

BusinessPlus+ Newsletter



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Merry Christmas and Best Wishes for 2018!

Business Improvement Program- Commencing February 2018

CBSW has developed a special twelve month Business Improvement series for Business Owners seeking to take their business to the next level.

We have called the series ***The Agile Executive Program*** and it based around a small mastermind group of like-minded Business Owners, using an intensive and comprehensive learning program covering topics including:-

- **Planning & Strategy;**
- **Sales & Marketing;**
- **People & Culture;**
- **Business Operations;**
- **Business Finances;**
- **Profitability Improvement;**
- **Business Innovation;**
- **Business Growth & Value Improvement;**
- **Leadership & Business Purpose;**

The Key Benefits of Investing in ***The Agile Executive Program*** are an improved and sustainable business profitability and an increase in the business enterprise value, and additionally providing you with:

- **A feeling of taking real control of your business;**
- **Clarity about the future direction of the business – aligned to purpose;**
- **A sense of being part of a supportive (yet challenging) business peer group;**
- **Access to a safe harbour forum where any question or issue you have can be discussed confidentially;**
- **Hear from some experts in the subject matter being covered that will assist you with practical guidance that can be taken back into your business;**

We can provide you with the program brochure if you would like to find out a bit more about the details and cost. Please speak to Annabel at our office to get the brochure sent to you.

If you are interested in learning more about *The Agile Executive Program*, please speak with Lyall Bear, who is our specialist Business Advisory Director and accredited Family Business Advisor and he will be the core facilitator for the program along with other external guests.

Is Your Business Really Ready For Growth?

There are several key components that are important to ensuring that your business is optimally placed for sustainable growth and the three most important elements are:

- **Strategic Clarity and Coherence;**
- **Business Resources Alignment; and**
- **A Supportive Organisation.**

So let's flesh each of these components out a little more so we are very clear as to what is required to make your business ready for growth.

Strategic Clarity:

It is important that there is clearly articulated (and shared) strategic direction provided on how the business creates and provides differentiated value for its customers that makes money for the business. There must be sustainable and differentiating capabilities for growth within the business that have been identified. Additionally there must be a strong presence in critical product/service markets and customer segments that are highly advanced and lead the industry that the business operates in.

Business Resources Alignment:

The business directs resources to initiatives and opportunities with the highest strategic and financial returns. This is strongly supported by processes that result in proactive and tailored cost reduction actions in the low criticality operational parts of the business. By taking such actions, then the primary focus is re-directed towards the identified customer differentiated sectors where growth and profitability will come from.

Supportive Organisation:

The organisational structures are established and reset to support the key differentiating capabilities, with talent allocated in the right places (for strong leadership), efficient and agile decision making processes, good skill sets and a positive and supportive team culture (aligned to the business purpose) across the entire enterprise. Market success recognises there is a need for a foundation of coherent, proven and sustainable fundamentals, rather than transitory factors such as managerial talent or favourable market conditions.

A Business Case in Point – Wesfarmers:

One needs look no further than a Western Australian headquartered business- Wesfarmers, to glean some ideas from their business model. This framework is called "*The Wesfarmers Way*" and it very clearly enunciates the key components of their business model- comprising core values, growth enablers and value –creating strategies directed at achieving the Group's primary objective of providing a satisfactory return to shareholders.

A key underlying part of the management approach to this model is the maintenance of a long-term focus and acting sustainably in the creation of value and the building of businesses within the Group. At a divisional level, Wesfarmers management creates detailed strategies that are developed specifically for the opportunities to improve each of the individual businesses.

We recommend you have a look at "*The Wesfarmers Way*" model and supporting commentary at <http://www.wesfarmers.com.au/who-we-are/the-wesfarmers-way>

This model (albeit it for a listed company) may well assist you in putting your own particular business model together, directed towards your differentiated customer capabilities. For further assistance, please speak with Lyall Bear, our Business Advisory specialist Director.

Business Prompts

- Achieving the Early Stage Innovation Company status can assist companies to attract investors because the investors would then be eligible for a tax rebate based on the amount of their investment and potentially be eligible for the avoidance of capital gains tax when they sell those shares. If you are interested, please contact us for a discussion re-early-stage innovation companies.
- Companies aspiring to raise capital (of up to \$5M each 12 months) via Crowd Sourced Funding will require a Business Plan, Budgets and Cashflow Forecasts and a Business Valuation.

If you are interested in raising capital, please contact us.

