices," says Apple, "iPad Pro knows when the content on your screen is static and cuts the refresh rate in half, to 30 times per second instead of 60. This means that the screen isn't just big, beautiful and bright. It's also incredibly energy efficient."

Apple has finally given way and launched a stylus, called the Apple Pencil, intended to offer pressure-sensitive drawing and painting rather than a standard control method. The Apple Pencil charges by plugging directly into the the iPad Pro's Lightning Connector port.

The new iPad Pro will come in 64GB or 128GB versions, the latter coming with or without 4G LTE. The iPad Pro is backed by some new accessories: a detachable fabric keyboard and the aforementioned Apple Pencil stylus.

The 80/20 Rule

The Pareto principle (also known as the 80–20 rule, the law of the vital few, and the principle of factor sparsity) states that, for many events, roughly 80% of the effects come from 20% of the causes. Management consultant Joseph M. Juran suggested the principle and named it after Italian economist Vilfredo Pareto who, while at the University of Lausanne in 1896, published his first paper "Cours d'économie politique." Essentially, Pareto showed that approximately 80% of the land in Italy was owned by 20% of the population; Pareto developed the principle by observing that 20% of the peapods in his garden contained 80% of the peas. In business, it is usually applied as follows: 80% of your company's profits will come from 20% of your customers. In essence, 80% of whatever outcome you're expecting will come from 20% of whatever you put into your project.

Why is it so important?

Using the 80/20 rule allows you to focus your business planning in a way that will allow you to maximise profit, production, or any other aspect of your business, with a minimum of effort.

80% of profit comes from 20% of customers

It would make sense to focus on making sure that 20% of your customer base is happy before expending resources on the rest. The same thing can be applied to any situation. While it doesn't always come out to 80/20, the basic concept still applies: there is no 1 to 1 balance of input to output.

This same rule can be applied to marketing, profit predictions, and many other business aspects can also be applied to time management and other things that you use every single day, whether you realise it or not. 80% of your results should come from 20% of your effort.

It's easy to be pulled into projects around your business that aren't going to be terribly productive in the end. Sure, you may be able to fix the light bulb in the back office, but is it really worth spending that time fixing the light bulb when you could instead do a sales call? If it takes you 2 hours to fix a problem that would have taken a professional maintenance technician 20 minutes, then you're losing out on that 2 hours. Instead of using 20% of your effort to obtain 80% of your results, you've managed to turn the rule on its head, spending 80% of your effort for only about 20% in terms of results.

One Final Note

The 80/20 rule is a great rule of thumb but it isn't set in stone. It's a very useful guideline, but it should only be used as such. Don't try to lock everything you do into that 80/20 ratio or you'll find yourself striving for something that is impossible to achieve. That said, take a look at the various aspects of your business, and see how you could benefit from the application of such a guideline. You'll be surprised at the amount of extra time and productivity you can obtain with a little change of perspective.

Some Customers are More Equal than Others

Businesses will always say that all of their customers are important to them. However, when it comes to making money, your best customers are always going to be the ones who buy the most from you. So how do you identify which customers you should focus on? First segment your customer list, and separate your best customers from the rest. You know that they're more serious than others, and chances are, the reason they're spending that money with you is because they have more money to spend. The secret to growing your business is to continue to get these customers to re-buy from you and if possible, attract more customers like these.

Segment your customer list data in different ways. First, split clients up by the amount they spend. You can also segment them by the type of products or services they buy from you. In some cases, you can segment them by the year or the quarter that they start buying from you. Now rank your lists as A, B, C and D, with A being your best customers.

When you're developing a new product or service offering, do so with your very best customers in mind. Present the offering to the A list first. You have built a relationship of trust with these customers so they will want to buy from you. As long as your product or service offers them an attractive benefit (faster, cheaper, better, etc.) they are more likely to buy from you than anybody else. Once you get through the A list, move on to the B list and so on. By the time you get to the C list you need to consider how well you are doing. Is selling to the C list taking far more time and effort than selling to your A list? If so then perhaps it's time to stop. Maybe your time would be better spent creating a new product or service to sell to your A list.

With your client list segmented this way, every time you have an idea for a new product or service, take it straight to your best customers and try to sell it there first, maximising your chances of success. You will have to try harder and invest more resources (time and money) to sell to the rest of your customer base or indeed, to new customers. Since all customers aren't equal, those who spend more money with you deserve more. As such your business can afford to spend more money on them in an attempt to cross sell to them and to retain their custom. You should reward your best customers. Show them that you appreciate them by making them feel special. Send them a card at Christmas and invite them along to an annual client drinks party. Anything that shows them that your company values their custom will help to maintain their loyalty.

John Harrison & Co
CHARTERED ACCOUNTANTS

Please contact a member of our team if you would like to discuss any of the issues raised.