



BUSINESS WORLD

Brazil: Improving the climate for business

Also in this issue

Nurturing tomorrow's talent: the power of internships

Navigating Japan's business landscape

Cybercrime – a perennial problem

How lifelong learning gives you a competitive edge

Once upon a time ... how to tell the right story

New Zealand: Untapped potential in the land of opportunity



BUSINESS WORLD

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PAGE 04

Brazil: Improving the climate for business



PAGE 06

Nurturing tomorrow's talent: the power of internships



PAGE 08

Navigating Japan's business landscape



PAGE 09

Cybercrime – a perennial problem



PAGE 10

How lifelong learning gives you a competitive edge



PAGE 12

Once upon a time ... how to tell the right story



PAGE 14

New Zealand: Untapped potential in the land of opportunity



Stephen Hamlet
CEO
Russell Bedford International

Foreword

It's been a busy, yet extremely productive, few months at Russell Bedford International. Since our last edition of Business World, we have held several regional events, where our people from around the globe gather to discuss latest updates in the profession, sharing best practice and discussing ways of working even closer together, servicing businesses worldwide.

I continue to be impressed by the calibre and vibrancy of colleagues wherever I travel, and enjoyed my time at local offices in Colombia, Bolivia and Chile, following our Ibero-America conference, Morocco in advance of our EMEA conference, and Thailand, Indonesia, Hong Kong and Japan prior to our Asia Pacific conference. Additionally, a recent trip to Budapest and a meeting in Geneva, sponsoring the Tennis Open, presented me with the opportunity to learn even more about the talent in our network. We discussed Artificial Intelligence, latest technologies, sustainability, the future of accountancy, business development, leadership and personal brand, amongst other current topics, and general updates on the economic and political situations.

We continue to live in uncertain times, with several elections in recent months which have produced, and may continue to produce, new governments and leaders. It was also during this period when I was proudly awarded "Accounting Leader of the Year", along with Russell Bedford International being recognised as a "Highly commended network". I subsequently wrote a piece on the matter, expressing how there is no such thing as 'perfect leadership', albeit something that most leaders will inevitably strive towards. For me, as I grow older, and hopefully 'wiser', I've learnt to accept that not everything will go the way you want and my 'perfect' might not always align with others. A good leader will, however, listen and empathise, while always looking for ways to achieve the best they can for desired goals and objectives. When things don't go completely according to plan, a good leader will then work to fix that, in the best possible way, to get back on track.

I am sure I am not alone when I admit to having bumps in my career, but I'd never go back and fix those. They led me to where I am today, and I learnt so much from them. In fact, one learns a lot more from the things that go wrong, than from the times when everything goes right and when one might feel like perfection has been reached. Good leaders also surround themselves by people who will support them, through the good and the bad, whilst not being afraid to show vulnerability. We are all human and it is the human side of our profession that we strongly promote as we, at the same time, embrace advances in technology and the emergence of AI. To be successful, I would say - be the "best of you", and work as hard as you can, with determination; try to be kind and respectful to others, listen to everyone you meet (they all have something to share), establish good relationships (they will help you in future life), learn from hard lessons that could end up being really important for your development, and use your personality to distinguish yourself.

It is also important to remember that success is subjective. We can all have it, in a variety of ways; and behind every 'successful person' there will be a number of aspects in their life where they will have been far from successful. So don't be intimidated by success or (what others perceive as) successful people. It's also important not to take oneself too seriously; but to do everything with passion, dedication and integrity.

When something goes wrong, try to smile and know you're strong enough to fix it; and, if you're fortunate to have good people, strong enough to help you fix it, then don't hesitate to ask for their help. Since most challenges inevitably lead to opportunities, you may get the chance to show further talents and ability, resulting in even greater success.

This edition of Business World features articles on topics such as lifelong learning for competitive advantage, storytelling for marketing success, navigating the Japanese business landscape, and more. Written predominantly by experts across Russell Bedford firms, our central article focuses on doing business in Brazil, with this year's Annual Global Conference being held in Rio de Janeiro.