- ASIC (Australian Securities and Investments Commission) is still processing applications submitted by businesses to be appointed as Intermediaries for the Crowd Sourced Funding Equity Raising Legislation. The current expectation is that the first group of Intermediaries will be appointed around Christmas time or early in the New Year. The Crowd Sourced Funding market will then be able to start!

- Great news for SMEs! Federal government departments have been instructed by the Prime Minister to pay bills owing to SMEs within 20 calendar days of the invoice date.
- Effective debtors' management will be enhanced if you calculate "Debtors' Days Outstanding" each month and then implement follow up processes.

Personal Property Securities Register

If you are a contractor subcontracting to a commercial organisation unfortunately you could suffer severe financial consequences if that customer has a liquidator or receiver appointed and you then receive a liquidator's claim for preferential payment – this relates to alleged preferential payments that you received in the 6-months prior to the liquidator's appointment.

If you have registered that customer on the Personal Property Securities Register you have significantly reduced the potential for a liquidator to be able to successfully proceed with a preferential payment claim against you.

If you would like to discuss with us the benefits of registering your customers on the Personal Property Securities Register, please do not hesitate to contact us.

Information To Guide You – Part 2

- One of the biggest potential problem areas that business operators should be paying close attention to is "risk management". The monitoring of risk management is one of the biggest single differences between business operations, conducted by large companies, and small/medium enterprises.

There are risks in every business decision – some of which could be very expensive if they are not appropriately foreseen and strategies implemented to restrict the cost of any such risks actually occurring.

Risk management includes monitoring of:

- Appropriate insurance covers.
- Registration, on the Personal Property Securities Register, of customers and businesses that are holding any of your assets.
- People – are a big "risk area". What would happen in your business if a key person was no longer available?
- Development of new intellectual property is another major risk area for many businesses. Have you implemented policies to protect the knowledge that you are paying for from the development of new technologies through the utilisation of confidentiality agreements, assignment of intellectual property agreements advice, from patent attorneys relative to the registration of new patents.

If you would like to discuss any of these issues with us, please do not hesitate to contact us.

Single Touch Payroll

Single touch payroll is the new system which is being implemented by the federal government to businesses which employ more than 20 people initially. Its purpose is to ensure that when you pay your staff, that information included in the pay slip is provided directly to the ATO, various government organisations and superannuation funds.

The information will be the wages paid to the person, who it is paid too, how much tax is to be withheld, allowances paid, deductions accrued and also the amount of superannuation the employee is entitled to.

This will be integrated directly into the payroll software which will process the data within the accounting software but also provide the payslip to your employee, the relevant information to the ATO and the superannuation fund to which the employee is a member.

Single touch payroll is being rolled out in two stages, with two types of employers who are "either in" and having to use it or those who "are out" and do not yet have to use it unless they choose to implement it. These are currently defined as an employer with 20 or more employees and they have to use it and those with 19 or less who do not have to use it unless they choose too. Single touch payroll comes into effect from 1st July 2018 for employers with 20 or more employees and may come in for those with 19 or less from 1st July 2019 if an amendment is passed by parliament.

Single touch payroll is software based, so each type of accounting software is going to have different processes to allow you to comply with Single Touch Payroll reporting. The providers of accounting software have been working with the ATO for several years to ensure everyone is compliant. We recommend that you contact your software provider to ensure you are compliant before the due date.

The purpose is to allow for real time salary, wage, tax and superannuation information to be provided to various governmental agencies and your employees who will get their payment summaries directly from their myGov account. This is to prevent tax debts, welfare overpayments and protect employee entitlements. Its purpose is to level the playing field by ensuring all businesses meet their obligations and part of a broader digital agenda to deliver efficiencies and improvements across the business and government sectors.

This may initially create more work for businesses depending on how complex your payroll system is with most only requiring some additional information and the lodgement of a form to the ATO each pay cycle through the Standard Business Reporting System. It is anticipated that it will over time reduce the amount of work required as it will match up the information the employer provides, to the information the employee provides as well as to the Business Activity Statements which will then prefill through to the end user of each of these bits of information.

As with most new improvements introduced by the Australian Taxation Office, Single Touch Payroll is an evolution of the changes that the ATO has been implementing in recent years. Its purposes is to ensure the payroll that businesses report to the ATO, match up to the Business Activity Statements lodged and the payment summaries provided to employees, as well as providing greater transparency to employees and government agencies about a business' compliance with the regulations required for running a business and employing staff. It is an additional burden on businesses which comply with the law in order to prevent those who do not comply from having an unfair advantage.

If you have any questions relative to the introduction of Single Touch Payroll, please contact us.

