SPRING 2023

BUSINESS & PROFIT MATTERS

Strategies for managing your business

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Feeling The Need To Restructure?

Getting the right business structure in place is one of the most critical business decisions you must make throughout your business lifecycle. However, the wrong business structure can cost you hundreds of thousands of dollars over your business's life.

That's why structuring your business correctly is critical. Over time, the structure chosen at the commencement of business may no longer be suitable for your business's needs.

This is because there are advantages and disadvantages to each structure, where one option may suit your business better than another. Not only can the type of structure you choose impact the amount of tax that you pay or the level of asset protection your business holds, but having the wrong ownership structure could cost your business in time, money and efficiency.

There are four commonly used business structures in Australia. These are:

- **Sole Trader:** the simplest and cheapest structure, as a sole trader, you're the only owner and you control and manage the business.
- **Company:** run by directors and owned by shareholders, a company is a legal entity with higher setup and administration costs and more reporting requirements than a sole trader structure.
- **Partnership:** inexpensive to set up and operate, you might choose a partnership if you and a friend or family member run the business together. Each partner shares income, losses and control of the business.
- **Trust:** when operating in a trust structure, a trustee (either an individual or a company) is legally responsible for the operation of the trust, and profits go to a beneficiary.

If your structure doesn't feel ideal, it might feel too late to change - but that's not necessarily the case.

As your business expands, you may outgrow your current business structure. Changing a business structure will likely require you to cancel your existing ABN and apply for a new one for the new structure. There may also be tax implications if you have to move assets between entities.

A business structure is your business' foundation. Ensuring that your business structure aligns with the needs of your business (at any time of is life) is paramount to your success.

Why not start a conversation with your trusted business adviser today to make sure your business is beneficially structured?

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Providing A Holiday Bonus This Year?

Holiday bonuses can go a long way in making employees feel appreciated at their place of work.

Businesses need to think carefully about the bonus they will give their workers as it sets the stage for what employees will expect from the business in 2024.

Different industries have differing ideas on what constitutes a holiday bonus.

Holiday bonuses are a long-time tradition for large industries. These businesses usually have a set precedent on what to give their employees.

Small businesses, however, often have to use personal discretion and set their own precedent for holiday extras. Business owners could ask around at similar companies to understand what constitutes a holiday bonus to them.

They also need to consider the role the holiday bonus will play in their year-long pay scheme. Is it a substitute for a year-end bonus? Or is it a token of holiday spirit?

If businesses already pay a year-end bonus, the holiday bonus becomes more of a gift of appreciation.

Businesses should look at the company's performance throughout the year and use that to indicate how much to spend. Be careful of being overly generous, as it may not be possible to maintain too high of a standard if the company does not perform as well in the following year.

A gift can be as meaningful as money, especially when combined with a thank you note. It can also serve as a cost-effective approach to holiday bonuses for smaller businesses.

Common employee gifts for holiday bonuses may include shopping vouchers, employee reward baskets, food, or tickets for sporting events or theme parks.

The key to holiday bonuses is structuring them to be affordable yet considerate. Businesses should focus on showing appreciation to their staff, not on how much to spend or what gift to buy.

REASONS FOR HOLIDAY BONUSES

BOOSTS MOTIVATION

A holiday bonus can help raise your general morale as you know you're getting rewarded for your hard work at the end of the year. This can increase job satisfaction and improve the overall work environment. Employees who receive holiday bonuses may be more motivated to meet deadlines in a timely manner and help the company reach its financial goals.

PROMOTES EMPLOYEE WELL-BEING

A monetary bonus or even a gift can help reduce stress during the period. When you know that you can expect a holiday bonus at the end of the year, it may offset the extra costs associated with the holiday season.

INCREASES PRODUCTIVITY & ENGAGEMENT

The company uses holiday bonuses as a means of incentivisation. It gives you something to look forward to at the end of the year, which leads to increased engagement and productivity.

DEMONSTRATES CARE FOR EMPLOYEES

Holiday bonuses help show that a company appreciates the efforts of its employees. When you are recognized at work, you're generally more inclined to put in extra hours, perform additional duties, and maximise your efforts.

