

Q4 2018

# BUSINESS MATTERS

Strategies for managing your business



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## Seasonal pricing strategy

*A seasonal pricing strategy will help you minimise loss of cash flow in low periods and maximise profitability in peak seasons.*

Changing your pricing will help you capitalise on your target market's spending habits. Keep in mind that creating a supporting marketing campaign to bring awareness to your price change or seasonal deals will be critical in meeting your business objectives. Consider the following steps to get the most out of your seasonal pricing strategy.

### Know your customers

Previous buying patterns should influence campaigns so you can tailor your pricing to the needs of your target market. Segment your market and develop a range of pricing strategies to maximise customer engagement.

### Pricing for low and peak periods

Your pricing strategy should accommodate fluctuations in customer demand. Break your year into low, mid and peak seasons. Offering an off-peak discount may boost your profits by incentivising your customers. Increasing your premiums in peak season will help you capitalise on high customer demand. Experiment with pricing so that your discount does not encourage customers

to wait until your peak period is over and so your premiums do not drive away customers looking for better value. Look to the market to help you strike the right balance to maximise the benefits of seasonal pricing.

### Holiday based strategies

The customer influx in Christmas and the New Year is an opportunity for you to tap into the spending season with your pricing strategies. Advertising seasonal deals well in advance are essential to reaping the benefits from your price change and gaining an edge on your competitors. Offer incentives like a gift wrapping service, loyalty credits or special deals on your most popular products. In the post-Christmas sales look to your competitors to see how far you should discount your prices to capture the largest target market while keeping your profit margins high.

### Reuse and recycle

Seasonal pricing strategies and their accompanying marketing campaigns can be costly. Reuse past marketing campaigns that were successful. Recycle them only if they are still relevant or need a few minor amendments. Assessment of pricing strategies should be ongoing to ensure your business is up to date with your customers' spending habits.

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## New unpaid entitlement

*From 1 August 2018, The Fair Work Commission introduced a new unpaid family and domestic violence leave entitlement for employees in all industry and occupation awards.*

Under the new clause employees will be entitled to five days of unpaid family and domestic violence leave annually. The entitlement applies to all employees covered by an industry or occupation award and businesses are required to apply the new clause to each worker's first full pay period on or after 1 August 2018.

Employees are eligible to take the leave to deal with the impact of family and domestic violence, providing it is impractical to do so outside their ordinary hours of work. The leave is in place for situations where an employee's family member uses violent, threatening or another abusive behaviour to seek to coerce or control the employee or causes the employee fear or harm.

This entitlement does not apply to employees covered by enterprise awards, state reference public sector awards, enterprise and other registered agreements, or those employees who are award and agreement free.



## Preparing your BAS

*Businesses registered for GST must lodge business activity statements (BAS) every year with the ATO. To assist you, here is a record-keeping and submission checklist you can follow to help you prepare and lodge your BAS accurately and on time.*

You must lodge and pay your BAS on time to avoid incurring any charges or penalties. Most businesses lodge their BAS by the quarterly due date. Although how often you lodge will depend upon your situation, for instance, a business may make a prepayment for an expected bill or lodge and pay monthly when it helps them manage their tax more efficiently.

The due date for your monthly BAS is usually on the 21st of every month and your BAS quarterly due dates are:

- Q1 (July, August and September) is due 28 October
- Q2 (October, November and December) is due 28 February
- Q3 (January, February and March) is due 28 April
- Q4 (April, May and June) is due 28 July

You must always maintain accurate and detailed record-keeping by:

- Keeping all sales, fees, expenses, wages and other business costs records.
- Avoiding claiming credits for purchases that did not include GST, such as water bills.
- Holding onto tax invoices and other



GST records for five years.

- Putting your GST in a separate bank account.
- Only claiming GST credits from GST-registered suppliers.
- Only claiming business expenses and the business portion of things you purchase (when they are also used for personal use).

Before submitting your BAS, always check:

- You have entered each invoice only.
- You have entered whole dollar amounts.
- Your expenses and sales are from the same period you are lodging for.
- You have completed the fields that apply to you.

Remember, should you have nothing to report, the ATO still requires you to lodge a nil statement.

## Managing poor performance

*Knowing what to do when your top employee's performance falters is a challenge many small businesses can encounter.*

It is often difficult to know what to do when one of your best employees becomes distracted in their role. Could it be a personal issue they are dealing with or a problem at work? Luckily, there are strategies you can adopt to address the root of the cause and develop a plan to assist your employee in getting back on track.

### Do not delay

You cannot form a solution until you know the fundamental cause, which is why putting off a talk with your employee is never the answer. Act promptly to save productivity levels dropping in your business.

### Speak in private

Avoid discussing in front of the rest of your staff as this will only humiliate your employee and likely make them uncomfortable to open up to you.

### Create open discussion

During your talk be careful to avoid speaking with a confrontational tone, your aim is to identify the issue and find a positive resolution. Give them the chance to talk as there may be a reasonable explanation, such as dealing with a family matter at home.

### When it is a personal problem

When a good employee is underperforming, it can often be due to a personal issue. They may be dealing with a mental health problem or having family issues at home that are affecting their ability to perform their role effectively.