Personal Leave Rules

Personal leave incorporates sick leave and carer's leave and is available to all employees. The entitlement is 10 days for a full time employee and a pro rata amount for a part-time employee e.g. if a part-time employee works for 40% of the full time hours, the part-time employee would be entitled to personal leave calculated at 40% of the full time employee entitlement i.e. 4 days.

Carer's Leave

Carer's leave is part of personal leave and can be taken as the entire personal leave entitlement, for the employee to look after a member of their family who is sick.

Under the Fair Work Australia rules, if the employee wishes to access carer's leave and there is no personal leave entitlement left, then the employee can take up to 2 days of unpaid carer's leave annually.

If the employee does not claim all of the personal leave to which they are entitled in a year, then the amount unclaimed rolls over until the next year.

No Cash Out

Whilst an employee can cash out part of annual leave and long service leave, no such provision exists for personal leave. This means that if the full amount of personal leave is not taken, it rolls over until the next year or to some future years so that, in the event of the employee being sick or injured, they may have a reasonable build up in the entitlement of personal leave available.

If an employee leaves a business' employment, the employer does not have to make any payment for the accumulated personal leave not taken by the employee unless there is specific provision within a registered Enterprise Agreement for a payout of unused personal leave to be made at the time that an employee finishes their employment with an employer.

No Leave Available

If an employee exhausts all of their personal leave and they require to take personal leave, they could take the leave from their annual leave entitlement or negotiate with the employer for leave without pay – but this is not an entitlement, the employee has to apply to the employer for the leave without pay and the employer has to agree to that.

Medical Certificates

The employer is entitled to request an employee to present a medical certificate pertaining to sick leave being claimed by the employee. The definition of medical practitioners authorised to issue medical certificates has been expanded by Fair Work Australia and now includes:

- Chiropractors - for pain and injury
- Dentists – for dental issues or oral surgery
- Pharmacists – where pain may prevent someone from performing their normal duties or medication may interfere with them performing their normal duties
- Physiotherapists – where an injury can prevent someone from performing their normal work role
- Psychologist – where a mental health conditions can prevent someone from performing their normal work role

If an employee wishes to take leave for the care of a family member then the employee should be able to produce a medical certificate that has been issued by an authorised practitioner relative to the family member for whom the employee is the primary carer.

If a medical practitioner is consistently seeing a patient, who is the employee, over a period of time, then the medical practitioner can back date the medical certificate for that employee. However, if the medical practitioner has only seen the employee for a particular instance, then the medical certificate can only relate to the date of that consultation.

Request for Additional Information – Medical Certificates

The employer may request some additional information from the medical practitioner in certain circumstances:

- Where the injury or illness may have implications in the Occupational Health & Safety areas for which the employer is responsible.
- Where the medical practitioner believes there should be a restriction on the work levels able to be performed by the employee.
- Where the employer has reasonable suspicions of fraudulent behaviour relative to the obtaining of medical certificates.

Whilst the employer can request further information, there is no requirement for the medical practitioner to provide any additional information, if they do not wish to do so.

If you have any questions relative to the rules pertaining to personal leave, it is suggested that you contact your people/employment advisers.

When To Use Equity Crowdfunding

Traditionally, founders of small businesses personally financed the initial growth, then sought “angel investment” from wealthy private investors as the business becomes established. Later as the business expands, funds can be sought from venture capital firms (professional investors) and corporate investors. Equity crowdfunding cuts across all aspects of the traditional fundraising process that companies had to comply with, providing new options for companies introducing new investors at various stages of development as required. In doing so, it helps innovative Australian companies raise capital faster, easier and cheaper – and take on global markets.

Equity crowdfunding already exceeds angel investing and in the United States of America is forecast to overtake venture capital funding by 2020. If you would like to talk to us about the potential to raise capital as a Crowd Sourced Funding Company or potential investment opportunities to invest in these types of companies, please contact us.

Director’s Role In A Small Business – Part 4

Directors need to be aware of the specific areas of their responsibilities for which they can be personally liable. These responsibilities include:

- Insolvent trading.
- Australian Taxation Office payments for PAYG tax (deducted from employees’ salaries and wages) and superannuation payments.
- Workplace Health & Safety Code breaches.
- Environmental issues.
- Fair Work Australia regulations.
- Workers’ Compensation

Directors are also responsible for the implementation of proper controls relative to the performance of their duties relating to:

- Corporations Act
- State government Legislation for specific industries
- Declaration of interests before any matter is considered at a Board of Directors’ meeting that the director has an interest in directly or indirectly.

If you would like to have a discussion with us relative to director’s liabilities, please do not hesitate to contact us.

