Business Matters

Strategies for managing your business



Collison Accounting Pty Ltd

Start 2011 on a positive note

After another year of global economic uncertainty, businesses will be looking to make 2011 a more positive and stable year. Here is a list of five simple steps that can help you begin and maintain a successful new year for your business.

Positivity and motivation: It is important to start the new year by identifying and addressing any lingering business concerns you may have. These could be over-work, disappointment in your achievements in 2010, a lack of motivation, an uncertain direction or a lack of creativity.

If you are feeling uncreative, plan a new direction, hire new people or consult someone from outside your business. However, if you are exploring new business directions, it is always essential to remain focussed on your core business and your regular income stream.

Plan ahead: Motivate yourself and build confidence for the coming year by reaffirming and recommitting to your business goals. Take some time to analyse and prioritise your specific business aims for the year ahead.

With these goals in mind, create a comprehensive, but realistic and achievable, plan for the coming year. This planning process is essential for ensuring continued business development and success.

Take a break: It's a new year, but it's also summer. While it's important to commit to your business, it's also essential not to over-work. Many business owners are reluctant to leave their business, even for a short time. Consider making it one of your new year goals to give yourself vacation time throughout the year.

Summer-time also sees some business interactions move to more social occasions, outside the business. Barbeques and other summer social events can present business opportunities, particularly for networking.

Go greener: Consider the ways your business could be more environmentally friendly. There are some simple steps you can take to improve your internal business practices, including reducing waste, using eco-friendly products and turning off electronic equipment.

An environmentally positive approach can also become a profitable part of your business strategy and marketing. It may be possible to offer 'green' products or services to your customers. This creates a positive public image for your business and helps you to stand out among your competitors.

Acknowledge and build your team: To achieve success in your business you must develop, maintain and grow a strong team. Acknowledge the work of your employees, and reward them for their efforts with a good working environment and competitive salaries.

IN THIS ISSUE - 1st QUARTER 2011

- Start 2011 on a positive note
- Learning new business strategies
- Business, marketing and social media
- Watch out for sham contracting
- Time to update your business systems
- ATO extends business relief

COLLISON ACCOUNTING PTY LTD

84 WATERMAN STREET
OLD BAR
NSW 2430

TEL 02 6553 3235

FAX 02 6553 3250

E-MAIL
collisonpn@bigpond.com

WEBSITE
www.collisonaccounting.com.au

DIRECTOR
Nicole Collison

Accounting services
Audit services for non-profit organisations
Business support
Company secretarial
Managing your wealth
Taxation services

CPA

Liability limited by a scheme approved under Professional Standards Legislation.

Learning new business strategies

For small business owners and entrepreneurs it is always important to keep learning and to keep up-to-date with current business trends. Here are some lessons to help small businesses stay relevant and survive in the current economic environment.

How customers find businesses

Potential customers no longer only search for businesses in The Yellow Pages or by using an online search engine. It is now just as common for customers to search for the nearest business using a mobile phone map.

There are several websites that provide free listings, which appear when customers search for nearby businesses. The most common places for these listings include Bing Local and Google Places. These sites allow business to provide information about services, products, business hours, contact information and special offers.

Cloud computing

Cloud computing may represent a way to overcome any business functions that are inefficient and costly. This internet service is considered a cost effective and productive tool for small businesses. Cloud computing can be used to manage e-newsletters, payrolls and in-house email.

Business plan presentation techniques

If you are looking to find investors and make money, it is essential to consider how to effectively present a business plan. Investors are now more likely to want to see a short electronic slide presentation before a written business plan. Carefully consider the information included in these slides and learn how to use digital media to achieve the desired impact.

Social responsibility

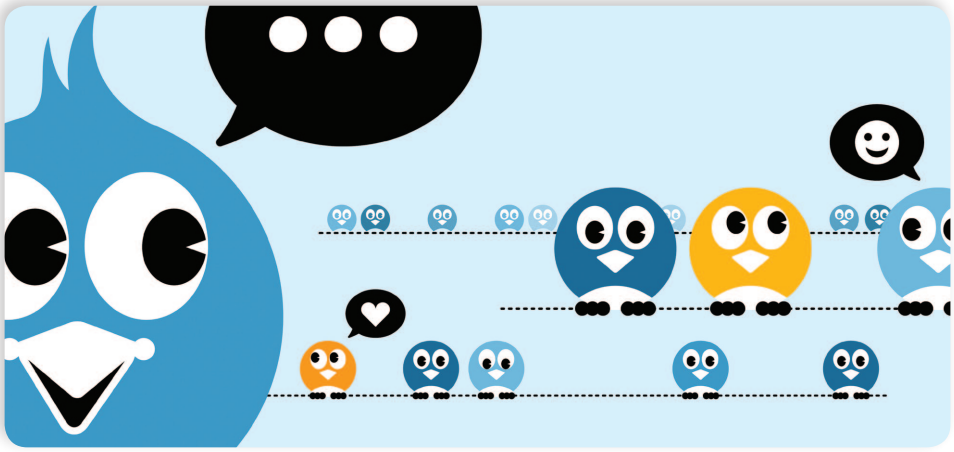
Business owners and entrepreneurs may have goals beyond making money. The 'triple bottom line' refers to striving for a positive outcome for the planet, people and profits. It is important for business, whether large or small, to consider their social responsibilities and how their business practices impact on the environment. Many businesses are now seeking ways to be more sustainable and to contribute to the community.

