

## The building blocks of business



Hong Kong's GDP grew at seven percent in 2005, and is due to exceed five percent this year. Demand is especially strong within the accounting and financial sectors. But with expansion comes higher risks. Reliance on key personnel increases. Maintaining financial discipline – and the overall quality of earnings – becomes more of a challenge.

Have you identified all the risks to your business, and are your projections accurate? How would you survive a major crisis, in which your staff count is reduced? This month we have picked three issues we believe are key to business performance, especially for small and medium sized enterprises (SMEs).

On page 20, we look at the art of forecasting, and whether new techniques are getting any closer to the mark. Companies need to think innovatively, to identify future trends and risks. It's not just about making projections to justify expenditure and motivate staff.

On page 24, we explore some of the approaches Hong Kong companies are taking to handle and manage their cash flows. This is the heart of any business. Many companies are sitting on large reserves of cash, and are only now learning of the options available to make the best use of those funds.

On page 30, we consider how the principles of contingency planning can be applied to your business in the event of an influenza outbreak. Despite the optimism regarding Hong Kong's economy, the threat of bird flu weighs heavily on many executives' minds. It's a reminder of the unpredictable elements in business planning – and why it's as important as ever to keep an eye on the basics.

A handwritten signature in black ink that reads "Mike Hurle". The signature is written in a cursive, slightly slanted style.

**Mike Hurle**  
Editor