For businesses out there, seeking to enhance and move to the next stage of progression, and particularly looking to expand into another jurisdiction, please reach out for help and Russell Bedford firms can, and will be delighted to, assist.



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Bruno has a degree in Law, as well as International Relations, with an emphasis on marketing and business. He also has a master's degree in Communications with specialisms in law and international negotiation.

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Brazil: Improving the climate for business

Brazil, a country known for its culture and diversity, is also an attractive destination for businesses investing in the Latin America region. However, the effects of the complex corporate operating environment, known as the 'Custo Brasil' or 'Brazil Cost', present significant challenges for such investments. For those wanting to do business in Brazil, the good news is that recent reforms are helping to reduce the complexity.

With an area of 8.5 million km² and a population of more than 200 million, Brazil is the largest country in South America and the fifth largest in the world. The nation has 26 states and a federal district, with Brasília as the capital. It has the tenth largest GDP in the world and a vast wealth of natural resources, such as gold, uranium and iron. It therefore attracts foreign investment due to the size of the market and its growth potential.

According to the World Bank, Brazil's macroeconomic buffers remain solid, with large international reserves, low external debt, a credible central bank, a resilient financial system, and exchange rate flexibility.

Historically, São Paulo and Rio de Janeiro have been the main business centres, but other cities such as Florianópolis, Porto Alegre and Curitiba have emerged as good places to undertake business.

Brazil participates in several international economic organisations, including Mercosur, UNASUR, G20, WTO and the Cairns Group. Brazil is also a member of the BRICS trade group.

Complexities of doing business

Bureaucratic is the word that probably best defines the Brazilian market.

According to the World Bank's Doing Business report, Brazil ranks low down the table at 124th out of 190 countries for ease of starting and operating a business.

The Brazilian economic system is complex, with the Central Bank regulating foreign exchange transactions and requirements such as national registration of legal entities (CNPJ) for non-residents. Some sectors remain restricted or under

government supervision, and bureaucracy and corruption are significant challenges, requiring companies to implement robust compliance measures.

Brazil's tax system

Brazil has one of the most complex tax systems in the world and its complexity creates a challenging environment for companies, especially those seeking to establish operations in the country.

The tax system has several layers and variations between states and municipalities. It varies according to an organisation's structure, how it is registered and its revenues. For example, the Corporate Income Tax (IRPJ) rate is currently 15%, plus a 10% surcharge.

Banking is also a challenge. Foreigners need a valid residence permit, in addition to several other documents, just to allow them to open a simple bank account.

Necessary reforms

For Brazil to become an even more attractive environment for international business, it is evident that the country needs to advance in key areas such as tax simplification, digitalisation, cutting bureaucracy and improving communication.

According to the World Bank's 'Subnational Doing Business in Brazil' report, in recent years Brazil has worked to improve its business environment and encourage entrepreneurship.

Recently, the government adopted reforms to facilitate business, such as online portals for registering licences and a new law encouraging mediation in disputes.

Other recent government initiatives have focused on fiscal sustainability and market liberalisation.

Brazil has already initiated the first phase of a long-awaited reform of indirect taxes, with further legislation elaborated in 2024. The indirect tax reform is expected to improve the business environment through tax simplification and to boost productivity.

Infrastructure investments are expected to boost economic growth, generate jobs and improve logistics, making Brazil more attractive to foreign investors.

Seek professional advice

Brazil has the potential to transform its challenges into opportunities, attracting more foreign investment due to its size and growth potential. Recent tax and labour reforms aim to alleviate some of the complexities by promoting a more favourable business environment. Nevertheless, Brazil is bound to remain a country where inward investors will need to count on expert professional advisors, including lawyers and accountants, to help them make the right decisions.

