

BusinessPlus+ Newsletter



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Issue – February 2017 Happy New Year - Welcome to 2017!

Setting Plans for 2017

The beginning of the new calendar year is a good time to think about setting plans for the forthcoming year. To develop plans you need to consider the economic background that relates to your industry, location and business.

To analyse the economic background relating to your business you need to:

- Look backwards: what happened in 2016? How did your business perform?
- Look around: what's happening now in your marketplace? You need to consider competitors - what are they doing? What new strategies do they appear to have adopted? What effect will their strategies have on your business?
- Unemployment rates: are they rising or falling in your area? What effect will this have on your business?
- New businesses opening: they might not be direct competitors but are they going to cut into the disposable income that your customers have to purchase products such as yours?
- Market intelligence: have you talked to competitors (remember you can talk to competitors on any issue except pricing)?
- Look ahead: what do you think might happen over the next 12 months?
- Analyse economic forecasts – this will require budgets to be prepared and analysed.
- Extrapolate and then evaluate the responses by:
 - “think tank” your research
 - prepare budgets
 - set strategies that your business can perform to

To set the scene for your forecast for 2017 the following is an indicator of economic forecasts for 2017:

- GDP growth 2.25%
- Consumer prices up by 2%
- Unemployment rate (nationally) 6%
- Forecast Federal Budget deficit for 2016/17 \$51 billion
- Interest rate set by the Reserve Bank of Australia currently 1.5%
- Forecast for the middle of 2017 - 1.75%, forecast end of 2017 - 2.25%
- Exchange rate Australian dollar to US dollar end of 2017 \$0.77 (currently \$0.75)
- Australian Stock Market Index: end of 2017 6,000 points (currently 5,500 points)

If you would like our assistance in the preparation of your plans for 2017, please do not hesitate to contact us.

Do You Have a Written Debtors' System?

A written Debtors' System that has been customised to suit your business will assist the person who has the responsibility of administering Debtors in your business and will assist in the reduction of debtors' days outstanding - thus contributing to cashflow improvement. If your credit sales are \$1M per annum and you reduce debtors' days outstanding by 5 days - that's a cashflow improvement of \$13,698.

If you would like to discuss the preparation of a customised Debtors Systems' Manual for your business please contact us.

Grants for SMEs Working in Defence Industry

The Australian government has established the "Centre for Defence Industry Capabilities" (CDIC) to provide a range of services and grants to small/medium enterprise operators who are providing services to the defence industry.

The CDIC will provide advice and facilitation services to assist eligible defence SMEs to improve capabilities, extend networks and take advantage of development opportunities within the defence sector.

Through the advisory and facilitation services an applicant will gain a better understanding of the defence market, learn how to engage with defence and position their business to participate in global supply chains.

By accessing advisory and facilitation services the applicant's business can improve its skills and business practices, become more competitive and take advantage of growth and collaboration opportunities.

Advisory and facilitation services are targeted at defence sector SMEs. SMEs are typically defined as organisations with less than 200 employees; however there is an opportunity for businesses employing more employees to still be accepted to the program.

To be eligible for any of the advisory and facilitation services activities the applicant must:

- have products or services or are developing products or services that have a specific defence application;
- requirements:
 - have an Australian business number (ABN)
 - eligible applicants must be one of the following:
 - a company incorporated in Australia;
 - an incorporated trustee on behalf of a trust;

If the application is approved, the business will be assigned a business advisor or facilitator who will work with the applicant to complete the advisory or facilitation service.

Applicants may be able to apply for a Capability Improvement Grant to help with the cost of engaging consultants or experts to implement the recommendations provided in the advisory or facilitation service report.

A Capability Improvement Grant reimburses the applicant for up to 50% of the costs of engaging a consultant or expert and undertaking training recommended in the advisory or facilitation service report.

The minimum grant is \$5,000 (excluding GST). The maximum grant is \$250,000 (excluding GST).

If you would like to have a discussion with us relative to this grant and advisory and facilitation services available for SMEs working in the defence industry or proposing to work in the defence industry, please do not hesitate to contact us.

Reducing Debtors' Days Outstanding

The Australian Government's Small Business and Family Business Ombudsman has indicated that she will have urgent discussions with government departments and large businesses about their debtors' payments to small/medium enterprises in an attempt to rid Australia of the dubious distinction of having the highest level of debtors' days outstanding in the western world. A worldwide review has identified that Australia has a debtors' days outstanding of 56.4 days.

Besides some government departments and big businesses being slow in making payments to small/medium enterprises, another possible contributor to this dubious distinction is that many small/medium enterprises may not have implemented appropriate debtors management systems.

One way to implement an improvement in debtors' days outstanding could be from the implementation of a Digital Debtors Management System. A Digital Debtors Management System enables the small/medium enterprise to nominate the key criteria to be utilised in the digital management process such as:

- the number of days before a due date for the payment of an invoice that an SMS message reminding the debtor of an approaching payment date will be sent.
- the number of days after the scheduled payment date that follow-up SMS messages will be sent, if payment was not made by the debtor.
- an agreed process for potentially automatically referring a debtor to a debt collection agency, if payment has not been made and the debtor has ignored a specified number of follow-up SMS messages.

The overall benefit is that debtors' days outstanding have been reduced by businesses utilising a Digital Management System.

If you would like to have a discussion with us relative to the introduction of a Digital Management System for your debtors in your business, please don't hesitate to contact us.

