

BusinessPlus+ Newsletter



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Issue – April 2021

Our theme for April 2021 - “Systems’ Review for 2021/22”

Planning A Research And Development Project – Part 2

It is important to note that the outcome of the research and development cannot be known or determined in advance on the basis of current knowledge, information or experience but can only be determined by applying a “systematic progression of work”.

This requires hypothesis to be determined for each core activity. The hypotheses needs to be a “*positive statement*” of a *belief that experimentation sets out to prove or disprove*”.

The team then needs to make a decision as to whether to finalise a research and development plan for submission to the Board of Directors for approval from the company for a research and development project to be launched.

Key items to be included in the research and development plan include:

- The names of the internal team members who are going to be involved in the project.
- The names of any external consultants to be involved or other professionals.
- An indication as to whether the proponents believe that it is necessary for some of the research and development activities to be conducted overseas. If this is the case, prior to any money being expended for which the company hopes to claim a Research and Development Incentive Rebate, it is recommended that an “Overseas Finding Application” has to be submitted to the Australian Taxation Office/AusIndustry for the government’s approval for that expenditure to be incurred so that a claim can be made for the Research and Development Rebate.

Whilst the Overseas Finding Application can be lodged in advance, as discussed above, it must definitely have been lodged by 30th June in the financial year in which the expenditure was incurred.

It is also sound commercial practice to submit a Budget of the estimated cost for each research and development project to the Board of Directors for approval.

There is no application required to be lodged with the Australian Taxation Office or AusIndustry prior to expenditure being incurred in Australia, unless the company wishes to gain prior approval on a research and development project, in which case an “Advance Finding” can be submitted.

In all other circumstances the approval registration does not have to be made until 10 months after the end of the company’s financial year end – normally 30th April the following year or the date of lodgement of the company’s income tax return, whichever is the earlier.

If you are contemplating undertaking a research and development project we recommend that you contact us so that we can discuss with you the recordkeeping requirements that the legislation imposes on companies wishing to claim the Research and Development Incentive Rebate.

Business Modelling

Some small “tinkering” can make a significant change to a business’ bottom line and show you the effect of these changes. This exercise can motivate the team to achieve “just a little bit more” so as to either achieve targets or beat targets.

The “tinkering” can relate to:

- Number of Customers – slight increase.
- Average Sales Value – small change.
- Frequency of Visits – increases as a response to social media posts, website, and communication with customers.

If you would like us to prepare a business model for your firm to show you the effects of these changes, please contact us.

Business Plan

A Business Plan is an important document for a business operator, just the same as a map is for tourists. If you don't know where you're going and how you plan to get there, how are you going to know when you're there?

A Business Plan process requires all aspects of the business to be considered and is best undertaken with input from the leadership team and some input from the remainder of the team so that their views and thoughts are given some consideration in planning operations for the business. Key matters to be considered are:

- Where are we at present?
- Where do we want to be in one, two, three years' time?
- How are we going to get there?
- Do we have a leadership team that is capable of taking the business to the next stage of its development?
- What skills' development program needs to be introduced for the overall team to ensure that they have the skills, commitment and enthusiasm to help the business achieve its vision?
- Have strategies been implemented for each aspect of the business including:
 - product planning
 - research and development
 - customer development
 - marketing and promotion
 - production
 - selling
 - accounting and administration
 - board of directors or board of advice

Will the business have enough funding to be able to fund the business' vision?

The preparation of a Business Plan can be a very interesting task however, most business operators find that it is beneficial to hire the services of their accountants/business advisors to assist them in the preparation of the Business Plan.

If you would like to discuss the preparation of a Business Plan for your business, please do not hesitate to contact us.

You Need To Plan To Start A Business

You would not go on a cross-country holiday without looking at a roadmap to work out where you are going, where you are planning to stop on your journey and what sightseeing activities are available on the way that you would like to look at.

You would normally sit down and write some notes highlighting the sites that you wish to see, or the activities that you are interested in participating in whilst you are undertaking your journey.

The planning for the start of a business is no different – you need to think very seriously about what you're trying to achieve.

If you are thinking of starting a business, many aspects of planning a cross-country holiday are similar. You need to take some “quality time” and sit down and think about what you want to achieve from your business and then commit your thoughts and your planning to write your plan. This is the beginning of your “Business Plan”!

This plan should consider:

- What type of business do you have an interest in or the skills that will be required to run that business?
- How much money do you have? Or what assets do you have that you could borrow on – what is a realistic amount of money that you could raise?
- Do you want to start a business from scratch or are you interested in trying to purchase a business?
- What city or town are you thinking about operating in or do you have a very open mind in that your business could be situated virtually anywhere?
- What are the market conditions for the business that you are interested in?
- What research have you undertaken?

If you are planning to commence a business, we can assist you with a specially tailored Business Plan to suit your business objectives. Please do not hesitate to contact us for a discussion.