The national digital bookkeeping system (Sistema Público de Escrituração Digital, SPED) used for tax filings requires a high level of user knowledge and a large amount of information. To file taxes and social contributions, taxpayers must input detailed information such as on invoices, inventory, and on employees and their dependents. They need to cope with up to 97 tax obligations and multiple rules governing national, state, and city taxes—an average of 4,377 regulations... In addition, rules are constantly being updated: roughly 36 legal changes are made every day—more than one per hour.

— World Bank Subnational Doing Business Study 2021



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Leah Groves is an Associate Director at Lee Green & Co Pty Ltd with expertise in retirement funds and strategic advisory services for business clients. Leah is dedicated to building and mentoring high-performing teams in both her professional and volunteering roles.

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Nurturing tomorrow's talent: the power of internships

In a world where many industries are facing staffing challenges, internships can offer a time-tested solution, giving students invaluable real-world experience while also providing businesses with a range of benefits.

Through our experiences at Lee Green & Co, we've witnessed firsthand the transformative power of internships in bridging the gap between accounting theory and practice.

A good accounting internship goes beyond traditional graduate roles, offering training not only in all areas of accounting, audit, advisory, but also incorporating non-technical skills such as communication and teamwork.

In this article, we present the insights gathered through the development of our own internship programme. Additionally, we explore the numerous benefits that internships can offer to both students and the businesses they join. While our focus is accounting, these tips can assist in creating a successful internship programme in many industries.

Preparation is key

Identify fundamental skills: Pinpoint skills and tasks essential for all staff in your industry to learn.

Identify mentors in your team: Internships offer valuable learning opportunities, benefitting both students and existing staff. By identifying staff strengths and allocating dedicated time for mentoring interns in these areas, you can enhance the skills of both parties while easing the workload for the internship coordinator.

Partner with a university: Many universities now offer a unit of study that involves a work placement. Reach out to your local universities and see how you can get involved to support their initiatives. Often, they will have a programme in place and will be able to guide you in getting started.

Be realistic: Internships come with a finite duration. Focus on the essential skills to be developed, avoiding an excessive list that could hinder the opportunity for skill consolidation through practical application.

Student portfolios: Develop a well-organised portfolio detailing the array of skills and vital training that your intern will acquire. Presenting the portfolio in a user-friendly format can aid interns in monitoring and visualising their progress and provides them with a written account of their placement to aid in assignments they submit as part of their study unit.

This structure also enables internship coordinators to promptly pinpoint any deficiencies or areas requiring focus.

Although establishing this foundation may initially require time and effort, once a programme is set up, its management becomes significantly easier. Moreover, the programme becomes reusable, ensuring a consistently improved student experience.

By the end of the programme, interns should feel more prepared and confident about their career choices and equipped with clarity regarding their next steps on their journey.

Benefits to Employers

Fresh perspectives: Interns inject fresh ideas and innovative thinking into businesses, offering novel insights.

Eagerness to learn: Interns' enthusiasm for learning enriches workplace dynamics, encouraging a positive atmosphere.

Potential employees: Internship programmes serve as talent pipelines, enabling organisations to identify promising candidates for future employment.

Exposure to new technology: University students bring modern technological skills, fostering an environment of shared learning and bridging.

Encouraging adaptability: Young professionals exhibit adaptability, crucial in navigating the rapidly evolving industry landscape.

Community engagement: Hosting interns demonstrates a commitment to community engagement and education support, enhancing the firm's reputation.

Mentorship opportunities: Internships provide opportunities for experienced staff to develop leadership and training skills by mentoring the next generation.

Benefits to students

Real-world experience: Internships offer hands-on experience, allowing students to apply academic knowledge in a practical setting, reinforcing understanding.

Skill development: Students develop a range of various technical and non-technical skills including communication, teamwork, and problem-solving.

Networking opportunities: Internships facilitate networking with industry professionals, aiding in career development.

Industry insight: Students gain a deeper understanding of accounting practices and industry operations.

Mentorship opportunities: Interns receive mentorship from experienced professionals, guiding their career journey.

Understanding company culture: Internships provide insights into company cultures, aiding in workplace selection.

