

# BusinessPlus+ Newsletter



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## Issue – October 2017

### What If Your Prospect Says....<sup>1</sup>

#### **If your prospect says: “It’s not for me.....”**

This might just mean you have to target your message more carefully. Selling to the wrong audience wastes money, so does selling to the right audience with the wrong message.

I suggest – show the prospect testimonials from people like him or her or paint a picture of the person the prospect wants to be and show the idealised person using, benefiting and enjoying your product. Also make sure you are targeting a specific audience. Excessively wide appeals fall flat.

#### **If your prospect says: “I do not have time to read your offer....”**

They are really saying that they are bored and they do not see enough immediate benefit to continue reading your promotion. But the truth is, we make time for interesting things! “War and Peace”, for example, at well over a thousand pages, has held many a reader.

I suggest – you find the hook. Open with a benefit or jump right into telling a story. When the going gets interesting, people hang on to find out how things end. Quizzes, checklists and fresh news keep readers involved too.

#### **If your Prospect says: “It is more than I would like to spend...”**

Remember, it is never about price. It is about value.

When a prospect says your prices are too high, they are really telling you that the value of your product sounds too low. It does not have enough benefit to get them to pay the asking price.

I suggest – you find services like yours that cost more and build a comparison. Sweeten the deal with better premiums. Put a value on the results of your service and compare them more closely to the cost.

#### **If your Prospect says: “I do not know who you are....”**

They’re really telling you they need to trust you and want to see your credentials. Testimonials and track record are obvious solutions. But there are some others....

I suggest – try entering questions like these – where do you do your business and why? Who are your clients and especially your well-known ones? Where did you get your training, learn your trade, and hone your craft? Give some success stories. Have you won awards or seals of approval?

#### **If your Prospect says: “I have heard all this before....”**

They are telling you to fix your “Unique Selling Proposition” (point of differentiation). How do you stand out in the crowd? You need to give them proof.

I suggest – you check out your competition. Compare offers and make yours stronger. Offer a stronger guarantee. Look for ways your product or service outpaces, out builds or out races your competitors’ product or service.

#### **If your Prospect says: “I would rather take some time to think about it....”**

Your prospect is not feeling the urgency of your offer.

I suggest – depending upon how you are presenting it - in print or face-to-face. Is there a deadline? Is the offer scarce? Is there a benefit by buying early? Is there a prepayment plan? What are the guarantees? In other words - how can we intensify the offer?

The smart way to sell is to know what the objections are “generally” going to be with your offer. Make a list and deal with them upfront.... For example, “Mr and Mrs Smith many of our clients like to take time to think about our offer and we encourage them to do that. Just so it is clear we also like to remind them of the special(s) we have will only last until the end of the week etc.”

<sup>1</sup> *Trevor Marchant – Marchant Dallas*

## **Directors’ Role in a Small/Medium Business – Part Two**

### Board of Directors with Mentor

Some Board of Directors find it beneficial to appoint a mentor to assist in corporate governance training for the directors. The mentor’s role is to advise the directors on corporate governance processes. The mentor is only present to give advice and should not participate in a decision made by the Board of Directors.

There are some government grant programs which may contribute to the cost of companies appointing a mentor.

### Company acting as a Corporate Trustee

Many businesses operate through a Trust. It is good business sense to utilise a “Corporate Trustee” rather than individuals as Trustees of the Trust. The Minutes of a Board of Directors meeting acting as Trustee of a Trust should indicate that the Board is acting as Trustee of a Trust when a particular Board of Directors meeting is held.

### Board of Directors – External Directors

Some companies are finding it beneficial to appoint one or more external directors to their Board of Directors. Some companies are also inviting one of the external persons to accept the role of “Chair” of the Board of Directors.

The benefit to companies from having external persons appointed to their Board of Directors normally relates to corporate governance matters and the smooth running of a Board of Directors meeting.

The external directors can also bring their knowledge and skills from exposure to other companies and businesses into deliberations at the Board of Directors meeting.

If a company resolves to appoint one or more persons as external directors it should not be viewed as a “lifetime appointment” because there can be some real benefits to the company in “refreshing” the membership of their Board of Directors every few years to get access to new ideas and different thinking on how to approach corporate problems.

If you would like to discuss with us any aspect of the composition of your Board of Directors please do not hesitate to contact us.

## **Preferential Payment Claim Update**

Last month we commented on a report relating to a liquidator’s “clawback” of \$31,855 and indicated that these letters of demand from liquidators highlighted the necessity for businesses to have up-to-date terms and conditions in their contracts and to register customers on the Personal Property Securities Register to protect their interests.

It has since been reported that another liquidator has stated that businesses that receive liquidator’s preferential payment claims should “*seek advice and don’t pay up*”.