HELPS TO MEET FINANCIAL GOALS

If the company meets its financial goals, your awareness of increasing holiday bonuses makes you more inclined to work harder and more efficiently. The promise of these holiday bonuses can facilitate a more dynamic work environment where employees help the company meet or exceed its set financial goals.

Annual Cash Flow Fluctuations Can Be Explained…

While profit is excellent to have, it is cash flow that is the true king of business. During the upcoming holiday season and after, business owners should take some time to reflect on the past year to understand what has worked and identify areas that need improvement.

With this in mind, solid sales plans can be made for the next 12 months.

The aim is to manage seasonal fluctuations and maintain positive cash flows throughout the year. Once businesses have clearly identified their yearly peaks and lows, they can create a stock management guide.

Prior to beginning the planning process, business owners will need to analyse what has worked well in the past. Compiling and then using accounting information from each month in the previous year will aid this. The following are considerations in developing a seasonal management plan.

MANAGING SEASONAL DEMAND

For businesses that have a peak period, managing inventory becomes a demanding and time-consuming task.

Without careful planning, inventory can get out of line, resulting in heavy markdowns due to overstocks and serious cash flow problems.

MARKETING PLAN

In addition to advertising and direct mail, the Internet has opened up a wealth of new ways to reach customers. Keeping a manageable list of customer emails allows businesses to regularly inform their customers about promotions, new stock or general changes to the business.

DIFFERENTIATE YOUR BUSINESS

One common issue for many small businesses is how to remain competitive with national chains. Small business owners should ask themselves, “What makes me distinctive? What do I offer that they do not?”

Often the level of service provided by small businesses is what makes them more attractive to customers.

HOURS AND STAFFING LEVELS

Determine the need for seasonal staff. Work with staff to stagger schedules so that the business is fully operational during peak periods, which may involve more nights.

REVIEW THE PREVIOUS YEAR’S HISTORY

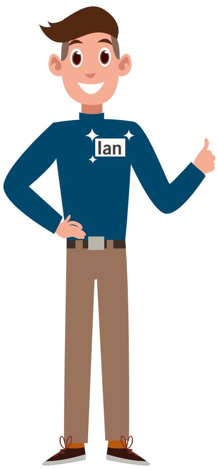
Make allowances and adjustments for unusual events, such as weather and one-off promotions. Based on current market share, make profit estimations taking into account the busiest and slowest periods.

What Records Do You Need To Keep For Employees?

Much like receipts and invoices for tax purposes, your business's record-keeping must also include records pertaining to your employees.

Certain information needs to be kept for each employee. If an employee is paid an annual wage under an award, employers must keep extra records for these employees.

Legally, some employment records (such as time and wages records) must be kept for up to 7 years. These records may include:



Basic employment details, such as:

- name and ABN of employer
- Commencement date
- your role or type of work (full-time, part-time or casual);

Hours of work, including:

- Records of overtime work
- A written agreement regarding averaging hours,

Pay:

- Pay rate paid to the employee
- Gross and net amounts paid
- Any deductions from the gross amount
- Details of any incentive-based payment, bonus, loading, penalty rate, or other Monetary allowance or separately identifiable entitlement paid.

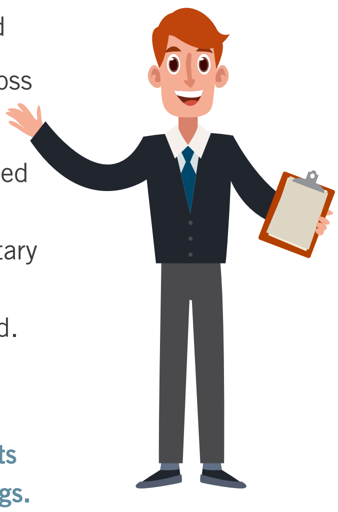
Individual flexibility arrangements and guarantees of annual earnings.

Leave entitlements; If an employee is able to cash out annual leave, the employer has to keep:

- A copy of the agreement to cash out the amount of leave
- A record of how much was paid, the amount of leave cashed out and when the payment was made.

Superannuation contributions, including

- Amount paid, pay period, dates paid
- Name of the super fund
- Reason the employer paid into the fund (for example a record of the employee's super fund choice and the date they made that choice).