Exploration of career paths: Internships enable students to explore various possible career paths within their chosen industry.

In the ever-evolving landscape of higher education, the importance of practical experience cannot be overstated.

By fostering partnerships with universities and providing hands-on learning opportunities, internships can create positive outcomes for students, universities, and industries alike.

If you are contemplating establishing an internship programme in your business, don't hesitate to reach out to us for guidance as you navigate the process.



Tom Green
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Tom is the Founding Director of Lee Green & Co Pty Ltd, with 40 plus years' experience in accounting and advisory services.

Tom has a passion for developing both organisations and their people. A strong advocate for staff and business growth, he provides support with strategic thinking that empowers teams to succeed. His leadership extends beyond financials, guiding not-for-profits, small businesses, and professional firms to thrive with a focus on sustainability, succession planning and staff development. With expertise across various industries, Tom's people-first approach has made a lasting impact on those he mentors and the organisations and clients he supports.

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“Focus on the essential skills to be developed, avoiding an excessive list...”



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Yoshitaka and his colleagues regularly advise large and small companies across many industries. They cover the whole business lifecycle, so clients can count on them for their current needs as well as plans for future growth.

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Navigating Japan's business landscape

Japan's economy has been performing well recently, thanks in part to increased tourism driven by the weaker Japanese Yen. Consequently, many companies, including publicly listed ones, are seeing strong results.

Challenges of an ageing population and workforce shortages

Despite these positive financial outcomes, many companies are facing challenges in finding enough workers. Some businesses, particularly in the hospitality sector, have lost valuable opportunities due to the labour shortages. Japan's ageing population and shrinking workforce are significant concerns that will continue to affect the economy in the coming decades.

In Japan, 99.7% of Japanese companies are small and medium sized enterprises (SMEs), which employ almost 70% of the workforce. However, many of these SMEs are led by older managers, with a significant number over the age of 70. As these leaders retire, there's a growing concern about who will take over.

Addressing business succession through M&A

One way to address this issue is through mergers and acquisitions (M&A), but many managers are hesitant to pursue this as M&A is not widely practised in Japan. Traditionally, businesses have been passed down within families. However, the Small and Medium Enterprise Agency (SMEA) is working to increase the understanding of M&A amongst business owners as a solution for business succession. They have also encouraged the promotion of younger management and addressed unethical practices in M&A advisory services by amending Japan's M&A guidelines to better protect business owners.

Doing business in Japan

Japanese corporate tax rates depend on the company size and type. If your company's share capital is JPY 100 million or less, the corporate tax rate ranges from 33% to 34%. SMEs tend to face higher effective tax rates than larger companies. However, larger firms are also subject to additional

size-based tax related to factors such as share capital and value-added. New businesses that might incur net operating losses instead of taxable income in the first few years can carry forward these losses for up to ten years, which is advantageous for SMEs.

Choosing the right corporate structure

Launching a business in Japan normally means choosing between two types of corporation: Kabushiki Kaisha (KK) and Godo Kaisha (GK). Firstly, in terms of disclosure, KK companies are required to disclose their balance sheet annually, whereas GK companies are not. Secondly, regarding ownership and management, KK companies have separate owners (shareholders) and management. In contrast, in a GK company, ownership and management are the same. KK companies are generally considered more reliable than GK, but GK companies are often preferred by smaller businesses due to lower costs.

Audit requirements for Japanese companies

The Japanese Company Act requires private companies to be audited if their share capital is JPY 500 million or more, or if their liabilities are JPY 20,000 million or more. Therefore, most SMEs do not appoint an auditor and only engage with a tax accountant. However, subsidiaries owned by parent companies outside Japan are likely to be audited voluntarily to meet their parent company's requirements for governance purposes and financial consolidation.

Professional support for businesses in Japan

When doing business in Japan, it is important to seek professional support and assistance from experienced and qualified advisors in areas such as company setup, taxation, succession planning and audits.