This liquidator has indicated that “*there was an increasing trend for liquidators to issue ‘blanket’ letters of demand. Her advice was that businesses should seek advice and never pay up or offer part payment.*”

“*There seems to be an increasing trend for liquidators to send out blanket preference demands to any unsecured creditor that received a payment over a certain amount, or a round dollar payment, instead of payment on invoice, during the 6 months prior to the commencement of the winding up.*”

“*While corporation law puts the onus on the creditor, the liquidator indicated that many businesses would have a defence against a preferential payment claim.*”

“*If a creditor receives a payment in good faith – that is they did not know or suspect that the company was insolvent at the time of entering into the transaction – then the creditor should be able to successfully defend a preference action against a liquidator*”

The liquidator indicated “*there was a strong argument the creditor had not received an unfair preference if the payment was part of a normal cycle of supply and payment.*”

A lawyer representing a company involved in a dispute with a customer has stated “*businesses large or small need to be sophisticated in the way they do business.*” He recommended “*businesses do due diligence on who they deal with and include the right to file a security interest on the Personal Property Securities Register in their contract terms.*”

*"It may be time-consuming but definitely worth it in the end".*

If you would like to have a discussion with us relative to a review of your system relating to registration of customers on the personal property securities register please do not hesitate to contact us.

## **Have You Reviewed Your Insurance Covers Lately?**

Summer is fast approaching and with it a range of potential natural disasters including bushfires, floods, cyclones, hail etc., increasing the urgency for businesses to ensure that they have enough insurance cover to protect themselves financially.

If you haven't done so recently, it's a good time to review the value of your assets and check these valuations against the cover that you have on your insurance policies.

It's also worthwhile checking the fine print in policies such as "*consequential loss of profits insurance*" to ensure that you have adequate cover in the event of a major event that is going to put you out of business for some time.

Does the policy supply sufficient money for you to continue to employ key people and will the policy supply enough money to cover the fixed ongoing costs that relate to your business?

Another very important insurance area is registration on the Personal Property Securities Register. This process is very important for any business that is contracting with other businesses and for any business that has assets stored or located on someone else's property.

If you would like to have a discussion with us about your risk management strategies for insurance and the personal property securities register please do not hesitate to contact us.

## **Business' Duty Of Care**

The very unfortunate death of a 15-year-old boy whilst he was utilising weightlifting equipment whilst working out at a Brisbane gym has highlighted business management duty of care to ensure that business premises/workplaces are safe.

Directors and management should undertake a regular review of the business operations occurring in their businesses to ensure that procedures have been implemented and that the procedures are being monitored to minimise the chances of an unfortunate event occurring.

## **Another Challenge – Single Touch Payroll**

The Australian government has passed legislation for the introduction of Single Touch Payroll from 1 July 2018. Businesses will be required to commence reporting under Single Touch Payroll (STP) if they are a "substantial employer" on 1 April 2018.

A business is a substantial employer if you have 20 or more employees or you are a member of a wholly-owned group and the group has 20 or more employees in total.

Once you become a substantial employer you must continue to report under STP even though you may no longer have 20 or more employees, unless the Taxation Commissioner grants you an exemption.

The introduction of the STP represents the biggest payroll reporting change in Australia's history.

Substantial employers will be required to submit information electronically to the Australian Taxation Office every time the business pays its staff instead of once a year.

These advances will probably necessitate an upgrade to your payroll recording system. You will need to be able to access the new payment summaries and tax file declaration form.

There are also benefits for employers with less than 20 employees moving to the STP system. If you choose to report voluntarily, you will receive relief from your current obligations sooner than other businesses with less than 20 employees.

If you would like to have a discussion with us relative to the impact that this change will make on your business, please do not hesitate to contact us at your earliest opportunity.

## **Director Identification Numbers**

It has been reported that the government, as part of its reforms to deal with "phoenix" company activity, is planning to introduce "Director Identification Numbers" to allow the Australian Taxation Office and ASIC to track directors and companies and relationships between groups, individuals and other directors.

Of concern to the government, is the identification of the directors involved in recurring company failures which the government estimates cost over \$3 billion each year in lost taxation and GST revenue.

The government is very concerned that, in many of these instances, assets are moved into a new company but the debts are left behind in the original company.

The proposed reforms also include a significant extra obligation for directors of companies, in that directors would be personally responsible for outstanding GST obligations. These obligations are in addition to directors potentially being liable for PAYG withholding of employees and superannuation.

Directors of companies will need to ensure that the company is paying all of its taxation liabilities, including GST, especially prior to a company going into liquidation because these debts would then, in all probability, become a personal debt for the directors.

Prior to accepting appointment as a director of a company, it would be very advisable to verify that all taxation debts owing to the Australian Taxation Office have been paid by the company and that processes are in place to ensure that the directors are immediately notified if a payment is not made.

If you would like to have a discussion with us on any aspect of the proposed introduction of the director identification numbers, please contact us.

## Crowd-Sourced Funding Update

ASIC has announced that it is now processing applications from businesses with Australian Financial Services Licenses that have applied to be a Crowd-Sourced Funding Intermediary.

ASIC has indicated that the first of the intermediary appointments should be finalised by around the end of October 2017.

If a proprietary limited company wishes to convert to an unlisted public company, so as to take advantage of the Crowd-Sourced Funding legislation, the company will need to lodge a Form 206 "Application for Change of Company Type".

ASIC is required under the Corporations Act to publish a notice in the ASIC Gazette stating it intends to alter the details of the company registration.

One month after the notice is published, the change of company type will take place.

If you are contemplating utilising the current law to become a Crowd-Sourced Funding Company and you would like to have a discussion with us about the process, please do not 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.*

#### Contact us:

**CMA Collins Melody**

**P:** 03 9836 1533

**F:** 03 9836 3025

**E:** [admin@colmel.com.au](mailto:admin@colmel.com.au)

**W:** <http://www.cmagroup.com.au>  
259 Whitehorse Rd, Balwyn, VIC, 3103