

BusinessPlus+ Newsletter



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Leading Millennials - a Different Challenge...

Millennials (also known as generation Y) are the demographic cohort following Generation X.

What do millennials expect from their managers/leaders?

Research on the internet reveals the following:

- Managers/leaders have to embrace all the “feels”.
- Millennials want their personal and emotional feelings to be considered along with their work performance. Managers/leaders should listen carefully while keeping the job requirements in focus.
- Hear them out and coach them.
- After listening to millennials, encourage them to make any necessary changes while ensuring any necessary coaching is provided.
- Keep it casual and get to know them on a personal level.
- Millennials want to know they belong. Some of them may have been “molly coddled” whilst growing up and expect their opinions to be continually taken into account. This leads to the conclusion that millennials not only need to be led but they expect to be led.

Leadership is fundamentally about creating the environment in which people willingly work together to achieve common goals. Explanations are a useful first step but the second and most important aspect of leadership training and development is to take a genuine holistic approach to what is needed.

If you have any millennials working in your team there will be benefits for you and the millennials and other members of your team if appropriate leadership strategies can be developed.

If you would like to have a discussion with our leadership consultant in relation to the development of strategies for leading millennials and for that matter other members of your team, please contact us.

Research and Development Registration

If your company undertook research and development expenditure in 2015/16 and the company has not yet lodged its income tax return for the year ended 30th June 2016, the company needs to register for the research and development rebate with AusIndustry by 30th April 2017.

If you would like our assistance in the preparation of the form to be lodged with AusIndustry, can you please contact the accountant that you normally deal with at your earliest opportunity.

If you are interested in undertaking research and development and want to understand the requirements to obtain the tax rebate, please do not hesitate to contact the accountant with whom you normally deal.

Striving for World-Class Competitiveness

World-class competitiveness requires the adoption of Best Practices for manufacturing excellence including:

- product life-cycle management
- set up time reduction
- process and material flow
- manufacturing systems
- supply chain management
- effective maintenance
- waste reduction

To be competitive business must have:

- strong teamwork
- have adopted 5S (5S involves creating an organised workplace using the following five steps:
 - **Sort** – removing unnecessary items
 - **Shine** – cleaning the work area
 - **Set in order** – a place for everything and everything in its place
 - **Standards** – establishing the rules and standards for the business
 - **Sustain** – maintaining the standards in a disciplined way)
- focused improvement
- visual performance measurement

The business must be able to lead and manage change and have a Business and Supply Change Strategy.

To achieve waste reduction, businesses need to employ Best Practice including:

- lean thinking
- total quality management
- manufacturing excellence
- just in time
- total productive maintenance

Key points on business improvement:

- the customer defines value
- waste reduction is important because customers ultimately won't pay for waste
- eliminate waste
- improve customer satisfaction
- improve profitability
- waste can be converted directly into dollars
- eliminating waste frees up time to work on more productive activities

To be continued next month

Strategic Planning Review - Part 2

- **Research and Development Projects:** Have you identified major research and development activities to be conducted during this year? Have you appointed a supervisor for the research and development projects? Has the supervisor been briefed in the recordkeeping requirements for research and development so that the company can ultimately claim the research and development rebate? Have confidentiality agreements been prepared for signing by any contractors who are engaged in the research and development program?
- **Culture in your Business:** Are you happy with the culture within your business? If not, what changes need to be made? What new programs need to be introduced to enable an outstanding level of culture and empathy to be obvious within your business?
- **Holidays:** Are all members of the management team taking their holidays when they are due? Not only is it a good opportunity for all management and team members to "refresh their batteries" but holidays also perform a very important internal control and staff training function for the person who performs that task whilst the management person or team member is absent on holidays.

Why Review Your Performance Management System?

- Work has changed.
- Work is more collaborative, teamwork is very important.
- Constantly changing expectations (team and management)
- Traditional methods of improving productivity are proving difficult to implement

To be continued next month

Crowd Sourced Equity Funding Bill

It's great news for Australian small/medium enterprises that the Australian Parliament is expected to pass the legislation relative to Crowd Funding Equity Raising in mid-March 2017.

The legislation will enable unlisted public companies, with annual turnover and assets of less than \$25 million, to be able to raise up to \$5 million from the "crowd" each 12 months. The legislation enables a private company to be able to be converted to an unlisted public company for the purposes of this legislation.

Retail investors will be able to invest up to \$10,000 per 12 month period.

The introduction of the Crowd Sourced Funding Legislation complements the Early-Stage Innovation Company Legislation that has been operational since 1 July 2016. These two legislation packages will substantially change the landscape for aspiring companies that wish to raise capital from the market for good projects. If you are interested in discussing the concept of raising capital through Crowd Sourced Funding from the end of this month or Early-Stage Innovation Companies, please do not hesitate to contact us.

Company Fined \$120,000 Following the Death of an Employee

A plastics' manufacturing company has been fined following the death of an employee. The fatality occurred when the deceased and a co-worker were using two forklifts to transport a 3.1 tonne tank when it fell and crushed one of the workers.

