

# BusinessPlus+ Newsletter



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## Issue 206 - February 2022

### Vision For 2022

The real start of 2022 has now occurred with most schools having recommenced around Australia and State Premiers are urging workers to get back to working in the business' premises rather than from home.

The Federal Government has announced that international tourists who are double vaxed will be welcomed back to Australia in about two weeks' time. Whilst there is some disagreement from some State Premiers as to whether these tourists should have also received the booster the tourism, accommodation and hospitality industries will undoubtedly be welcoming these international visitors back to their businesses. The spinoff from these extra customers will probably filter through to most other business operators in Australia.

During the two weeks lull before the expected uplift in activity commences why not spend some quality time thinking about what you want to achieve from your business during this year?

Do you need to review your supply chain?

Would you like to expand your business?

How are you going to fund your business operations?

Are you interested in finding out more about the potential to raise capital direct from the public?

Is your Business Plan Up-to-date?

Have you prepared Budgets and Cash Flow Forecasts and Projected Balance Sheets that complement the strategies outlined in your Business Plan so that you can view the "financial picture" of your business over the next few years?

Everything starts with a vision – what are your goals for your business in 2022?

A Journey commences with a single step. Why not take that step today by reserving one hour of quality time for you to consider the strategies for your business for this year?

If you would like our assistance in the development of strategies and the documentation of those strategies into your Business Plan and Predictive Accounting Reports or to talk about your aspirations for your business and how you might achieve your vision, please contact the accountant in our organisation who normally assists you.

### Is Your Capability Statement Up-To-Date?

One assignment that you could undertake in your allocated "quality time" would be to review and update as necessary your firm's Capability Statement.

Your Capability Statement is an important document that you can upload to your website and send to potential customers to inform them about the capabilities of your business.

Your Capability Statement is a tool that will assist you to promote your business and, in lots of ways, is an enhanced business card.



A Capability Statement assists:

- ✚ in identifying the points of differentiation in your business – highlights where you are different from your competitors;
- ✚ you can outline your clearly defined competitive advantage;
- ✚ you can identify your unique selling proposition to articulate your business' competitive advantage;
- ✚ you can incorporate extracts from your competitors SWOT (strengths, weaknesses, opportunities and threats) analysis;
- ✚ you can identify the important services that you supply to your customers.

The research that you conduct for the development of your Capability Statement will assist in the development of the “value proposition for your business”.

If you would like to have a discussion relative to the development of a Capability Statement for your business to assist you to promote your business, please do not hesitate to contact the accountant in our organisation with whom you normally deal for a chat.

## Elevator Pitches

An “elevator pitch” is a further development of your business' Capability Statement that can be delivered by an individual to a stranger.

Every business should have developed clear and concise “elevated pitches “that can be presented to an enquirer at any time.

The concept of elevator pitches originated in New York City around the theatre areas, when aspiring business operators would get into a lift with a prominent producer. Whilst the lift travelled from the ground floor they would give a “pitch” to the producer about the story that they have written or service they could provide. The pitch had to be completed in around 30 seconds because, by that time, the lift had reached the floor to which the producer was travelling.

The following is a suggestion on training for an elevator pitch to suit your business. The three key introductions are:

- ✚ You know how....Finish by naming your targeted audience. What is their target and how you are going to assist them to get new clients
- ✚ Well, what we do is.....What are the key benefits that you supply your customers such as saving them time and making more profit, supplying them with products to assist to deliver services that they want to deliver?
- ✚ In fact, our products will..... Include the best case you can think of that backs up what you have said in your previous sentence (what we do is.....) This might be a summary of the key products or services that you're producing that will help your target market to achieve their aspirations.

Remember not to talk too much. The whole presentation should be completed in 30 seconds. Simplicity is the key to a good elevator pitch. You need to be able to clearly identify the benefits you offer but look at it from the business' point of view. Once you have drafted your elevator pitch it is essential that you practice, practice and practice so that the presentation sounds very authentic. Hopefully your elevator pitch will create a great impression on the listener.

If you would like some assistance in the development of an elevator pitch relative to your business, please do not hesitate to contact us.

## Thinking About Being A Business Person?

Your Chances of Success Will Be Considerably Enhanced:

- ✚ If you know something about the industry; or
- ✚ if you don't know something about the industry you undertake some study/attend a course or get some paid or unpaid employment in the industry
- ✚ You should undertake some research as to where you will obtain supplies for your business and make contact with those suppliers to get an indication as to what products they will be able to supply what price and at what terms and conditions.



Where is the potential supplier located? Are you confident that that supplier will be able to continue to send supplies to you throughout the year? Recent history has highlighted difficulties that some businesses can encounter through “Supply chain difficulties”. We suggest that you consider some possible events that could occur that could make it very difficult or expensive for you to be receiving supplies from your preferred source.

- ✚ You should make some enquiries as to whether you require a license or special qualification to be able to operate this type of business.
- ✚ What is your “end game” from this business? It is a good idea to envisage what you would like to achieve with the business. If you contemplate “scaling up” think about how you will structure and organise the business no matter how small:
  - “Start-up” with 1 to 5 team members;
  - “Grow up” with 6 to 15 team members – the business would now be considered an established business the key requirement for which is building a great team.

- “Scale up” with 16 to 250 team members – the business will definitely need “scalable systems” so that the business could operate without the day-to-day involvement of the owner/CEO/founder. At this stage the biggest challenge will be keeping your team aligned and growing in their skills, knowledge and enthusiasm.