Cybercrime – a perennial problem

Cybercrime is more rampant than ever. As digitalization advances, reports of cyberattacks are also increasing. These involve significant damage amounting to billions. But it is not just corporations that are affected. Private individuals and smaller companies are also affected far too often. The danger lurks in everyday communication.

Beware of the danger points

There are numerous danger points that seem inconspicuous or are mostly even unknown, but nevertheless constantly threaten the IT infrastructure:

- Malware, such as viruses, worms, Trojans, ransomware and spyware, that penetrate IT systems to steal data or damage systems
- Injection attacks, which can lead to attackers inserting malicious code or accessing sensitive data
- Inadequately protected administration areas of the website, through which attackers can gain access and take control of the website
- Distributed denial-of-service (DDoS) attacks on network components and the website, which impair the availability of IT services
- Outdated software in IT systems and the website's content management system, which can be exploited by attackers to gain unauthorized access.

Identify potential vulnerabilities

It is all the more important that potential vulnerabilities are identified early, and proactive measures are taken. Upgrading in a timely manner can help prevent security incidents and minimize the impact of successful attacks. Penetration tests of the IT infrastructure or vulnerability scans of the website are an important part of a comprehensive security approach. By uncovering vulnerabilities in networks, applications, web portals and other components of the network environment, potential attack opportunities can be identified, and vulnerabilities can be proactively remedied.

Conduct regular tests

For certain types of organisations, and in particular cooperatives and other bodies with savings facilities, penetration tests are a requirement (in Germany and elsewhere) for compliance with regulations and standards such as the banking supervisory requirements for IT (BAIT) or for the operation of an information security management system in accordance with ISO 27001. But for all other companies too, conducting regular penetration tests should be an important part of the comprehensive security concept.



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How lifelong learning gives you a competitive edge

In today's global business world, the need for us to up-skill, improve and learn new things is essential. But many people do not have a model for this process of lifelong learning.

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Michael is a former primary school teacher with extensive experience of teaching, coaching, leading and team membership. He is a published author and regular blogger. His life-long passion for and interest in fitness, wellbeing and growing people has led him to building online professional and personal development courses with his company Kataholos.

Michael is experienced in public speaking, delivering for both the public and private sector regionally, nationally and internationally. He is a regular speaker at Russell Bedford conferences.

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How do you know when you really know something?

Begin by consistently asking this self-reflection question of yourself and your people. Do you truly know something when you have watched a video? Attended a webinar? Been to a conference? Been part of a development programme? Many people can suffer from shallow knowledge, meaning that their ability to recall information, perform under pressure and pass on knowledge, when needed, is not fully there. We need to process information on a deeper level to bypass this.

How understanding the learning process will give you a competitive edge in your field

Understanding the process of learning on a deep and sincere level can offer these benefits to your organisation and to you personally:

- You are more effective at helping newer and more inexperienced people
- You can make connections across multiple disciplines

- You can respond well to changes and challenges -
- You can take on new information well
- You can respond skilfully to the needs of clients
- You can create value for your clients beyond solving their problems or providing a service and products

To promote deeper learning, here is an overview of our 'Kataholos' learning model. Applying this model will enable you to fully learn and process information at a deep and proper level.

The Net, the Cloud and the Tank

Learning Step 1 - the Net

Capture information like a butterfly in a net

Give your brain as many ways to capture new information as possible. You could write notes, draw diagrams, flow charts, pictures, record videos, or even make models. Use different senses if possible. Give your brain reasons to remember the information, such as linking it to how it will help you with something important to you. You can also add in memory stickers, such as using alliteration with

words, using visualisation, adding in dates and times and anything novel or a bit strange, which you can add into your data collection at this stage. This will all help you to fully capture the information better.

This will create a new neurological cluster inside your brain where the information will exist in a shallow form.

Key learning point

Layer the newly captured information by giving your brain as many reasons and ways to remember the information as possible.