Employment Contracts ¹

Many small businesses may believe that, due to only employing a small number of employees, there is no need for employment contracts. Whilst it is not unlawful to have verbal agreements only, an employment contract will stipulate the exact parameters of an employee's role and will also allow complete clarity on the employee's salary.

Another area where employers may also go wrong is that they choose to include their company's policies and procedures within the employment contracts rather than in a separate document, such as an Employee Handbook. The issue that this causes is that when a policy or procedure is required to be updated or a new policy or procedure is implemented, the employment contract must be re-issued to and signed by the employee each time.

Unfair Dismissal ²

Sometimes when an employer chooses to terminate an employee, the dismissal is deemed as unjust, unfair or unreasonable because the employer has failed to follow a fair termination procedure.

An employer may wish to terminate an employee for many fair reasons, including poor performance, misconduct, or failure to follow reasonable management instructions.

When choosing to dismiss an employee it is best practice to ensure you have provided the employee the chance to improve and to respond to any allegations made against their performance or behaviour, which should be documented in writing.

Backpacker Tax

After a lot of political horse trading, the "Temporary Working Holidaymakers" Tax (the "Backpacker Tax") has finally been implemented from 1st January 2017. The Backpacker Tax only applies to holders of 417 and 462 Visas.

Employers need to find information relative to the Temporary Working Holidaymakers Rules via the "Visa Entitlement Verification" online tool. Employers needed to register by 31st January 2017 or as soon as they became aware that they would be employing backpackers. Registration needs to be made to the "Working Holidaymaker Employer Registration Form".

Once registration has been implemented and documented employers will need to access the new physical or electronic pay tables for employees via the ATO or the employer's software provider. These tables will enable employers to withhold 15% tax for every dollar, earned by the backpackers with 417 or 462 Visas, up to \$37,000.

Employers will have to issue two payment summaries for the year ended 30th June 2017 relative to earnings by the employee and income tax deducted for the period 1st July 2016 to 31st December 2016 and 1st January 2017 to 30th June 2017.

If an employer is not registered as a Working Holidaymaker Employer the employer will have to deduct a flat 32.5% from every dollar of income paid to a backpacker.

If you are an employer who is employing people on working holidays who have a 417 or 462 Visa and you would like our assistance in the registration process, please contact us urgently.

Crowd-Sourced Equity Funding Bill Reintroduced to Parliament

The Australian government has tabled new legislation relating to the authorisation of Crowd-Sourced Funding for Australian businesses.

The legislation allows small/medium enterprises to obtain capital from a large number of investors through an online platform, where each investor typically contributes a small amount of money in return for an equity stake in the company.

The maximum investment that is available for a retail investor is \$10,000 per 12-month period.

The legislation will enable companies to fundraise up to \$5 million per annum from the crowd. For a company to be able to utilise this legislation, the company will have to meet turnover and asset tests before they are able to fundraise utilising this legislation. The threshold is set at \$25 million for each of turnover and assets.

The legislation has been tabled in the Senate and the Senate has referred the legislation to a committee to review it. The committee is expected to report back to the Senate by mid-February 2017.

If you are interested in discussing the concept of raising capital utilising Crowd-Sourced Funding, please do not hesitate to contact us.

¹ *Employsure Pty Ltd*

² *Employsure Pty Ltd*

Strategic Planning Review

The beginning of a new calendar year gives businesses a great opportunity to conduct a Strategic Planning Review. What's included in a Strategic Planning Review?

Our approach is to suggest that you sit down at an "off business site" where you will not be interrupted by emails, telephone calls or staff to think about important issues that relate to your business. In other words give yourself two hours of "quality time" to think about what you would like to see happen in your business during 2017. Some of the items that you might think about could include:

- Management Team Members: Have you identified a skills development program for management team members for 2017?
- Team Members: Skills development and training program for 2017 - if it has not been finalised, what major training activities do you need to implement for this year so that your team is appropriately skilled to enable your business to undertake the business activities that you are envisaging?
- Customers: Have you determined specific new products and services for customers that you plan to implement during this year? Have you communicated those new products and services programs to your customers so that they are aware of them?
- Marketing: Have you considered the marketing program that you will need to enable appropriate promotion of the new products and services that you are going to produce to be made to the marketplace?
- Social Media: Has your business determined a social media campaign for 2017? This will require one or more persons to be made responsible for Facebook, LinkedIn, production of videos and other promotional material that can be utilised within social media.
- Website: Have you reviewed your website? Is it up-to-date? Have you appointed an administrator for your website? Is this person the appropriate person to be handling this activity?

We are happy to facilitate a strategic planning review session for your business if you wish. Please do not hesitate to contact us for a discussion on this type of activity.

Watch Out For Waste

Monitoring of "waste" in a business is an ongoing activity. Waste comes in a whole range of formats. Waste could relate to too much transportation, too much stock or even the unrealised potential of employees. After a business has achieved some initial gains on waste management it's desirable that the business adopts a continuous improvement program so as to add to the initial gains that have been made.

Reduction of waste is enhanced if the leaders of the business are able to influence the culture within the business that waste needs to be eliminated. A successful waste management campaign incorporates improvement in customer service, enhancement in employee engagement within the business and achievement of the business' overall goals.

If you would like to have a discussion with us relative to the introduction of a waste management strategy for your business, please don't hesitate to contact us.

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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