Business Matters

Strategies for managing your business



Collison Accounting Pty Ltd

Understanding employment contracts

Having succinct yet comprehensive employment contracts is an important consideration when starting or streamlining a business.

A recent decision in the New South Wales Court of Appeal is a reminder for businesses throughout the country. It has emphasised the importance of ensuring that bonus provisions in contracts of employment properly reflect the intent of the parties. This issue would be worth considering in the context of employment contracts when developing an employment plan or thinking about the business year ahead.

Employers should be vigilant in setting objectives for employees and examining performance against those objectives. The recent outcome in Silverbrook Research Pty Ltd v Lindley highlighted a few key issues surrounding bonuses:

- It may now be considered a breach of contract to not set performance criteria and assess employee performance, when a contract states that you will do so.
- Making a bonus 'discretionary' will not excuse an employer from other obligations to consider how a bonus might be assessed.
- If a bonus is able to be withheld at the discretion of the employer, even if the performance objectives have been achieved, the contract must clearly state that as the case.

The court was clearly not suggesting that a bonus had to be paid if a contract suggested that one could be issued, but rather that the contract was breached by failing to assess the performance of the employee when the contract said they would do so.

From this case, it is clear that it is worthwhile taking the time to make sure both the employer and employee understand all the features of the contract. A contract is essential and should feature all rights, obligations and conditions of employment. Remember that the provisions in the Minimum Conditions of Employment Act 1993 are implied into all contracts.

As well as personal details and pay information, consider including:

- Key job duties and standards of performance
- Uniforms or dress standards
- Training and development
- Safety issues
- Customer service requirements
- Confidentiality
- Company policies and rules
- Use of work equipment
- Board/travel arrangements
- Leave without pay

Take the time to go through the contract with the employee, to make sure they understand all its features. Doing so will promote a better relationship with an employee, as well as ensure they understand their roles and responsibilities within the company.

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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
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CPA

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Changes to unfair dismissal



On 1 January 2011, the definition of what constitutes a small business changed. From that date, businesses must now have fifteen of less employees based on a head count of employees, rather than full-time equivalent employees, to be considered a small business. An employee headcount should include full time, part time and regular casual employees.

This change has the greatest impact on unfair dismissal qualifying periods. Businesses that are no longer regarded as small businesses will not be able to rely on the small business unfair dismissal exemption. This exemption stipulates that an employee must have been employed for at least 12 months before qualifying for unfair dismissal coverage. Instead, employees will able to qualify for such coverage in six months.

It is important to determine whether a business qualifies as a 'small business'. If it does not, seek professional advice in order to come up with the best employment strategy. Be sure to review HR procedures and ensure that any decision to terminate an employee contract complies with any procedural fairness requirements.

Innovate with experiential marketing

In today's volatile economy, businesses need to attract customers with more than just traditional media strategies to get them in the door and keep them returning. Now is not the time to be reducing the marketing budget. More than ever, it is important that a brand is not forgotten. A clever marketing strategy can save time and money.

The media, particularly the internet, is cluttered with ineffective marketing campaigns. Simply having a Facebook page is not enough to engage customers. Although a website or social media is useful, its effectiveness is limited if a proper system for using and updating it is not in place. Direct communication still works; get in touch promptly and personally by email or even via a phone call.

It is important, however, to find more innovative ways to attract people to the product.

Time and place

Firstly, think about when and where a business attracts customers. Marketing is most effective if the customer is targeted when they are in the right frame of mind and place to be receptive to new ideas. Quick impressions are important, so try and consider senses beyond the visual. Repeat exposure is also central. Consider how to target the ideal customer in a variety of locations, at different times of the day. This way brand awareness is built over time.

Local involvement

If the business is based locally, consider engaging with the community at a grass roots level. Investigate the most popular activities in the area, whether a sporting club or music group, and try and get involved. Beyond having a logo on a program or poster, allowing promotional use of a product or offering to help out with administration pro-bono is the best way to generate goodwill.

If sending employees out into the field ensure that they are properly trained. They must know all the details about the product in order to convince others of its uses and benefits.

Virtual trade shows

Although trade shows are still a good idea, a virtual tradeshow is another relatively inexpensive way of publicising the brand and the service. There are a number of virtual tradeshow websites that offer the necessary software. It is a relatively easy process and it is possible to measure the booth's performance by noting how many people entered the booth site or watched the information videos.



Feedback

One clever way of marketing is to invite customer feedback, while subtly educating them about the product. Asking customers what they think is a good way to engage their empathy and to tailor the most suitable marketing strategy.

Never stop thinking about new marketing strategies. Even old customers will be excited about having their business with a company that appears to be dynamic and innovative.

Cloud computing and your business



Cloud computing is a rapidly growing technology service that may have many benefits for small businesses. There are a number of definitions of cloud computing. Using Gmail or Hotmail is arguably cloud computing, when a service is used externally to personal computer software. Increasingly, however, cloud computing is a utility whereby all telecommunication and computing services are supplied via the internet.

Such a service has many potential uses for small businesses, not least that a provider could manage all business software, communications and data storage. Cloud computing could take away the bother of maintaining business software and data. Businesses would not need to make any capital outlay to buy servers and software.

Instead, using a cloud computing service would reduce investment in physical platforms and streamlines internal systems. It allows businesses to be more flexible, meaning that they can expand or contract their software capabilities as their business changes and grows. It increases capacity and capabilities without having to invest in new infrastructure, training new personnel or licensing new software.