Example: Learning a new language - have lessons with a native speaker, text in that language, listen to its music, speak it with friends, watch content in this language, use apps such as Duolingo.

Learning Step 2 - the Cloud

Processing your information like uploading it to the cloud

Now analyse, edit and condense your information by talking concepts through with others and condensing more words and data down into smaller more meaningful sets. Disregard unnecessary information, asking open-ended, self-reflective questions, using who, why, what, when, where and if, related to the information.

This will allow the information within the neurological clusters in your brain to now interact with other neural networks. This will both make new connections and strengthen your neural pathways for storage, retrieval and recall of the information.

Key learning point

Most of the information that you hold in your brain will be at this stage. It is not fully processed and embedded yet, so do not get disheartened at this stage. Repetition and strong mental focus will help the information to move onto the next stage.

Example: You prepare a short presentation in your second language, using flash cards. You then seek feedback from peers, ask self-reflective questions, and watch a recording of your presentation, identifying what went well and how you can improve further.

Learning Step 3 - the Tank

Retrieving and using your information from a huge place, such as a water tank

By this stage you can recall the information in the form of a knowledge set, skills, habits and mental processes without the need of any external resources. The information has been properly embedded into your long-term memory.

Key learning point

If you can recall information, perform a task, demonstrate a skill or ability with no need for prompting, guidance, notes or the resources that you used in steps 1 and 2, then the information is now in your long-term memory (in the tank), and you have it for life. Repeating the efforts made in step 2 will solidify it even further and deeper into your knowledge bank.

Example: You can speak a language fluently. You can drive a car independently. You can cook a meal without a recipe. You can respond to a question immediately. You can play a musical piece from memory.

Final thoughts

Watch out for these two learning traps:

The first learning trap we can fall into is to think that we have reached step 3 too soon. Remember, you cannot move from step 1 - capture, to step 3 - the tank, straight away. Your brain needs processing efforts, and time. Good sleep is critical to allow this to take place.

The second trap is that people often give up at step 2, because they cannot see results and abilities straight away. Encourage your people to persevere, to remain committed as, once knowledge is in the tank, they will have it for life.

The effort is definitely worth it.

"Give your brain as many ways to capture new information as possible."



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Simone is responsible for marketing, PR and events at Russell Bedford's Graz, Austria member firm Hofer Leitinger Steuerberatung. As managing partner at Denktaktik, she implements web and strategy projects for clients, helps brands and companies to become visible on the market and takes care of content design for the tax consultancy and other clients.

Simone holds a Master's Degree in Journalism and Communication Studies with a focus on Corporate Communication from the University of Klagenfurt.

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Once upon a time ... how to tell the right story

Storytelling is a highly effective and smart tool in marketing – because it helps to make complex topics easier to understand, builds a trusting relationship with customers, strengthens the brand image and increases employee engagement. In this article, we show you how you can use storytelling in your business.

Let's be honest: We all love good stories! So why don't we use storytelling as a powerful tool in our marketing? Storytelling helps to position your company and emphasise your unique selling proposition (USP). By telling stories, we show the values, philosophy and working methods of our business in a lively and understandable way. Storytelling sets us apart from the competition, attracts new customers and builds a connection with potential customers. By sharing success stories and case studies, we strengthen the trust of potential customers and show that we are able to solve complex problems and achieve top results. Storytelling is also a very effective tool that we

can use to recruit new employees. It increases the commitment of our employees and strengthens the image of our company or organisation.

Why is storytelling important in business?

Good storytelling opens up a whole new level of communication and trust between suppliers and customers. We don't have to invent new stories; we only have to tell the ones that are happening right in front of our eyes every day: the heroic stories of our customers! The basic elements of the 'hero's journey', briefly summarised, are as follows: A hero (that's our customer) has a problem, meets a mentor

(that's us), gets a plan and goes on a journey to eventually overcome the problem. The better your customer can identify with this hero and experience you as their mentor, the deeper they will be drawn into the story.