Characteristics That Well-Run Businesses Have Implemented

There are a range of characteristics that successful business people have considered and, either implemented or modified, to suit the requirements of the business or their own skills and personal attributes. One size does not fit all when it comes to the ability to operate a well-run business but the following is a summary of the general characteristics that well-run businesses exhibit:

- **Personal Capacity and Development** – drive and energy – high levels of self-confidence – the ability to solve problems.
- **Excellent Customer Knowledge and Service** – know the target market with a passion – do your homework on customers? – can you walk in their shoes? – you need to have empathy with your customers?
- **Excellent Product/Industry Knowledge** – you either know this at the beginning or you will learn it very fast! Product knowledge is a very important requirement for the owner/manager and the entire team.
- **Excellent Systems** – there needs to be a written system for every function within the business.
- **Excellent Analysis of Results** – daily, weekly, monthly, quarterly, annually. These tasks need to be diarised so that they are performed when required.
- **Excellent Stock Management** – know your stock – use a stock analysis chart to highlight your stock categories – stars – cash cows – problem lines – know your stock turn rates.
- **Excellent Debtor Control** – know your debtors' days outstanding – implement a written debtors' system.
- **Excellent Cost Control** – reduce wastage – monitor gross profit rates.
- **Excellent Team Management** – daily huddle meeting – job descriptions – feedback on performance.
- **Excellent Marketing** – what are your customer needs? – social media presence – website with frequently updated articles.
- **Excellent Assessment of Competitors** – what are their strengths and weaknesses? – what can you learn from them? – what opportunities have you identified?
- **Excellent Funding for your Business** – budgets and cashflow forecasts – an understanding of the business funding opportunities that your business could utilise.
- **Strong Support from your Advisors** – accountants to act as a Chief Financial Officer, not just for taxation advice – solicitor is aware of commercial matters.
- **Excellent Planning** – budgets and cashflow forecasts – business plan – monthly business review meeting.
- **Quality Control** – documentation of all processes – regular reviews to ensure that all aspects of the business are functioning as expected.
- **Excellent Management** – leadership team training – weekly leadership meeting – monthly business review meeting – monthly board of directors/board of advice meeting.

If you would like us to conduct a review of your business operations to analyse your systems, please do not hesitate to contact the accountant in our organisation with whom you normally deal.

Every Business Needs A Succession Plan

Succession planning is something to which every business should give consideration.

Many business operators prepare succession or exit plans regularly so they are in a position to react promptly to any opportunity to change direction in their business.

Whilst succession planning can apply to shareholders, key management personnel and all team members, this article will concentrate on the key owner/CEO within the business.

There are many succession issues relating to a business:

- Are members of the family involved in the business?
- Do any of the family members have aspirations to manage and own a significant amount of the business?
- Does the family member have enough money or borrowing capacity to be able to buy out the shareholding held by the current owner?
- Does the current shareholder have sufficient funds not to require a prompt payout but to self-finance their successor?
- Is the potential new key shareholder acceptable to any other shareholders and the management team?
- Are all the secrets and agreements that have been entered into recorded in writing or are they in "the head" of the current key shareholder/CEO?
- Has all of the business intellectual property been recorded and protected by patents, trade secret agreements?
- In the event of a change in the key person within the business, would this trigger any changes from key suppliers or bankers?
- Has any consideration been given to the company attempting to raise capital as a Crowd Sourced Funding Equity Raising Company so as to fund (or partly fund) the retiring key shareholders/CEO by paying out loan accounts?
- Does the business have a family charter or constitution? If not, is there support for the creation of this type of document?
- Does the family support the formation of a "family council"? This can be particularly relevant where a number of members of the family are not employed within the business.

There are many other issues relative to succession planning in a business. Want to know more about succession planning? If so, please contact the accountant in our organisation with whom you normally deal for a preliminary discussion.

Boosting Female Founder's Initiative - Government Grant

This is a grant program which the government has launched which helps to support more Australian women into work. The program will provide targeted support, on a co-contribution basis, to female founders of start-up businesses that are able to scale into domestic and global markets. The grant program will also provide expert mentoring and advice to the meritorious applicants who have been invited to submit a stage 2 application.

Innovative start-ups play a critical role in the Australian economy by bringing new products and services to market and driving job creation. Greater levels of entrepreneurship among women and better access to resources by women entrepreneurs can contribute to innovation, job creation, economic growth and social inclusion.

This grant opportunity is being delivered through a two-stage competitive selection process with the first stage of applications closing on 22nd April 2021. The applicant is required to submit an expression of interest. If successful, the applicant will be invited to submit a stage 2 grant application.

The grant amount will be up to 50% of the total eligible project expenditure with the minimum grant being \$25,000 and the maximum grant is \$400,000.

The maximum grant can increase to \$480,000 if:

- the applicant's head office is located in a regional area.
- the applicant's business is Indigenous owned.
- at least one of the applicant's founding team members (owners and leaders) is a person with a disability.
- at least one of the applicant's founding team members (owners and leaders) has migrated to Australia as a refugee or humanitarian entrant.

If you would like to know more about this special grant program or you require assistance with the preparation of the stage 1 application, please do not hesitate to contact the accountant in our organisation with whom you normally deal. Please note applications close on **22nd April 2021**.

Customer Advisory Meetings

The purpose of these meetings is to obtain feedback from a group of customers on the products, services, sales process and general impression of your business.

You can organise the customer advisory meeting yourself or alternatively some clients ask an independent person, such as their accountant, to act as the facilitator of the customer meeting and to prepare a summary of the matters discussed.

Some of the matters that could be raised at a customer advisory meeting could include:

- How do you rate the firm's services?
- Are there additional services that the business could supply to you?
- Have you asked the business to supply these services to you?
- What do you like about this business?
- What do you dislike about this business?
- How does this business compare to its competitors?
- Do you receive prompt replies to telephone calls, emails and other communications?
- Would you like to receive periodic information on products and services being offered by the business?
- What are the strengths of the business as compared to its competitors?
- What are the weaknesses of the business as compared to its competitors?

Many businesses are conducting customer advisory meetings three or four times per annum. The meeting is to gain valuable feedback on the perception that their customers have on their business operations.

If you are interested in commencing a series of customer advisory meetings and you would like our input please do not hesitate to contact the accountant in our organisation who you normally deal with.

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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