There are a number of issues, however, to consider when looking for a cloud computing operator.

System Outages

When looking for providers, ask to see their service record. It is important to know what procedures exist for system outages and whether there are penalties or credits on costs of services if a system breakdown occurs

System latency

If the cloud is located overseas it is possible that services will be delayed. Consider the importance of quick data turnover to your business.

Lost Data

It is vital to know that all data is backed up and that the provider has data recovery and business continuity procedures in place.

Data security

As many cloud computing services are hosted overseas, consider whether there are privacy concerns should business data be sent outside of Australia.

It is important to know also who is authorized to access business information and what measures are in place to keep unauthorized people out.

Be aware that some cloud computing services are buying cloud services for sub-sections of their own company. Issues that could arise as a result include data corruption or outsiders having access to your systems.

Switching providers

As cloud computing is such a new field, the industry has very few across the board standards. Different providers are likely to have different technical systems, which could make transferring to a new cloud service difficult.

Cloud computing is a new and exciting field. It would be a good idea for businesses to keep track of industry development. Cloud computing could have many benefits for small businesses now and in the future.

Update paid parental leave obligations

As of 1 January 2011, the new Federal Government changes to paid parental leave came into effect. These changes will require most businesses to update their payroll systems and make sure they are fulfilling all relevant obligations.

Keep in mind that the receipt of government funds and paying them out to eligible employees is only voluntary until July 1 2011. It is worth making your pay systems compliant before that date. After 1 July 2011, failure to fulfill paid parental leave obligations will result in penalties imposed by the Fair Work Ombudsmen.

From 1 July 2011, businesses will need to:

- Withhold tax from Parental Leave Pay under the usual PAYG withholding arrangements.
- Include Parental Leave Pay in the total amounts on the employee's annual payment summary
- Provide bank details, employee's usual pay cycle and pay cut off details to the Department of Human Services Family Assistance Office so that you can receive the Paid Parental Leave funds.

Individual businesses do not need to determine whether an employee is eligible for the scheme. That will be done on application by the employee, to the Family Assistance Office.



Tips to quality leadership

A good leader is vital to company success and productivity. The importance of a leader is not only to control a company's day to day activities or to think of new directions, it is also vital they maintain a good relationship with employees. There are a number of ways a manager can improve their leadership skills and in turn boost productivity.

Direction

Make sure that employees understand the company's overall direction. Although employees are most likely aware of the day to day mission of a company, it is bigger picture strategy that is more likely to excite and motivate them. A good leader should make sure their staff are informed and energized by the company's aims.

If an employer understands management's formulas for decision making they are more likely feel part of the team and get involved with participation opportunities. Also consider visual documentation and posting of the team's work progress and accomplishments. This cannot help but boost morale.

Give good feedback

Sometimes leaders are put in the awkward position of having to tell an employee that their work is not up to scratch or that a personal habit affecting other employees. Many leaders have to have difficult conversations with employees. The best way is to be straightforward and to the point. Try and suggest ways for the employee to change from a positive perspective. Do not amplify the problem by telling the employee how many other people complained. Rather, try and reach an agreement about how behaviour will change and some milestones that need to be reached.

Diversify communication strategies

Although a face to face conversation is always effective, it might not be possible to do this with every employee during a busy week. Consider the multiple channels available to get in touch with employees, including newsletters, video, training, focus groups, bulletin boards and Intranets. This type of contact will keep employees focused.

Provide growth opportunities

Providing opportunities for growth and development is motivational and shows that a leader is involved and aware of their employees needs. This includes education and training, career paths advice, team building activities, succession planning and field trips to successful workplaces.

A good leader is integral to business success. Leadership is a learning curve, so make sure feedback is sought from employees and clients. That way, full leadership potential can be reached in a consultative and dynamic way.



WEB WATCH

ESSENTIAL SITES FOR BUSINESS OWNERS

www.dynamicbusiness.com.au

An online resource dedicated to providing businesses with current information, how-to guides, blogs, news, tips and advice - It contains some excellent information on marketing and business growth.

www.cloudcomputingguide.net

A comprehensive guide for individuals and business owners wanting to learn about 'The Cloud' and IT infrastructure as a service. It contains informative articles on applications, hosting and the what you need to access the cloud.

REMINDERS FOR YOUR DIARY

MAY	
15	2010 income tax returns for entities that did not have to lodge earlier and are not eligible for the 5 June 2011 concession - due date for lodging.
	Self-managed super funds (SMSFs) in this category must lodge the complete annual return by this date.
21	April 2011 monthly activity statement - due date for lodging and paying.
26	Quarterly activity statement due for quarter 3, 2010-11.
28	Fringe benefits tax annual return - due date for lodging and paying where required.
JUNE	
21	May 2011 monthly activity statement - due date for lodging and paying.
30	Super guarantee contributions must be paid by this date in order to qualify for a tax deduction in the 2010-11 financial year.
July	
14	Provide payment summaries to receipients for PAYG withholding.
21	Monthly BAS and IAS payments for June 2010 and quarterly BAS and IAS payments for June 2010 quarter are due.
28	PAYG withholdings from payments made during June.
31	Lodgment of 2009-10 franking account return, payment of franking deficit tax or over-franking tax and disclosure of benchmark franking variations.

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.

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