

WHAT YOU NEED TO KNOW ABOUT PERFORMANCE MANAGEMENT



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WHAT YOU NEED TO KNOW ABOUT

HEALTH AND SAFETY

RECRUITING

PAY

HOLIDAYS AND LEAVE

PERFORMANCE MANAGEMENT

ENDING EMPLOYMENT RELATIONSHIPS

▶ ABOUT THE BIG 6

The Big 6 covers six areas employers have told us they would like further assistance with: health and safety, hiring new employees, pay, holidays and leave, performance management and ending employment relationships. *The Big 6* contains checklists of the main things employers need to know and links to further information.



WHAT YOU NEED TO KNOW ABOUT PERFORMANCE MANAGEMENT

WHO SHOULD READ THIS?

Employers with full-time, part-time, casual or fixed-term employees.

WHY IS IT IMPORTANT?

- To ensure employees have clear targets and perform to agreed standards, both in terms of what is expected and how the results are achieved.
- Ensuring employees understand what is expected of them and deliver to agreed targets will enhance their contribution to your business, helping you to achieve your business targets. It is also more likely to result in higher productivity and motivation through increased job satisfaction.
- Managing performance in a fair and clearly defined manner can also help avoid problems later if an employee is not meeting agreed standards.

WHAT YOU NEED TO DO

Performance management is an ongoing process, with a formal review at agreed intervals during the year. The degree of formality will vary depending on your workplace, but it's important to ensure employees clearly understand what is expected of them. This is best done through regular discussion about their performance.

There are four main steps involved:

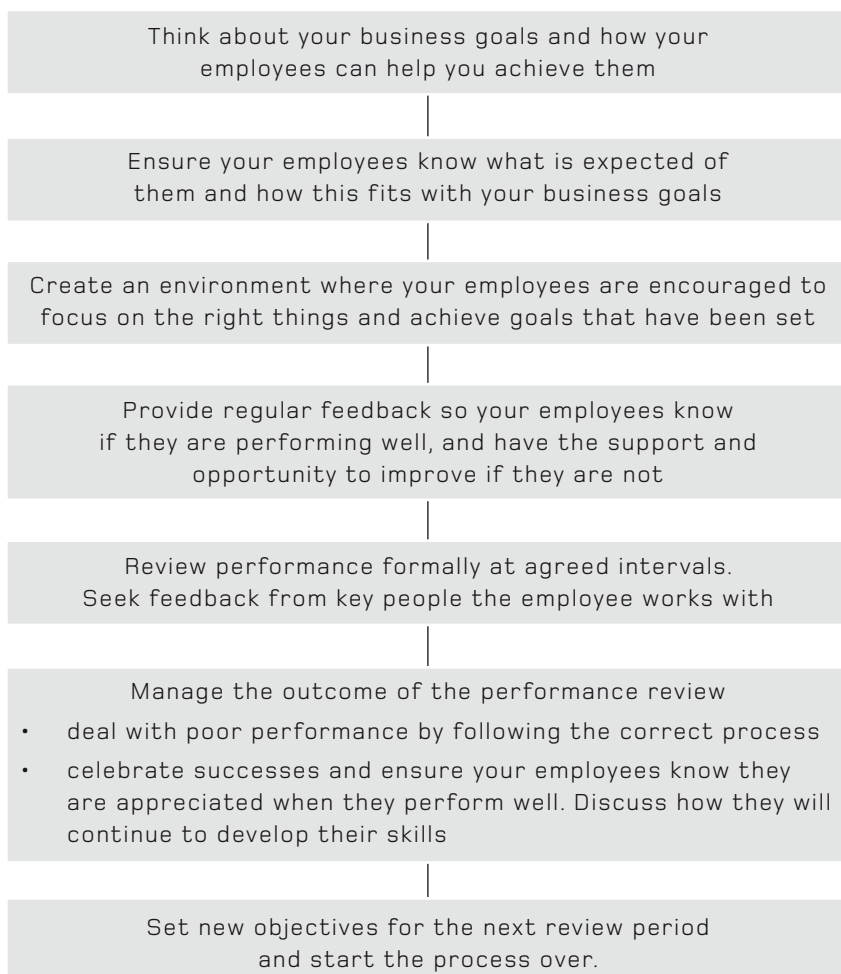
1. planning
2. monitoring and coaching
3. reviewing performance
4. managing outcomes of performance review, either:
 - managing poor performance, or
 - rewarding and recognising good performance

→ This brochure provides checklists of the key tasks involved with each step. The Employment Relations Act 2000 requires employers to act in good faith and follow fair and reasonable processes.