Selling With Purpose!

As you know selling is about persuading people to do something they would not otherwise have done. If they were going to do it – they wouldn’t need you. When you sell with purpose you don’t allow rejections to stop you. You don’t allow failure to define you. You don’t allow the mundane to drain you and you don’t allow fear to prevent you from making a difference.

A lot of people resonate with this message and it’s helped them to sell with purpose, overcome their fear and challenges and benefits more people. So how do you make selling with purpose a reality?

You identify ways your product, service, ideas, vision can benefit others and make it your mission to share these benefits with others. You focus less on “what you do” and more on “why you do it” and allow this “why” to inspire and energise you to make a difference.

You don’t chase success. Rather you decide to make a difference and success finds you. You don’t focus on numbers. Use your numbers to measure progress – don’t focus on them.

Instead, focus on your purpose because your numbers are just a by-product of how well you are living, sharing and selling your purpose. What is your purpose in selling?

Mindset & The Entrepreneurial Spirit

What is Mindset?

We all have a mindset of one kind or another in different situations; however we are often not aware of it or the effect it can have on our lives.

Our mindset is the underlying mechanism that can expose opportunities and ignite our ambition, engaging our faculties in ways that enable us to flourish and thrive. It can also blind us to positive options and thus hinder our ability to learn and grow, restricting us to familiar but unproductive patterns of thought and action.

A psychologist might define mindset as a cognitive belief system consisting of interrelated personal beliefs, assumptions and knowledge that we use to process information, inform our decisions and guide our behaviour.

What is an Entrepreneurial Mindset?

An entrepreneurial mindset is a specific set of beliefs, knowledge and thought processes that drive entrepreneurial behaviour. Those with an entrepreneurial mindset tend to:

- **Believe in their ability to succeed** and influence their own outcomes, empowering them to take ownership;
- **Have compelling goals** that keep them future focused and intrinsically motivated, driving them to be self-directed, action-oriented and highly engaged;
- **Have an optimistic interpretation** of adverse events and see problems and potential opportunities. They become highly resilient, resourceful and solution oriented even in highly uncertain and resource constrained environments;
- **Be lifelong knowledge seekers** with a focus on micro-experiments as opportunities to test ideas, cultivating curiosity, creativity and critical thinking;
- **Display a high level of reliability**, understanding that following through on simple solutions can sometimes lead to opportunity;
- **Have a humanistic outlook** and understand that one creates value by looking to solve problems for others; and
- **Surround themselves with an intentional community** of positive influence and critical guidance.

It is important to note that successful entrepreneurs are often viewed as exceptional individuals; a rare breed who seem to have been born with unique hereditary traits. However the entrepreneurial mindset is most often acquired implicitly, without conscious effort or awareness, which may explain why it appears to be a dispositional trait, even though it is not. An entrepreneurial mindset can be developed and cultivated through entrepreneurial experiences.

Effective Leadership Mindsets

There are four mindsets that are very important to have, to be the most effective leader that you can be and they are:

- **Commitment:** The foundation of leadership is a determined and unwavering commitment to lead, perform and succeed. The amount of commitment you bring to your role sends a powerful message to those with whom you work. As a leader you must be passionate – you are truly driven to lead and excel;
- **Accountability:** The degree of leadership accountability and recognition for responsibility for the business performance resting with you first and foremost, is critical. As an owner, you take the lead in all aspects of your company's functioning and performance;
- **Performance:** If you want your team to perform at its highest level, you must first do so. Good is no longer good enough in the global and connected business world. The most successful leaders and companies know that nothing but the best is good enough to survive in the current business climate. As a leader you must talk about and demonstrate that that you are constantly looking to take your performance to the next level, to ensure the business continues to succeed;
- **Vision:** In the fast paced business world, it's easy to get caught up in the daily challenges of running a business. The problem is that if you get busy in the day to day corporate life, you may forget to see what may be coming up – both opportunities and potential issues. Your vision of the business and the industry's future is paramount. Recognising trends, creating new products/services, identifying new markets and predicting future threats, are just some examples of the ways in which a clear vision can help ensure your businesses long term viability.

Check the Status of your Mindsets

Here is a quick exercise that will raise your awareness of your mindset in these four areas and if required, help you make as shift in a more productive direction.

Firstly rate yourself on a scale of 1-10 (1=Low & 10=Highest) on the four mindsets discussed above. Then, if you rated yourself at a level showing improvement is required, identify specific and actionable steps you can take to improve your score for each of the four mindsets. Be as honest as you can in your assessments.

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Providing you
professional
direction