Workplace Health and Safety Queensland has indicated that *"the method for moving the tank did not meet the Australian standards"*. *"The standards indicate that the simultaneous use of two trucks for handling a heavy or cumbersome load is a hazardous operation requiring special safety precautions"*. *"Moving a load in this manner should only be undertaken in exceptional circumstances under the supervision of a competent person"*, the spokesman for Workplace Health and Safety said.

The investigator for Workplace Health and Safety indicated that the *"company had failed in a number of steps including staff training"*. The Magistrate indicated that the company had *"fallen well short of meeting its safety obligations"*.

This unfortunate event highlights the necessity for company directors to be diligent in ensuring that team members have been adequately trained in all aspects of safe work practices and that the Workplace Health and Safety regulations are being abided by.

A Debtors Systems' Manual Will Help Reduce Debtors' Days Outstanding

Last month we reported that the Australian Government's Small Business and Family Business Ombudsman had indicated her disappointment that Australia had been rated as the country with the highest debtors' days outstanding in the world. The Ombudsman indicated that a worldwide review had identified that Australia had an average debtors' days outstanding of 56.4 days. The Ombudsman has indicated that she is going to have discussions with big business and government departments about improving the time taken to pay small/medium enterprises. An area that could be improved is the management systems implemented within businesses.

A Debtors Systems' Manual, that has been customised to suit your individual business, will make a significant contribution to an improvement in debtors' days outstanding and will also introduce a system (if you currently do not have one) to consider the requirements to register customers on the Personal Property Securities Register. Registration on the Personal Properties Securities Register gives businesses some protection from non-payment of debtors' accounts but also offers very significant protection against liquidators' claims of preferential payment. If you would like to discuss these issues please contact us.

A customised Debtors Systems' Manual includes a number of forms and procedures to assist the person in your organisation who is responsible for debtors management including:

- Credit Application Form – making sure you get all of the information from the new credit customer and that it is appropriately vetted.
- Directors' Guarantee Forms – procedures to monitor that the guarantees are received and then appropriately filed in case they are required at some future date.
- Procedures for Approving a New Customer – this includes making some enquiries to make sure you are not getting "someone else's problem".
- Procedures for the prompt preparation and dispatch of tax invoices containing all of the information that the customer has specified that they require for payment to be made within your stipulated payment time.
- Suggestions on the procedures for "Terms of Trade" and "Retention of Title" forms.
- Proactive management of debtors, including online debt management system utilising technology to improve payment times.
- Welcome to New Customer Letter – the manual includes the template of a letter for you to welcome the new customer but at the same time to take the opportunity to confirm your terms of trade, debt limit, payment dates etc.
- Debtors' Days Outstanding Calculation Form – calculating this key performance indicator on a monthly basis will assist in the monitoring of the debtors days outstanding.

The manual includes about 30 pages of commentary on debtors' management together with various forms to assist the person in your organisation responsible for debtors. If you would like to have a discussion with us, relative to the preparation of a customised Debtors Systems' Manual for your business, please do not hesitate to contact the accountant with whom you normally deal.

Main Residence Exemption - CGT

The main residence exemption and how and when capital gains tax does or does not apply is a common question but often depends on a range of relevant factors. One of the best but rarely used options available is where you have a current main residence you live in and own and you then purchase another house to move into and keep the old house as an investment property. You then have the option of choosing either one or the other house as your main residence, but not until you actually sell one of these properties, or you rent the first house out for more than 6 years. This allows you to plan the exemption in order to get the largest profit on either house tax exempt using this concession.

An example of this is simply Mr & Mrs A buy a property in May 2012 for \$350,000 and live in it until June 2016 when they buy a new property into which they move. They obtain a valuation of their previous property for \$500,000 at the date they move out and the new house at purchase price was \$600,000. In June 2020 they wish to sell the investment property which is now valued at \$650,000. They may elect to treat the first house to keep the main residence concession because it was originally their main residence and it was rented out for less than 6 years (2016 to 2020). If they do this it will allow them to not pay any capital gains tax on the first main residence.

The consequences of this is however that the new property will be subject to capital gains tax from the date it was purchased up until the date the first house was sold. However as it is now their new main residence, the concession applies going forward and an apportionment of the future capital gain will be applied based on the number of days they owned the property and the number of days it was their main residence.

If you would like to discuss capital gains tax minimisation tactics, please contact the accountant with whom you normally deal.

Goal Setting

Goal setting is important. Most people work better when they have clear, realisable and significant goals.

Goal setting is preferably a shared process. Employees actively involved in goal setting = motivation = increased performance.

Privacy Act

The Privacy Act has been passed by the Australian Parliament. This legislation applies to every business and not for profit organisation with annual turnover of \$3M or more.

This legislation requires all regulated businesses to report any "eligible" data breach to the Office of the Australian Information Commissioner and also to notify individuals who may have been affected as soon as practical. A regulated organisation must conduct an assessment into the breach circumstances within 30 days to determine whether it has actually occurred and whether notification is required.

We will include a detailed summary of the key points of the Privacy Legislation in next month's edition of the Business Plus.

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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