This brochure cannot be viewed as a definitive set of rules. However, it provides a guide to good practice behaviour in performance management that will help you establish strong employment relationships.

More information on performance management can be found in *An Employer's Guide to Employment Relationships*. You can contact us with specific queries on 0800 20 90 20 or visit our website at www.ers.dol.govt.nz.

↘ KEY STEPS TO EFFECTIVE PERFORMANCE MANAGEMENT



1. PLANNING CHECKLIST

If you answer no to any of the questions you may need more information

LINK TO BUSINESS PERFORMANCE	Y	N	n/a	WHEN A NEW EMPLOYEE STARTS	Y	N	n/a
Are you clear on what your business is trying to achieve?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Have you discussed performance expectations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you have a clear view on how your employees can contribute to your overall business objectives?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Have you discussed expectations relating to the employee's work and how they behave?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Can you describe the culture of your business and how your employees need to behave to fit this culture and help achieve your business goals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Does the employee have all the required competencies for the role or do they need coaching in some areas? For example: » relevant technical skills » relevant people skills, e.g. teamwork.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have you determined how you will acknowledge performance achievements? For example: » will you offer monetary rewards » will you acknowledge success in non-monetary ways, e.g. gift vouchers, dinners or trips away?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Have you ensured that the employee knows who will be assessing their performance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are your managers and supervisors clear on their role in managing staff performance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Is the employee clear about the process that will be followed to review their performance and the timing? (For example, a formal review might be held twice a year, with regular informal feedback during the year.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section	<input checked="" type="checkbox"/> COMPLETE			→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section	<input checked="" type="checkbox"/> COMPLETE		

SET PERFORMANCE EXPECTATIONS FOR ALL STAFF

Y N n/a

Have you agreed 4-6* performance objectives that are clear, specific and measurable so that performance can be measured fairly and objectively?

Consider:

- » job specification
- » business plan
- » company targets and budgets.

*[*guideline only – more or less may be appropriate]*



Have you ensured that each employee's objectives link back to your business goals so that they help you achieve them, and the employee understands how their role helps the business succeed?



Have you considered having team as well as individual objectives?



Have you written down the agreed objectives and given a copy to your employee?



Have you got a process in place to update objectives if circumstances change?



→ **FURTHER INFORMATION**

- www.business.govt.nz
- www.ers.dol.govt.nz/relationships/employerguide/index.html
- www.ird.govt.nz



ONCE YOU HAVE COMPLETED THE STEPS ABOVE, MOVE TO THE NEXT CHECKLIST



2. COACHING AND MONITORING PERFORMANCE CHECKLIST

If you answer no to any of the questions you may need more information

INFORMAL REVIEW		Y	N	n/a
Are you observing your employees' performance regularly and not just when the formal review is due to take place?		<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section		 COMPLETE		

INFORMAL FEEDBACK		Y	N	n/a
Are you giving your employees regular feedback on their performance to ensure there are no surprises when the formal review takes place? (Try to give specific examples of what your employee did well and where they could improve)		<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section		 COMPLETE		

ACKNOWLEDGE GOOD PERFORMANCE		Y	N	n/a
Are you acknowledging good performance so your employees know they are doing well and meeting performance expectations?		<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section		 COMPLETE		


COACHING POOR PERFORMERS		Y	N	n/a
Are you supporting employees who are not performing well and making sure they know what they need to do to improve their performance?		<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Are you providing training where this is necessary to help them improve their performance?		<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section		 COMPLETE		


UPDATING OBJECTIVES		Y	N	n/a
If circumstances change, are you updating objectives with your employees?		<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
→ FURTHER INFORMATION www.business.govt.nz www.ers.dol.govt.nz/relationships/employerguide/index.html		 COMPLETE		