Go global

In today's globalised world, it is possible for any business to become a global enterprise. It many situations, it is more profitable, simpler and more efficient for a business to have global connections. Consider offering services and products globally, or hiring workers and agents overseas.

There are some other ways to become a global company, including finding global suppliers, partners or manufacturers. Becoming a global entity can help a business expand, while also contributing to its continued local growth and success.

Business, marketing and social media



Business owners often aim to increase their marketing and grow their business. However, many fail to achieve their marketing goals. Creating a realistic marketing strategy should be an integral part of your annual planning process.

While planning, you might consider the constantly developing use of online social media for marketing. Many businesses are now turning to online social networking to make greater profits.

It is possible to use social media websites, such as Twitter and Facebook, to connect with potential customers and provide information about your business. This form of marketing can work, but it's not always easy, and requires time and forward planning. Here are some simple points to consider if you are looking to utilise social media for business purposes.

Free social media is not completely without cost:

Most social media websites, at their basic level, are free. Therefore, if used effectively, social media marketing can create a significant amount of profit, for minimal cost. However, this marketing does require a significant time commitment. You may have to hire someone to manage this aspect of your business or train your staff in social media skills.

Establish your goals:

The goals of social media marketing are likely to be: finding new customers, generating sales and increasing profits. Further uses for this form of marketing include developing a brand, engaging with customers and ensuring customer loyalty.

Define a niche:

Focus on your specialities and location when developing a social media marketing strategy. If you have a clearly defined speciality it is usually much easier to develop a following online. As with traditional advertising, it is essential to identify and tailor your message to your target customers.

Twitter, Facebook and beyond:

While Facebook and Twitter are useful marketing tools, it may be beneficial to look beyond these more well-known websites. For example, you could create an online community, such as a Yahoo group, for your customers.

Location and focus:

You must get your marketing message to your customers' preferred sites, rather than expecting them to find your business. Choosing one primary means for spreading your message, while using secondary channels to redirect your customers to your main channel, may be the best strategy. For example, it is possible to create a blog and use Twitter to redirect your customers to it.

Commit:

Social media marketing requires a significant and sustained commitment. You must contribute to your social media sites consistently in order for them to be successful. This form of marketing involves being diligent, smart and maintaining your engagement with customers.

Watch out for sham contracting



Sham contracting refers to arrangements where workers are classified as independent contractors rather than employees. These contracts can go against employee rights and employment laws.

Due to current tough economic times, the ATO is more concerned about tax compliance risk issues. As a result, it is becoming more vigilant when it comes to businesses attempting to cut corners with employee obligations.

Sham arrangements are common in industries like construction and security, and are often seen in businesses hiring receptionists and cleaners. They are touted in some industry circles and organisations as a way to reduce costs in areas like worker compensation, payroll tax, superannuation guarantee and OHS. Businesses also use these sham contracts to negotiate wages outside normal pay conditions and rates.

These contracts often involve businesses deliberately failing to withhold payments from workers as required and avoiding superannuation guarantee contributions. This is often done by paying cash or using an ABN to disguise employee relationships.

These businesses are now coming under increased scrutiny from the ATO. With increased government funding, the ATO has hired new staff to focus on scrutinising this issue. The Tax Office has also warned that those creating sham contracts could be personally held to account.

The Tax Office is particularly concerned about two levels of non-compliance – employers not complying with their PAYG responsibilities and super guarantee, and contractors not returning income as required. However, the ATO also notes that some of these arrangements may be legitimate under current laws.

To assist employers, the ATO has created an online decision support system. This useful guide helps businesses decide whether to classify a worker as an employee or a contractor for tax and superannuation purposes.

With the ATO's increased scrutiny in this area, SMEs should be cautious when hiring contractors. It is essential to make sure that business practices comply with current laws.

Time to update your business systems

Businesses must consistently review and improve their business and accounting systems, processes and controls to ensure correct reporting. That is the recent recommendation from the ATO. Maintaining up-to-date systems is essential for proper tax governance and effective business practice. Establishing and maintaining business systems also saves time and money.

Small-to-medium enterprise (SME) clients with inadequate systems are more likely to make errors in debt and lodgement. Incorrect reporting can cost money and negatively impact on cash flow. As such, staying up-to-date helps lessen the costs of complying with obligations and may add further value to a business. It also allows for more effective management of cash-flow, which is essential for growing a successful business. Good systems management also helps ensure activity statements are lodged on time and are correct.

