

BusinessPlus+ Newsletter



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Issue – November 2016

What Keeps You Awake At Night?

Now, is as good a time as any to pose some questions to you about your current business performance. If any of these items are concerning you, especially if they are keeping you awake at night, please contact us for a discussion.

- Are you happy with your current business performance relating to:
 - Department sales
 - Gross profit percentages
 - Investment in stock
 - Stock turnover
 - Team productivity
 - Benchmarking to other businesses
- Debtors Management
 - The level of debtors
 - Days outstanding
 - How much have you written off as bad debts in the last twelve months?
 - Do you want to know more about debtors financing/factoring?
- Budgets and Cashflow Forecasts
 - Would you like a Budget and Cashflow Forecast prepared for 2017?
- Customers
 - Do you need any assistance with:
 - Customer surveys?
 - Customer advisory committee meetings/discussion group;
 - Establishment of a customer relationship management system (CRM)?
- Business Modelling
 - Would you like us to prepare some Business Models for your business based on various numbers of customers, average sales, frequency of visits, variable gross profit percentages?
- Corporate Governance?
 - Has your business implemented a Corporate Governance Strategy in relation to directors or management meetings?
 - Reports for meetings?
 - Frequency of meetings?
 - Professional development of directors and management team members?
- Government Grants
 - Are you concerned that you might be missing out on government grants?
 - Have you heard of competitors receiving government grants?
 - Do you want us to identify grants for which your business might be eligible?
- Business Risks
 - One of the bigger risks for all types of businesses large and small is ignorance of the Personal Property Securities Register – are you aware of how it works?
 - Have you considered the risks that could relate to your business?
 - The main areas of risk for businesses are:
 - Stock held in other people's premises
 - Debtors not paying
 - Liquidators issuing alleged preferential payment demands
 - Risk of loss of assets stored on other people's property.

What Keeps You Awake At Night? (cont'd....)

- Have you had your Terms of Trade Agreement and Retention of Title Agreements drafted by a commercial solicitor after January 2012?
- Would you like us to conduct a Personal Property Securities Register Due Diligence Review of the systems being utilised within your business?
The recent tragic events at Dreamworld on the Gold Coast have identified the necessity for all types of businesses large and small to have implemented appropriate risk management strategies. Have you reviewed the risk management strategies for your business?
- Research and Development
 - Is your business conducting research and development activities?
 - Are you happy that you are keeping the required records to be able to claim a Research and Development Rebate (for this your expenditure must exceed \$20,000 in the year and the business must be operated by a company)?
- Export
 - Is your business proposing to export or actually exporting?
 - Are you spending more than \$15,000 per annum on export market development activities?
 - If so, are you lodging an Export Market Development Grant Application to claim 50% of eligible Export Market Development expenditure up to \$150,000 approximately? You need to have a system implemented to ensure that you are recording all of the expenditure to simplify the claim lodgement process.
- Are you happy with your processes relative to management of costs with items such as:
 - waste management
 - storage expenses
 - interest costs
 - general operating costs of your business.
- Business Financing
- Do you need extra funds in the business for an acquisition, commencement of new operations, or general business expansion?
- It is becoming easier in Australia to raise capital. The government has already introduced the Early Stage Innovation Company legislation which assists companies that are developing new product, services and processes etc. and the government is also processing legislation for "Crowd Funding Equity Raising" which hopefully will be introduced and passed by the Parliament in the not too distant future.
- Succession
 - Are you happy with the succession strategy in your business? Succession is not just when the owner or senior management personnel wish to retire. Succession applies to all positions within the business. It covers items such as training people to be able to be moved to other sections of the organisation and knowing that someone is available to replace them. Succession obviously covers many issues to do with the business owners and what you do with your business and your lives.
- Business Planning
 - If your business hasn't got a business plan would you like us to have a conversation with you about a business planning process for your business?
 - If you have a business plan, is it time for a review of your business plan?

These questions are part of our process for considering your current business performance. If you would like to discuss any of these matters with us, please contact the person in our organisation that you normally deal with to start the conversation.

Corporate Governance Risks - Part 2.....

- Financial Management - the directors, committee members and management are responsible for ensuring that appropriate systems have been implemented for the effective financial management of the business or organisation. These systems would include:
 - stock management
 - work in progress
 - cash control
 - debtors' records
 - creditors' records
 - personal property securities register system compliance
 - insurance policies
 - export management
 - asset management
 - control of capital expenditure
 - preparation of interim financial accounts on a departmentalised basis
 - preparation of business activity statements by the due date
 - payments of PAYG taxes
 - payment of GST
 - payment of superannuation
 - preparing annual financial accounts
 - preparing and lodging income tax returns
 - audit completion (if subject to audit)

Culture Is Important

Culture effects every aspect of the business, including:

- customers
- suppliers
- team members
- management
- directors

Culture is the zing factor of many successful businesses:

- the attitude of team members of "going the extra mile" to satisfy customer requirements
- are staff members pleasant and presentable?
- is the telephone answered in a professional manner?
- is the business' website up-to-date?
- are emails produced in a professional manner?
- are telephone calls and emails replied to promptly?
- are products delivered on time?
- is quality a priority in the business?