ONCE YOU HAVE COMPLETED THE STEPS ABOVE, MOVE TO THE NEXT CHECKLIST

3. REVIEWING PERFORMANCE CHECKLIST

If you answer no to any of the questions you may need more information

SET REVIEW PROCESS AND TIME	Y	N	n/a
Have you advised your employees that their review is due to take place and what it will involve?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Have you: <ul style="list-style-type: none"> » sought input from all relevant parties, e.g. customers, peers, other managers etc » ensured the employee knows this feedback will be sought? 	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Have you given the employee sufficient time to prepare and submit a self-assessment of their performance? (This encourages participation and enables them to give their views on their performance. It also forewarns you of potential issues that may arise in the performance discussion.)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section	 COMPLETE		

PREPARATION	Y	N	n/a
Have you taken time to prepare for the employee's review meeting?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
If you disagree with the employee's self-assessment, have you thought of examples to illustrate your point of view?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Have you put personal views aside so you can be objective and fair to all employees?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Have you anticipated likely questions in advance and considered your response?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section	 COMPLETE		

REVIEW MEETING	Y	N	n/a
An open and honest discussion is an important part of the review meeting.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Have you discussed each objective in turn with the employee, listening to their point of view and clearly communicating your own views?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Have you discussed the employee's behaviour against the required competencies, listening to their point of view and clearly communicating your own views?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Have you discussed factors that may be impacting the employee's performance (e.g. skills, resources, issues outside of work) and how they can be resolved?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Have you discussed areas for improvement and how this can be achieved?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section	 COMPLETE		

DISCUSS AND FINALISE ASSESSMENT	Y	N	n/a
Do you and the employees reporting directly to you agree on their overall assessment? (If not, is there an independent person you could ask for an opinion, if this is appropriate?)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Do you agree on the assessments given by your managers and supervisors for their staff? <ul style="list-style-type: none"> » you need to ensure fairness for employees across the business » if you don't agree, you will ultimately make a decision but the aim is to ensure all parties understand your rationale. 	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Have all employees and their manager or supervisor signed the review document?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Has one copy been given to the employee and one copy placed on their personal file?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
→ FURTHER INFORMATION www.business.govt.nz www.ers.dol.govt.nz/relationships/employerguide/index.html	 COMPLETE		

ONCE YOU HAVE COMPLETED THE STEPS ABOVE, MOVE TO 4A IF YOUR EMPLOYEE IS NOT PERFORMING TO EXPECTATIONS AND 4B IF THE EMPLOYEE HAS MET/EXCEEDED TARGETS.

4A. MANAGING POOR PERFORMANCE CHECKLIST


If the employee's performance has not improved with coaching and regular performance discussions, you may need to implement a formal performance management process.


The following is a guide only and is indicative of the steps to follow in dealing with problems relating to poor performance. Individual cases may need further specialist advice from your employment or legal advisor. For specific issues relating to misconduct, refer to the Guide to Ending Employment Relationships.


If you answer no to any of the questions you may need more information


BEFORE CONSIDERING THE PROBLEM	Y	N	n/a	TRIAL PERIODS	Y	N	n/a
Have you checked:				Have you checked whether your employee is on a trial period?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
» your legal requirements including obligations and definitions in the Employment Relations Act (including the 'test of justification')	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	If they are and you give notice within the trial period, do you know that:			
» the employment agreement for the problem solving process	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	» you need to give notice in accordance with your employee's employment agreement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
» the job description, performance indicators and company standards to ensure that it is clear where performance is falling short?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	» you do not need to provide a reason for the dismissal or follow all of the dismissal processes in this guide?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section	<input checked="" type="checkbox"/>			→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section	<input checked="" type="checkbox"/>		
	COMPLETE				COMPLETE		
FACT FINDING	Y	N	n/a	ARRANGE MEETING WITH EMPLOYEE	Y	N	n/a
Have you carried out a thorough investigation of the facts and identified the problem? For example, identified where standards are not being met and checked that training and induction occurred.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Have you arranged a meeting with the employee and advised:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is important to keep an open mind and consider all relevant information throughout the process	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	» the reason for the meeting	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have you interviewed the appropriate people?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	» that a support person/representative can attend?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have you recorded that a meeting has been arranged?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Have you arranged for a witness to attend the meeting?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section	<input checked="" type="checkbox"/>			→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section	<input checked="" type="checkbox"/>		
	COMPLETE				COMPLETE		