We wish you well if you have decided you want to be a business person. We are very happy to give you advice and assistance to get you started on your business journey. Please make an appointment to have a discussion with us relative to the range of commercial orientated services that we can deliver to assist you on your business journey.

## Federal Government Grants That May Be Of Interest

### National Soil Carbon Innovation Challenge – Development And Demonstration

Application closing date: **3 March 2022**

The purpose of this grant opportunity is to support proof of concept, validation or early stage commercialisation activities relating to the development of lower cost, accurate technological solutions for soil carbon measurement.

Applicants will need to demonstrate how their proposed technology solution is effective at measuring, estimating and/or predicting soil organic carbon in an operational environment.

### Emerging Aviation Technology Partnership Program

Applications close: 13 March 2022

This program is intended to encourage adoption of emerging aviation technologies (such as drones, electric vertical take-off and new aviation propulsion systems) to address community needs, particularly in regional Australia.

This program will have an emphasis on Australian and international operators planning local investments and growing the Australian market. Partnerships between government and industry to prove the viability of new services and operational concepts, conduct enabling research and support the introduction of new aviation technology, will enable Australian technology developers and manufacturers to fast track opportunities for their products.



## Export Market Development Grant Update

It is pleasing to see that Austrade have started releasing emails to applicants for the Export Market Development Grant for 2021– 22.

The emails indicate that an applicant has been “assessed as eligible for a Grant Agreement and has progressed to the Delegate for approval to offer a Grant Agreement”.

Is important to realise that this email is a “courteous communication” from Austrade but is not confirmation that an actual grant has been approved it is only been “assessed as eligible” and whilst it is fairly unlikely that the Delegate will reject the recommendation from the Department there is the possibility that this could happen.

There is also a word of warning that “if you commence any promotional marketing activities before the Grant Agreement has been put in place you do so at your own risk”.

Another issue that the email comments on is that the applicant “must remain eligible to enter into a grant agreement”.

In summary, it is great if you receive this initial advice but it is not formal confirmation that your business has been approved for a grant. Hopefully, you will receive a formal offer and the Grant Agreement in the next few weeks from Austrade.

If you have any questions on any aspect of the Export Market Development Grant please do not hesitate to contact us.

## \$47,000,000 Raised In Crowd Sourced Funding

Australian SMEs who elected to raise capital by utilising Crowd Sourced Funding Equity Raising process were rewarded with a record amount raised of \$47,000,000 during 2020/21.

This was despite the continuing impact of COVID-19.

One company – Thrive set a record by raising \$3,000,000 in three days!

In 20/21 Financial Services with the most invested industry, with 13 successful Crowd Sourced Funding offers raising \$14.7 million.



The Food and Beverage Industry came in second raising \$8.7 million followed by Software at \$7.1 million and Healthcare Businesses at \$6.5 million.

Since the start of Australia's Crowd Sourced Funding Equity Raising in Australian small/medium sized businesses have raised in excess of \$100,000,000 utilising this capital raising process that was introduced by the Australian government in 2018.

## Maximising The Sale Value Of Your Business

Closing a sale is not easy. It is best to go about selling a business on a very simplistic basis. There are a number of stakeholders involved in a business sale including landlords, accountants, solicitors, franchisors, government departments and business brokers.

Because a sale could involve all of these people and, in some cases others as well, the sale of a business does take time. In fact many people believe the effective minimum time to sell a business is 8-10 months and in many cases, an effective sale will take three years to achieve.

What's involved in the sale process?

- ✚ Prepare business for sale documents including, vendor's due diligence review.
- ✚ Advertise and market the business for sale.
- ✚ Find the right buyer.
- ✚ Have detailed negotiations with the potential buyer.
- ✚ The buyer will then undertake their due diligence process which would normally involve the buyer's banks, solicitors and others, including government departments, landlords and franchisors.
- ✚ The settlement process

All of this takes time!

To maximise the vendor's return from sale of the business involves implementing a "sale of business system" including:

- ✚ review the systems operating in the business -could improvement be made?
- ✚ eliminate unnecessary expenses and wastage;
- ✚ ensure all business sales are properly accounted for in the books of the business;
- ✚ maintain an up-to-date database of customers showing name, address, email, details of sales made etc.;
- ✚ update the business' intellectual property register, including details of patents, copyright, trademarks, trade secret agreements, any special arrangements, design registration, domain names etc.;
- ✚ ensure that all team members and contractors have signed intellectual property agreements and that these are filed correctly;
- ✚ customers operating as companies - ensure debtor's personal guarantee documentation has been securely filed;
- ✚ ensure the visual aspects of the premises maximise EBIT (earnings before interest and tax) because most business valuations are calculated on EBIT;
- ✚ if you are operating a larger business and a potential exit is an IPO (Initial Public Offer), think about having an audit prepared;
- ✚ develop a management team - can they run the business without you?
- ✚ have team members been effectively trained and motivated to perform outstanding services?
- ✚ have you got happy customers? If a potential buyer surveys your customers, what will the response be?
- ✚ dispose of old stock;
- ✚ update machinery;
- ✚ ensure "debtors' day outstanding" are brought into line with agreed terms;
- ✚ check KPI (Key Performance Indicators) for your business against industry best practice benchmarks, especially relating to debtors' days outstanding, stock turn, gross profit percentage and sales per employee.

### 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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