To avoid incorrect reporting, SME clients should develop systems that: correctly report to new branches, create GST accounting processes, integrate with new accounting systems, establish succession planning in regard to staff changes, provide staff training, invoice trading stock correctly on transfer to a new business, and correctly classify intra-group transactions.

Businesses that are going through changes are particularly susceptible to incorrect reporting. These changes may include rapid growth, restructuring, mergers or demergers. Having up-to-date systems helps businesses avoid errors during these changes. It also provides SME clients with more confidence in the business and its reporting, and helps in the management of one-off GST payments.

Keeping business systems up-to-date is particularly important for clients in industries that deal with complex technical issues and large numbers of transactions. These include retail trade, manufacturing, wholesale trade and financial services.

The beginning of the year is the ideal time to review these systems and can be done in conjunction with your strategic planning.



ATO extends business relief

In 2009 the Tax Office introduced a new twelve month general interest charge (GIC) free payment arrangement to help businesses struggling to meet their tax payment obligations. This measure has now been extended for a further 12 months, until 30 June 2011.

GIC is a uniform interest charge imposed when there is a late payment of a tax debt. It is the common rate of interest applied across all Tax Office administered liabilities. These liabilities include: self-assessed liabilities, a tax office notified notional amount or a penalty not paid by the due date.

Eligibility:

The twelve month GIC-free payment arrangements apply to businesses with an annual turnover of less than $2 million and that have activity statement debt. However, there is no limit the amount of debt the business can have in order to be eligible.

To be eligible the business must also have up-to-date lodgements and must enter into a direct debit payment arrangement. The arrangement lasts for a maximum duration of 12 months, depending on whether the payments are maintained.

How it works:

The debt free GIC payments only apply to activity statements debts. These include goods and services tax (GST) and pay as you go (PAYG). As the GIC forms part of employee's entitlements, super guarantee charge (SGC) debts are not included in the arrangement.

To be eligible, the business must also continue to meet all ongoing lodgement obligations and tax payments.

The business must start paying GIC payments from the day the arrangement begins and continues paying for a maximum of 12 months. The actual GIC payment period begins on the day in which the business enters into the arrangement and ends on the day the final statement is due.

If the business fails to maintain payments in accordance with the arrangement, the GIC-free period will finish on the day of default.

These issues may impact on your cashflow and any arrangements you may enter into. If you have any concerns about these issues we suggest you contact our office.

WEB WATCH

ESSENTIAL SITES FOR BUSINESS OWNERS

www.ready.gov

A very practical US based website on preparing your business for a wide range of emergencies.

www.mckinseyquarterly.com

Offers practical ideas based on the firms experience and contains detailed resources for businesses of any size.

REMINDERS FOR YOUR DIARY

FEBRUARY

21 January 2011 monthly activity statements: final date for lodgment and payment.

28 Quarter 2 (October - December 2010) activity statements: final date for lodgment and payment, including electronic lodgments.

28 Quarter 2 (October - December 2010) instalment notices – forms R and T. Final date for payment and, if varying the instalment amount, lodgment.

28 Quarter 2 (October – December 2010) instalment notices – forms S and T. Final date for payment and, if varying the instalment amount, lodgment.

MARCH

21 February 2011 monthly activity statements: final date for lodgment and payment.

28 PAYG withholdings from payments made in February 2011 by medium payers who are deferred BAS payers

APRIL

21 March 2011 monthly activity statements: final date for lodgment and payment

A great read

The One Page Business plan

Author: James Horan

An effective business plan is essential to every business owner and entrepreneur. However, many fail to create a business plan that works. This is often because traditional business planning is considered too complex or time consuming.

The One Page Business Plan was inspired by James Horan's extensive work and experience with advising entrepreneurs, who required a fast and effective approach to business planning. It is clear that Horan is an experienced and authoritative business advisor. He is a successful entrepreneur and small business expert, who worked as a senior financial executive before starting his own company in 1990.

His book draws on all of this knowledge and experience. It provides a condensed and simplified summary of the processes and steps every entrepreneur and independent professional needs to take in order to start up or reinvigorate a business.

The book has a straight-forward and easy to understand approach. Horan has specifically designed it to help business owners overcome any concerns or past failures they've had in creating a business plan. He includes useful graphics and visualisations as part of his step by step guide. This all works to help business owners get their ideas into writing and create concise, effective and clear business plans.

Horan's book is a valuable resource, providing all the essential tools for building and managing a business in today's economic environment. The One Page Business plan takes the apprehension out of creating a business plan, and makes the process approachable, time-saving and simple to achieve.

We are sometimes asked if we are able to help additional clients. We are a growing firm and do appreciate your referrals. We consider it a compliment when you recommend us to your friends and business contacts.

This newsletter is for guidance only, and professional advice should be obtained before acting on any information contained herein. Neither the publishers nor the distributors can accept any responsibility for loss occasioned to any person as a result of action taken or refrained from in consequence of the contents of this publication.