MEETING WITH EMPLOYEE		Y	N	n/a
Have you held the meeting and covered the following:				
» outlined concerns				
» listened to employee				
» agreed on standards expected in the future	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
» set training schedule				
» set next review meeting				
» discussed/outlined warning, if appropriate				
» recorded actions/meeting on file?				
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section		 COMPLETE		

IF IMPROVEMENTS ARE NOT MADE		Y	N	n/a
Have you checked the employment agreement to confirm the problem solving process?				
Have you arranged a further meeting and advised:				
» them of your concerns and that disciplinary action and/or dismissal is a potential outcome prior to the meeting	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
» that a support person/representative can attend?				
Have you recorded that a meeting has been arranged, and arranged for your witness to attend?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section		 COMPLETE		




FOLLOW UP MEETING		Y	N	n/a
Have you held the next meeting and:				
» formally warned the employee (in writing unless verbal in employment agreement)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
» recorded the warning and actions on file				
» set next review date?				
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section		 COMPLETE		

IF PERFORMANCE IS STILL AN ISSUE BY REVIEW DATE		Y	N	n/a
Have you checked:				
» the employment agreement and notice provisions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
» redeployment possibilities?				
Have you arranged a final meeting, if appropriate?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section		 COMPLETE		

FINAL MEETING		Y	N	n/a
If still no resolution to the problem, have you:				
» held the final meeting with the employee (including any support person/representative for the employee and/or witness for yourself) and confirmed outcome, e.g. termination of employment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
» ensured the termination is under the terms covered by the employment agreement?				
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section		 COMPLETE		





4A. POOR PERFORMANCE CHECKLIST CONT.


CALCULATE FINAL PAY		Y	N	n/a
For employees whose employment has been terminated, have you calculated their final pay to the end of their notice period, including all holiday pay and any final entitlements, e.g. superannuation?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section		COMPLETE		
COLLECT COMPANY PROPERTY		Y	N	n/a
Have you collected all company property including keys, access cards, credit cards, uniforms, computers, passwords, security codes, cell phones etc before the employee leaves?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section		COMPLETE		
MANAGING PROBLEMS AND DISPUTES		Y	N	n/a
If the problems above lead to a dispute, such as a personal grievance, do you know where to go to for help and advice?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	
→ FURTHER INFORMATION www.business.govt.nz www.ers.dol.govt.nz/relationships/employerguide/index.html www.ers.dol.govt.nz/relationships/trialperiod.html www.ers.dol.govt.nz/problem		COMPLETE		

4B. REWARD AND RECOGNITION CHECKLIST

If you answer no to any of the questions you may need more information

ACKNOWLEDGE ACHIEVEMENTS	Y	N	n/a
Have you acknowledged employees who have met or exceeded objectives?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have you acknowledged employees who are meeting agreed competencies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section	 COMPLETE		

UPDATE OBJECTIVES	Y	N	n/a
Have you agreed new objectives for the next review period?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
→ FURTHER INFORMATION www.business.govt.nz www.ers.dol.govt.nz/relationships/employerguide/index.html	 COMPLETE		

REWARDING ACHIEVEMENT	Y	N	n/a
If you have remuneration or other benefits linked to the achievement of performance objectives, have you ensured the employee gets what they are entitled to?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have you discussed development and/or training needs and opportunities identified in the review discussion? (Opportunities might include things like projects, promotions and mentoring.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
→ FURTHER INFORMATION See <i>Further information</i> box at the end of this section	 COMPLETE		



▶ HOW TO RESOLVE EMPLOYMENT RELATIONSHIP PROBLEMS

You can help preserve employment relationships and save time by solving problems yourself in good faith as far as possible:

- be clear about the facts
- talk to your employee
- deal with issues promptly but allow sufficient time for both parties to seek advice and think through the issues
- if a problem is a personal grievance, the employee must raise it with the employer within 90 days of the action complained of, or after they became aware of it, unless you consent to the personal grievance being raised after the expiration of that period (if consent is not given, the employee can apply to the Employment Relations Authority)
- ensure you follow the process for issue resolution outlined in the employee's employment agreement
- you can call the Department of Labour to clarify your obligations (0800 20 90 20)
- if the matter is about minimum legal requirements, a labour inspector can assist to resolve the matter.