Termination of employment (where applicable); records must include:

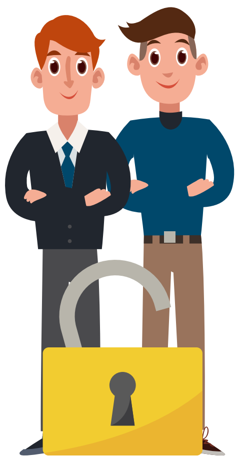
- How the employment was terminated, for example by agreement, summarily, or in some other way (specifying details)
- If notice was provided and, if so, how much
- The name of the person who terminated the employment.

While not all employee records must be kept, it is best practice to keep other records to provide a full employment history. These include:

- **RESUMES AND JOB APPLICATIONS**
- **CONTRACTS OF EMPLOYMENT**
- **PERFORMANCE REVIEWS**
- **TRADE OR REGISTRATION CERTIFICATES.**

You must keep all records for your employee for 5 years relating to:

- tax
- superannuation amount calculations
- how you met your choice of super fund obligations.



WHO CAN SEE THESE RECORDS?

Employee records are private and confidential. Only the employer, payroll staff, the employee and authorised individuals, such as an accountant, can access the records.

If an employee asks to see their records, you must make them available. This includes after an employee has ceased employment.

What Happens If The Record Is Wrong?

An an employer, you have obligations to ensure that your employment records are accurate and up to date.

Any record which an employer is obliged to keep, must not be misleading or false to the employer's knowledge. Where a record is found to be false, the employer is obliged to rectify this on the record as soon as they become aware, noting where a correction has been made.

You as the employer or any other person must not alter any employment record except if making a correction on the record, or as otherwise stated in legislation.

If records aren't kept or are incorrect, Fair Work Inspectors can give employers a fine, called an infringement notice.

It is unlawful for employers to make or keep employment records that they know are false or misleading.

A failure to keep adequate and correct employee records can lead to significant consequences, including financial penalties and reputation issues. Make sure to consult your records to ensure your employee-related documents are up to date and reflective of key legal requirements.

Why Should You Conduct A Feasibility Study?

Picture this. You have what you think is a great idea for a new business and have told a couple of family members or friends. They slap you on the back, feed your ego and tell you it sounds like a winner. Sound familiar?

But does the new business idea really have a good chance of success?

Most business owners do not plan to plunge ahead blindly with an idea. They know they will have to write a business plan for the new business — especially if they are considering raising funds.

But even before that point, a quicker feasibility analysis can save valuable time.

A feasibility analysis is a chance to flesh out an initial business idea; and to see which components are already in place to make the idea possible and which are not. This analysis is a quick assessment of whether it can be pulled off successfully.

Before developing the specific components of a business plan in-depth, take time to see if the idea appears to be feasible — and what are the likely roadblocks that will be faced.

A feasibility analysis is a chance to open your eyes, ask some tough questions, and then check to see whether the idea (as originally conceived) needs to be modified, re-focused, changed dramatically or perhaps even scrapped altogether. It is better to drop an unworkable idea early on and move on, pursuing one of your other, potentially more successful, ideas.

How does a feasibility analysis differ from a business plan? Think of developing and planning a business as involving a few components:

1 VISION:

Identifying and articulating your business idea and concept.

2 FEASIBILITY ANALYSIS:

Challenging your concept, identifying which components are in place that make it realistic to execute, recognising the biggest obstacles that are likely to be faced.

3 BUSINESS PLAN:

Clarifying your business strategy in detail, describing how you will execute your vision, developing the major components of your business, and projecting detailed financial forecasts.

4 MARKETING/OPERATIONS/TECHNOLOGY PLANS:

Describing in detail and developing budgets for the internal aspects of how the business will run day-to-day.

How detailed a feasibility analysis is will depend on how unusual an idea is or the difficulty level in reaching the market. The more novel your concept is or, the more untested its marketing and sales channel is, will potentially influence the level of investigation required. This illuminates whether the fundamental building blocks are available or whether they need to be created.