You can't "teach culture", but it's very evident when businesses have a very high standard of culture.

If you'd like to discuss a "culture review" for your business, please contact us.

Getting Free Publicity In The Media - Part 2

How the media really works

There will always be big stories of the day that must be covered. However, for the rest of the day, especially with the 24/7 news cycle, the media is looking for ongoing stories for their sites. The media need stories from small/medium enterprises. Not about you personally but about interesting information that you can provide to a wider audience. Information and a subject that you know something about, that you're the expert, because you're deeply involved in that industry.

The quickest way to develop a story about your business is to tie it in with a news article that's already been published or promoted in the media whereby you have got something different or new to add to that news release.

In some instances, you might be able to plan in advance relative to what's coming up. For example, football finals, Christmas, Easter, etc.

Preparing a Media Release

In the first instance, you need to make the right approach to the selected media outlets. Prepare a media release or an opinion piece on a particular subject. It could also be a pitch. The press release should be on an A4 page, clearly written with the name of the person authorising the release, contact telephone number, preferably mobile (because, invariably, the media outlets will want to talk to the person who is authorising the media release). If there's an "embargo", you need to clearly state this ("embargo" means the media are not to release that article until a particular time. Many in the media don't like "embargos" so be very careful about imposing an "embargo").

The pitch is an article you write for a blogger to use in an ongoing media campaign.

Establish a Reputation

You might establish a process that you're going to release an article to the selected media every two weeks, on a particular issue that's confronting small business, your industry or you're aware of. Not all of these articles will be published, however it will create a reputation for your business with the media outlet and, hopefully, if you've drafted the media release appropriately, a journalist will contact you.

The key to these media releases is to demonstrate that you have a good story for a journalist and that your story is based on facts, so that the journalist develops confidence in you as a reliable source.

Value Add Benefits

One of the real benefits that can come from a working relationship with media outlets is that, for many of the stories that they publish, the media outlet indicates that further information is available on their website. Their website then provide a link to your website so that their viewers/readers/listeners who want more information can go to the media outlet's website and then click on to go to the author's website. This is a great way for you to build up followers on your website. It also works very well with the Google search engines.

Getting Free Publicity In The Media - Part 2 (cont'd...)

Value Add Benefits

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Every Small Business Has a Story

Every small/medium enterprise has something that's of interest to the media. The challenge that all small/medium enterprise operators have is to sit down and think about the interesting things that are happening in your business or your industry.

If you would like to have a discussion with us relative to the development of a media strategy for your business, we're happy to have discussions with you and make suggestions on the development of a media strategy.

Export Market Development Grant

Reminder, the Export Market Development Grant application for the year ended 30th June 2016 needs to be lodged with Austrade by the 30th November 2016. If you would like to discuss an EMDG application with us, please contact us urgently.

Thinking About Exporting to Asia?

If you're thinking about creating an export business in Asia, you're probably best advised to start your operations in markets such as Singapore or Malaysia which have a legal system that is based on British law and is therefore fairly similar to Australia.

One of the key recommendations made by experts in export activities is that you should find a local business in that market, which can be your agent or representative, but don't rush in and appoint the first person that you talk to. Have a good look at the market; talk to people such as Austrade, the Australian Embassy, Trade Organisations, Australian Banks operating in Asia to obtain an insight on the reputation of the business that you're proposing to be your representative in that Asian country.

As part of your research, you also need to consider what are the quality expectations for your product or service in Asia. In some instances they may not be as high as the Australian expectation and therefore you need to consider what changes can be made in the products or services that you're offering because the market will probably expect to see a reduction in the price that you're charging.

Another important aspect to remember is that in virtually every situation where an Australian business commences exporting activities into Asia, it takes longer to get established than what you might have originally thought. You will probably have to visit the country four or five times before you can get established and all of this is going to increase the costs. However, once sales start emerging, there is a great potential in most markets to earn considerable profits if, for no other reason, than the markets normally are a lot larger than the Australian market. Once the sales start occurring, you will probably see a return on your investment that is significantly higher than what you would have achieved in Australia.

Another matter that you need to consider is that you have to think locally about your product in that foreign country. It's very difficult to impose Australian product into an export market without making some changes and modifications to suit the local market's requirements. If you're not prepared to do that, it's probably best not to start an export strategy.

In summary, developing export markets in Asia can be very exciting, but it will cost a significant amount of money in most instances and will take probably more time than what you originally envisaged to get started, but then the rewards can be very high. The key thing is for SMEs in Australia to make sure the directors and management are aware of the time process and cost estimates to get started and that there will be no quick reward; it all takes time and for this to occur, you will need patience.

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.

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