If you can't resolve the problem yourself, you can participate in mediation, either through the Department of Labour's mediation services or through independent mediators.

If this does not resolve the problem, you or the employee can go to the Employment Relations Authority for a determination.

If either you or the employee are dissatisfied with the determination of the Employment Relations Authority, the issue can be taken to the Employment Court.

For more detailed information about problem resolution check: www.ers.dol.govt.nz/problem/

▶ FOR MORE INFORMATION

If you need more information about the topics covered in this brochure:

Call us free on 0800 20 90 20

Or visit our website at www.dol.govt.nz

The Department of Labour's website contains detailed information relating to health and safety, recruiting, pay, holidays and leave, performance management, and ending employment relationships. Our website also has answers to frequently asked questions and case studies.

→ The content in this document is generic only. It will not answer every question and should not be used as a substitute for legislation or legal advice. The Department of Labour takes no responsibility for the results of any actions taken on the basis of information in this document, nor for any errors or omissions.

▶ OUR FREE ONLINE TOOLS – TO IMPROVE YOUR BUSINESS:

In addition to *The Big 6*, we also provide tools and services that are designed to make management simpler, and free up time for small business owners to concentrate on the bigger picture. These tools help you implement good health and safety, and employment relations practice.

The tools are:

- Hazard Handler
- Employment Agreement Builder
- Holidays Online Tool
- Parental Leave Calculator
- Productivity Toolkit

You can find these online tools at www.dol.govt.nz/onlinetools/

HOW DO I...?

	www.business.govt.nz	NZ Trade and Enterprise	Pacific Business Trust	Companies Office	Inland Revenue	Statistics New Zealand	IPONZ	Foundation for research, science and technology	Department of Labour	Work and Income	ACC	Sustainable Business Network	Māori Business Facilitation Service
Start a business?	✓	✓	✓	✓	✓								✓
Learn how to do business?	✓	✓	✓										✓
Learn about tax?	✓				✓								
Know what rules apply to my business?	✓			✓	✓				✓		✓	✓	
Get information about markets, population trends, customers, suppliers?	✓					✓			✓				
Find out about my competitors?	✓			✓		✓	✓						
Grow my business?	✓	✓							✓				✓
Find special expert or technical assistance and funds to help pay for it?	✓	✓											
Get help with patents and trademarks?	✓						✓	✓					
Import and/or export?	✓	✓											
Employ and manage staff?	✓				✓				✓				✓
Minimise recruitment time and cost?	✓									✓			
Make my workplace safe and save money?	✓								✓		✓		
Make my business sustainable?	✓											✓	

BUSINESS.GOV.T.NZ

www.business.govt.nz | 0800 424 946

NEW ZEALAND TRADE AND ENTERPRISE

www.nzte.govt.nz | 0800 555 888

PACIFIC BUSINESS TRUST

www.pacificbusiness.co.nz | 0800 287 7526

COMPANIES OFFICE

www.companies.govt.nz | 0508 COMPANIES (266 726)

INLAND REVENUE

www.ird.govt.nz | 0800 377 774

STATISTICS NEW ZEALAND

www.stats.govt.nz | 0508 525 525

INTELLECTUAL PROPERTY OFFICE OF NEW ZEALAND

0508 447 669

FOUNDATION FOR RESEARCH, SCIENCE AND TECHNOLOGY

www.frst.govt.nz | Auckland 09 912 6730

Wellington 04 917 7800 | Christchurch 03 963 2070

DEPARTMENT OF LABOUR

www.dol.govt.nz | 0800 20 90 20

WORK AND INCOME

www.workandincome.govt.nz | 0800 559 009

ACC

www.acc.co.nz | Publications 0800 844 657

Levies 0800 222 776 | Concerns 0800 650 222

SUSTAINABLE BUSINESS NETWORK

www.sustainable.org.nz | 09 826 0394

MĀORI BUSINESS FACILITATION SERVICE*

www.tpk.org.nz | 04 819 6000

* The Māori Business Facilitation Service is a Te Puni Kōkiri programme for Māori entrepreneurs.



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