You can use this example 'hero's journey' as a template for creating your stories. Try to include the points below:

- A potential customer has a problem and feels helpless and overwhelmed. Their problem is weighing heavily on them, and they don't know how to solve it on their own.
- But then they come across your company and immediately realise that they have come to the right place.
- An experienced advisor is assigned to the customer as a mentor and works out a plan with them. Together with their mentor, the customer embarks on a journey to solve their problem.
- The greater the obstacles, the more exciting the story becomes. The advisor is always at their side, giving valuable expert advice. In the end, the customer returns to everyday life and has successfully solved their problem.
- For them, the journey with the company was a life-changing experience. Not only did they solve their problem, but they also built trust with their advisor.

As well as communicating your strengths, benefits and services, why not tell the success stories of your customers? You can do this via your website, via social media, your podcast and via all communication channels that are available to you.

How storytelling empowers your employer branding

The company's image as an employer plays a crucial role in talent attraction and retention. In this sense, storytelling emerges as a powerful tool to enhance your 'employer branding', emotionally connecting with potential candidates and strengthening the perception of your organisation as a desirable place to work.

Just as customers identify with the company, the employees' own values should also be reflected in the corporate culture. While a decent salary and the prospect of a good work-life balance may have been enough to attract new employees in the past, job seekers today are taking an even closer look – at a company's culture and mission statement.

We can also apply our 'hero's journey' in this case, because employees are the most important heroes and at the same time the best storytellers when it comes to painting an authentic picture

as an employer. Instead of theoretical arguments for corporate culture, employee stories give the employer brand many different faces. They are more concrete and more emotional – everything that makes storytelling successful and enables potential candidates to identify with the brand on an equal level.

In practice, this means that instead of a list of benefits, you should communicate your company culture: Can employees bring their dog to work? Do you watch a soccer game together? Is there a running team in the company that trains together? Is the lactose-intolerant employee happy that there is oat milk for their coffee? We are sure there are many stories like this that you can tell on your career website.

So, if you want to attract new customers and new talent, tell authentic stories about you, your company and your employees! And don't stop telling good stories!

“Good storytelling opens up a whole new level of communication and trust between suppliers and customers. We don't have to invent new stories; we only have to tell the ones that are happening right in front of our eyes every day: the heroic stories of our customers!”



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New Zealand: Untapped potential in the land of opportunity

New Zealand is famously known for: beautiful scenery – lakes, mountains, beaches, and forests; the All Blacks – Haka; Kiwi 'Number 8 Wire' ingenuity; the Lord of the Rings; relaxed, outgoing and friendly people. Oh, and people being outnumbered by sheep by almost 5 to 1!

It's also a great investment destination!

New Zealand has long been considered a safe and viable option for foreign investment and has been consistently ranked within the top performers globally for being one of the least corrupt countries in the world alongside Denmark and Finland.

New Zealand also ranks highly in the Economic Freedom Index, Human Development Index and OECD's Better Life Index, ensuring a well-balanced landscape when investing.

New Zealand is a parliamentary democracy. The government structure is modelled on the common law English system whereby the institutions are divided into three branches being Parliament, Executive and Judiciary.

Business structures adopted when investing in New Zealand range from branches of overseas companies to Limited Liability Companies. Limited Partnerships have also become favourable as overseas investors can invest as a limited partner reducing the risk of their investment, as they are only liable for the debts and liabilities of the partnership to the value of their contribution.

Business landscape

Agriculture & wine

New Zealand has long been a global leader in agriculture, which makes up 70% of exports and 5% of GDP. The country is now the largest global producer of milk powder. Additionally, the country is well known for lamb and wine production, exporting very large quantities. Sauvignon Blanc is the most exported New Zealand wine variety, especially to the US, UK and Australia.

Other top industries include forestry, horticulture, food processing (seafood), and tourism.

These industries have dominated the New Zealand economy alongside the 'bricks and mortar' of property for many decades. There is now a big focus on tech and start-up investment in New Zealand and a focus on secondary markets whereby parental investors can acquire shares in privately owned companies that are not of the size to list on the New Zealand stock exchange. This has put further impetus in the economy to grow privately owned businesses which dominate 97% of the economy.

