

BusinessPlus+ Newsletter



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Economic Indicators On Which To Concentrate

There are four main items on which SME operators need to concentrate to assist in effective management of businesses. These are:

- The real economic activity in your location
- Exchange rates
- Inflation rate
- Interest rates

The real economic activity is very relevant for businesses which are relying on discretionary spending such as tourism, electrical appliance sales, significant amounts of retail businesses, major purchases (eg. cars, houses etc).

Inflation has been rather static in Australia for the last few years and is currently around 2%, but you need to keep an eye on it. When business activity picks up the inflation rate is likely to rise.

Exchange Rate – The Australian dollar is currently around \$1.03 per US\$. It has risen significantly over the last few years. The rate with the British pound reached a 28 year record recently – it is now approx. 69c to a British pound. Monitoring of exchange rates is very important for importers and exporters and consideration should be given to locking in exchange rates when sales contracts are finalised.

Interest Rate – The Reserve Bank's cash rate is currently 3%. Some economists believe that interest rates will not decrease any further and that there is a strong possibility that interest rates will increase later this year, when some forecasters believe that economic activity will start to increase. Now would be an excellent time to consider locking in your interest rate for the next few years, but you will need to check the condition of your loan contract.

The other item which is going to cause some concerns is the Federal Budget, which is to be brought down on the 14th May 2013. Already the government has announced some of the initiatives that are going to be included within the budget, particularly relating to superannuation.

The other big item in the next 6 months is the Federal election to be held on the 14th September 2013.

Other items to monitor will vary from business to business. These could include new housing starts and new motor vehicle sales, both of which can give a good indication as to the level of economic activity. News from overseas' markets, primarily Japan, China, India, Taiwan and Korea, should be monitored as these countries affect a significant amount of our exports and imports, especially for key industries such as mining, resources, tourism and student education.

The other key item for businesses to continue to monitor is **investment in debtors, stock and work in progress**. These three items can tie up an enormous amount of cash within a business and do require monitoring on a weekly basis. If you would like to discuss how these key issues affect your business, please do not hesitate to contact us.

What's It Mean?

Shrinkage – Shrinkage measure a business' ability to control its margins in pricing. Strong stock management policies will reduce shrinkage. Factors affecting shrinkage include:

- discounts
- theft
- loose management systems
- stock wastage
- incorrect pricing policies

Any improvement in shrinkage normally impacts on the business' bottom line. If you would like to review the cost of shrinkage in your business, please contact the accountant with whom you normally deal.

Grants For SMEs

Closing Dates For Grant Applications

Applications for those affected by natural disasters (bushfires) in NSW close on 30th April 2013. If you require any further information, please do not hesitate to contact us.

Coal Industry Research Grant

The Australian Coal Association Research Program (ACARP) has announced its research priorities for 2013. Applications are being sought from organisations/businesses/researchers who are developing technology for use in the Australian coal mining industries. Categories for which applications are being sought are:

- underground open cut coal preparation;
- technical market support; and
- mine site greenhouse mitigation.

Applications close on the 15th May 2013. If interested, please contact us for a paper on the Coal Industry Grant.

Research And Development Registration Reminder

If you operate your business as a company and spent in excess of \$20,000 (including wages for team members involved in Research & Development activities) in the year ended 30th June 2012 and you wish to claim the Research and Development Rebate, you need to register with AusIndustry by no later than 30th April 2013. If you would like to discuss this with us, please contact us urgently.

Apprentice Kickstart Initiative Extended And Widened

The Federal government's Apprentice Kickstart Initiative for an employer, available under the Australian Apprenticeship Incentive Program in the building and construction occupations listed on the National Skills Needs' List, has been extended to the 30th April 2013 and applies to apprentices who commenced between 1st December 2012 and 30th April 2013.

The Apprentice Kickstart Initiative has been widened by including engineering occupations which are listed on the National Skills Needs' List. This relates to apprentices employed in those occupations between the 25th January 2013 and 30th April 2013.

The apprentices must be undertaking a Certificate III or IV level qualification which leads either to a building, construction or engineering trade occupation, as listed on the National Skills Needs' List.

An eligible employer is an enterprise which employs fewer than 200 people. Grants of up to \$3,350 are available for employers. If you would like to obtain further details, please contact us.

Everyone Has 1,440 Minutes A Day

Time is one of those things which cannot be expanded, however it can be better managed. Every one of us has 24 hours or 1,440 minutes per day. Some business people are better managers of their time than others. Business people need to allocate the number of hours per day that they are prepared to spend at work and then prioritise how they are going to spend that time.

Managers need to consider a lot of things when allocating time covering:

- technical issues:
 - sales
 - client/customer work
- management issues:
 - planning
 - team leadership
 - conferences
 - controlling operations
 - developing new products and services
 - administration
 - training and development

How do you better manage your time? Here are some suggestions:

- **Establish daily and weekly priority goals/"to do" lists.** Mark off the task when it's completed and periodically prepare a log sheet of the amount of time you spent on various tasks.
- **Control the telephone.** Do not allow the telephone to control you. Perhaps you could have messages taken during the day and then have very specific time allocations to return telephone calls (e.g. one in the morning, the other in the afternoon). Have a "quiet period" each day so you can use the "quality time" to plan your daily activities and business strategies.
- **Consider and analysis those persons or tasks that cause you to waste time.** Can you change your management style to overcome these time wasters (e.g. it might be better if you visited others in their offices or business premises rather than meeting in your office?) The visitor can close the meeting and basically leave.
- **Meetings.** All meetings should have an agenda and should start and finish on time. At meetings, ensure that minutes are taken and distributed and follow these up at the next meeting. If this type of activity continues at all meetings it will speed up the process.
- **Delegate.** Is there anything currently on your desk or work area that could be delegated to someone else in the organisation?