Consider this idea: tasty meals that come in packages that are self-heating and that will be sold to airline passengers to eat while flying. Many things could be quickly considered in testing the feasibility of this idea. Does such packaging already exist and is it tested? How expensive would it be to get space in airports to sell them? Essentially, would airlines allow or want such packages on planes?

With every feasibility analysis, start by evaluating yourself. Are you really suited to run a business? Do you personally have the knowledge and skills to pull this off? Can you assemble a winning team? Is the idea based on what the market truly wants or is it based on other motives – e.g. it may sound like a good idea, or it may solve a personal problem, such as being out of a job. If it does, think again.

A feasibility analysis is only the beginning to a business plan — and to your questioning and exploring. You should continually be challenging your assumptions. It is the entrepreneurs most willing to ask themselves the tough questions who succeed.

Settling Customer Debts

Good credit management is an important business strategy to maintain cash flow and stable finances.

A cornerstone of managing credit is not only making sure an invoice gets paid, but gets paid on time. With the holiday season quickly approaching, some industries may find delays occurring in settling customer debts.

Before a debt recovery process commences, which may delay payment further and damage a relationship with a customer, it is worthwhile for businesses to put a few processes in place to avoid this customer debt in the first place.

PREPARE YOUR CUSTOMERS

Ensuring customers understand their payment terms from the start is the first step in training them to keep track of outstanding invoices and payment due dates.

KEEP DETAILED RECORDS

Businesses should keep all customer records, such as payment term agreements, customer limits and outstanding sales to date.

FOLLOW UP REGULARLY

Starting following up procedures once a payment becomes overdue will help speed up the process. It is also very important to know exactly who to speak to about payment matters, as it may be different to the person you had been dealing with during the transaction process.

IMPLEMENT PAYMENT-IN-FULL

Most businesses adopt this policy in regard to payment procedures. This way, the customer has a total amount to pay by a concrete due date. Sometimes making it easier for the customer by staggering payments and due dates can confuse and delay payments even further.

UPFRONT PAYMENTS

For labour and time-intensive work, some businesses ask for part-payment or deposit up front. This works as a way of showing that the customer is financially committed to the project. It also allows a business to better manage cash flow, knowing that there won't be months at a time when no payments are coming in because of works in progress.

Free Marketing Ideas For Your Business

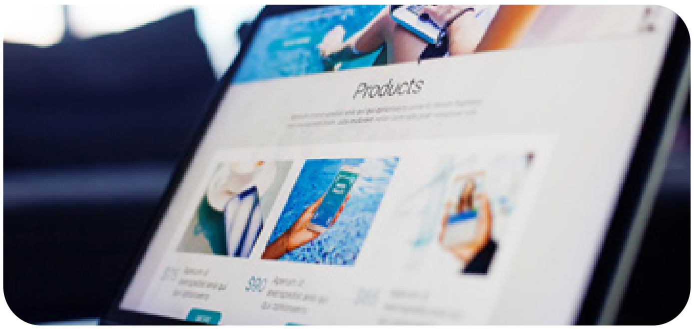
The fundamentals of any business today is a strong marketing strategy.

However, not all businesses have the resources to pay for elaborate marketing initiatives.
Instead, consider using these simple and free marketing tips before sinking finances into an expensive campaign.

EMAIL SIGNATURES

Even your email signoff can be a useful and valid marketing tool, as emails are often one of the main methods of communication within a business.

Add an email signature with links to your website, email and social media accounts in all your communications. Stamp your brand name and website on all your products to improve visibility.



IMPROVE YOUR WEBSITE

Add extensions to your web browser, which work by constructing page titles and description tags for your web content. These tags then ensure that your website results from an organic Google search. This is an effective way to maximise traffic or interaction with your website.

SET UP & CLAIM YOUR GOOGLE MY BUSINESS PROFILE

This is an easy, cost-effective way to ensure your community knows your business. When customers search for a particular service on Google, results include contact details, photos and reviews of nearby businesses that offer that service. By claiming this listing, the accuracy of this information is improved, and local customers are more likely to engage with your business.

Google My Business

USE YOUR SOCIAL MEDIA PLATFORMS

Most social media platforms are free to run and relatively easy enough to use and operate. Why not set up a Facebook page for the business, or use a Linkedin profile to engage with the community?