In addition, New Zealand is a very early adopter of technology and software and a leader when it comes to online software for efficiency – for those firms who use Xero software, you're using 'Kiwi ingenuity'.

Taxation

New Zealand does not have a capital gains tax, meaning both property and shares portfolios (for example), assuming these are not trading assets, will be tax-free on sale. The only exception is a 'bright line test' that applies to a second property that you own, such as a rental property sold within a 2-year period from purchase. This lack of capital gains tax has made New Zealand a favourable long-term investment option.

Company Tax has a fixed 28% rate. Individual Tax rates are based on a progressive system, ranging from 10.5% (up to NZD 15,600) to 39% (NZD 180,001 or more). (Thresholds effective from 31 July 2024.)

Property investment

Property prices vary considerably depending on where you live, with the median property price in Auckland (the largest city) being NZD 1,015,000 versus Christchurch at NZD 741,000.

Property on average has appreciated at a rate of 7% annually in Auckland and 6.2% annually for the remainder of the country for the last 30 years.

When you factor in no capital gains tax, it's easy to understand why property is very hot in New Zealand for both local investors and foreign investment.

New Zealand, under a Labour government, had made it more difficult for foreign property investment, with the purpose being to maintain the affordability of property prices. However, with the National Party recently back in charge, the floodgates are likely to open for foreign investment once again.

Professional advice

Before investing, it is essential that you seek the help of legal, property and accountancy professionals.

Neovia are specialists when it comes to property, dealing with many large and well-known New Zealand developers and large commercial and residential property owners. The firm has been working with foreign investment partners for many years.

News in brief

- Russell Bedford rises to 17th place in global rankings**
Russell Bedford International has moved up to 17th place in the International Accounting Bulletin's ranking of global networks. In 2023, the network saw an 11% increase in revenues, surpassing the industry average of 8%, making it the 6th fastest-growing accounting network worldwide.
- Russell Bedford publishes updated Country Key Features guides**
Through its partnership with the International Bureau of Fiscal Documentation (IBFD), one of the world's leading authorities on cross-border taxation, Russell Bedford has published revised Country Key Features guides, aiming to provide businesses and entrepreneurs with essential information about doing business in more than a hundred countries.
- Regional conferences for Russell Bedford member firms**
The global network hosted four very successful regional conferences for its member firms in recent months: Middle East & Africa in Dubai, UAE; Ibero-America in Medellin, Colombia; International Tax & EMEA in Marrakesh, Morocco; and Asia-Pacific in Tokyo, Japan.
- Expansion in Mexico**
The Russell Bedford Mexico national network has grown to 20 locations following the addition of offices in León, Aguascalientes, Tijuana and Los Mochis.
- More firms join Russell Bedford around the world**
Russell Bedford has welcomed several additional firms to the network including: Shonkhor Unelgee Audit LLC in Mongolia, Matos & Jawad PLLC in Texas, Accurata Group in Vienna, Austria, and BSP Group as the new Russell Bedford firm in Zurich, Switzerland.
- Taking the Lead at the International Accounting Awards 2024**
Russell Bedford International CEO, Stephen Hamlet, was named Accounting Leader of the Year at the International Accounting Awards 2024. The network also received a 'Highly Commended' accolade in the category of Network of the Year.
- An ace match in Geneva!**
Russell Bedford Fiduciaire Genève SA proudly sponsored the ATP Geneva Tennis Open 2024, where Casper Ruud claimed the title for the third time. The event took place against the stunning backdrop of Lake Geneva.
- Russell Bedford Cares... in Brazil**
In response to the devastating floods in Rio Grande do Sul, which displaced over half a million people in April/May 2024, Russell Bedford supported local charities through the Russell Bedford Cares programme. Our offices in Brazil worked closely with organisations to assist those affected.



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