Management of time is essential if you wish to be successful in business. Effective management involves planning, delegation and eliminating bad time wasting practices. **Remember**; everyone is allocated the same amount of time each day. How you effectively spend it will have a significant impact on how you perform as a business person.

Effective Waste Management

The current difficult trading conditions have highlighted the necessity for manufacturing, trades and professional businesses to cut waste and minimise costs for their clients. Many manufacturers have adopted the 5"S" system - a structured systematic approach to housekeeping and the cornerstone of every world class manufacturing operation. The 5"S" system is also appropriate for trade and professional businesses.

The 5"S" system involves creating and organising the workplace using the following steps:

- Sort - remove unnecessary items
- Set in order - a place for everything and everything in its place
- Shine - cleaning the work area
- Standardise - the rules and standards
- Sustain - maintaining the standard in a disciplined way

If you'd like to receive details on lean manufacturing practises, please contact us.

Management Of Small Business – How We Can Assist

The management of a small business causes some real concerns for many small business operators. As your accountants, we can assist you in developing an understanding of those areas of business operations which are not part of your current skills and knowledge. Most small business operators do not have general business skills when they commence business – unfortunately, some believe they can ignore the general business skills of cashflow management, human resources management, budgeting, planning, etc., because they have specific skills relating to the business or trade.

Unfortunately, ignoring the general business skills can lead to business problems for a significant number of small business operators.

We can assist you in developing your 'general business knowledge' by advising you on:

- systems for business
- internal control systems
- characteristics of a well run business
- how financial accounts should be analysed
- what are key performance indicators and ratios
- how do you control sundry debtors, investing in stock and work in progress

We can supply you with papers, present seminars/webinars and give you advice so you and your team have a greater appreciation on how these individual business tools contribute to the overall effective management of small/medium enterprises.

If you are interested in obtaining some of this material, to assist you in your business operation, please do not hesitate to contact us.

Sales Planning

It is April already so it's therefore an appropriate time to be planning your sales strategies for 2013/14.

- What do you want to achieve next financial year?
- How are you going to make that happen?

You need to look at what will help to create improvements in sales strategies for your business. What you need to consider is what it is going to take, on a daily, weekly and monthly basis, to make sales planning come to fruition? If changes are going to be made, the changes need to be made on a timely basis. It is a good time to plan now for new sales strategies to operate from the 1st July, rather than wait until July has arrived. If you are having problems in achieving your sales target, it is best to go back to the core of your organisation. What products are being produced? What is the marketplace reaction to those products/services? Is the individual selling value realistic? What is the sales team's behaviour relative to achieving these targets?

The key thing is to recognise what the problems are and fix them by installing new behaviour patterns before the end of June. You might require:

- a review of cultural issues within the business.
- a review of systems that are being used.
- analysing what is going on in the field where the salespeople are working on a day to day basis.

Changing the pattern of work for sales organisations is difficult but the likelihood of delivering results will be considerably improved if you go back to the core and start planning a training and implementation strategy from there.

If you would like us to make an input into your sales review and sales plan, please do not hesitate to contact us.

Business Plans

Business Relocation

The business planning process can also consider the various issues relating to a business' relocation. These can include:

- Consideration of a site specification brief.
- Has consideration been given to whether a location is suitable for quality of life factors and general amenities?
- Has key cost comparisons, between different locations, been prepared?
- Is there safe vehicle access to and from the site?
- Are the various services available to the site? (e.g. electricity, water, gas etc.)
- Have you talked to the local council?
- Are there suitable employees within an acceptable travelling distance of the preferred location?

These are just some of the questions to be considering when relocating your business.

Proposed Superannuation Changes

The government has announced some proposed changes to the superannuation laws. They are as follows:

1. Changes to tax exemptions for earnings on superannuation assets supporting income streams. From the 1st July 2014, the government is proposing that earnings on assets supporting income streams above \$100,000 per annum will be taxed at 15%.
2. Increase in concessional caps for certain superannuation fund members. The government is proposing that, from the 1st July 2013, taxpayers aged over 60 will have a superannuation contribution cap of \$35,000 (currently \$25,000).
3. The government is proposing that, from the 1st July 2014, taxpayers aged over 50 will have a superannuation fund contribution cap of \$35,000 (currently \$25,000).

If you wish to discuss the government's proposed changes to superannuation, as they affect your affairs, please do not hesitate to contact us.

Further Changes In Workforce Laws

The government is proposing further changes in the Fair Work Act to implement flexibility relating to the changing demographics of the workforce. These changes include more women re-entering the workforce, older members of the workforce not wishing to work full time and an increasing disabled population who are encouraged to work, but require flexibility of working times. These changes will provide headaches for employers, especially when work roster changes are proposed. Employees will be able to resist roster changes if they are:

- carers for school children and/or pre-school children
- people with disabilities
- people who have suffered from domestic violence
- people caring for elderly relatives
- people aged over 55 - in which case they can apply for flexible working hours

Employers will need to ensure that they have taken into account genuine concerns from employees because they can have action brought against them, under the General Protection Claim section of the Fair Work Act, which enables an individual employee to take action against the employer who wants to change rostered hours because of a concern that it will affect their responsibilities to others, as listed above.

If you have any concerns relating to how these changes will affect your business, please contact your employer association or your Workforce consultant.

WANT TO KNOW MORE?

Additional information on the articles contained within this issue of **Business Plus+** is available by contacting our office on 1300 35 22 35 or simply send an email to mail@lewistaxation.com.au

An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.



growing your business with you.

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