### Form a plan

You have found the root of the cause, and now you need to form a plan that sets out your expectations for your employee moving forward. This will be a plan of action and will differ depending on the actual issue. For instance, your plan for assisting an employee who has a mental illness will differ greatly from a staff member who has a problem with management protocols.

## Could your business survive without you?

*Your business must be independent of any one individual if you want your business to thrive in the marketplace on a long-term basis.*

The most effective way you can grow your business is by removing yourself from the daily operations and focusing your time on developing strategies to elevate and move your brand forward. However, you cannot step away from running your business until you have strong systems in place, a dependable and knowledgeable team, and a stable customer base.

To help you develop a business that can run on its own, consider the following:

### Test your business

The best way to test how well your business will perform without you is to go on a holiday. Ensure you are unreachable during the entire period. In this way, you can

come back and assess what went wrong or where your issues lie, for instance, you may find your staff are not comfortable calling the shots if they are used to being micromanaged.

### Build strong systems

Putting strong systems in place is the only way you can remove yourself from the daily operations involved in running your business. You must establish clear requirements for all business activities, including how to manage your social media and content calendar through to the processes used for handling customer complaints. By having clear guidelines in place for every aspect of your business, you will no longer need to be there to save the day.

### Become replaceable

When you reduce your responsibilities, you must have a reliable and qualified team who

can run your business efficiently in your stead. There must be team members employed who are capable of speaking to clients or suppliers and have the relevant industry knowledge to make important decisions on behalf of your business. You need to ensure there are also effective training protocols set up so that every employee understands the business policies and procedures, and what is required in their individual roles.

### Perks of a stable customer base

Having a steady customer base provides a reliable and regular source of financial security to take time out to strategise your business' future or tweak any issues in your branding image. For instance, you may want to put your time and effort into perfecting or redeveloping your service or product to attract a broader target market. Stepping away also allows you the freedom to take time away from your business altogether.

## Developing your intellectual property strategy

*Developing your intellectual property (IP) strategy is vital in protecting the value and future of your business.*

IP is any original idea or work that has been created by your business. These valuable intangible assets assist your business in remaining competitive, boosting your profits and value of your business as an investment and providing potential for future growth. Consider the following tips so your business can reap the market benefits of your creative work.

### Perform an intellectual property audit

Whether your business is just starting or has undergone a change in ownership, an intellectual property audit will help you determine what steps you need to take to protect your ideas and remain compliant. This process referred to as "due diligence" may include checking public registers for patents, trademarks, designs and any infringement notices. When you identify your IP assets think about the key products and services in your business, what legal rights you possess concerning those products or services and what market advantages are gained from those rights.

### Register your IP

Once you have identified your intellectual property assets, formally register them with IP Australia. Although this process incurs costs and takes time, it provides the most significant legal protection. If you do not register your assets,

you will have to rely on case law and undergo court processes to prove ownership rather than producing your registered trademark or patent.

### Get staff to sign a confidentiality agreement

Your staff, associates or contractors can pose a risk to revealing your intellectual property to others. Consider drafting a confidentiality agreement to protect you if you need to prove a breach in IP. Ensure your contract is concluded before work starts, defines which ideas fall under the business' ownership and outlines damages in the event of a breach.

### Valuing your IP

Building your IP portfolio can be vital in boosting your business value and convincing investors to finance your enterprise for growth. You can value your IP on a cost basis or fair value basis and might consider values from royalties, profits differential, brand strength or incremental cash flows. In the valuing process keep in mind the following assets:

- Patents, trademarks and brand names
- Industrial designs
- Franchises and licences
- Distribution agreements
- Secret processes and formulae
- Information databases, computer systems and software.

### Take action for infringements

If there is a breach of your intellectual

property, your business should take it upon itself to enforce legal rights. Violations will be determined on the relevant legislation although you may make a complaint about an infringement that is not defined in law. You may only be partially protected depending on what part of your work has been registered. When developing your infringement strategy consider:

- Detection methods like data seeing can quickly identify misuse of your IP
- Plan at what court or tribunal you will turn to consider your legal budget for enforcing your right
- Set clear goals for the outcome of your legal process



## ATO expands TPAR criteria

*The ATO continues to expanded the list of businesses who must report payments they make to contractors for services via the taxable payments annual report (TPAR).*

Alongside businesses in the building and construction industry, any business that supplies cleaning or courier services are now also included in the taxable payment reporting system. You must report payments made to contractors each year providing your business has an Australian business number (ABN). The TPAR is due every year by 28 August.

You must report when:

- You are running a business primarily in the building and construction industry.
- You are running a business providing cleaning or courier services (even if it is only part of the services you provide). You may need to lodge a TPAR if the payments you receive for courier or cleaning services account for at least 10 per cent of your total GST turnover.

The ATO defines each service as follows:

- Building and construction services cover a broad category, including architectural work, certification, engineering, and project management and surveying.
- Cleaning services include cleaning in interior and exterior spaces, carpet cleaning, swimming pool cleaning and gutter cleaning.
- Courier services include commercial activities where goods are collected or delivered on foot or via vehicles or drone. It will not be considered a courier service if delivery is the only option your customers have to receive their goods, you used a passenger transport service or a freight transport.

When it comes time to report make sure you include the following payee details:

- The ABN (where known)
- Business or individual's name
- Address
- For the financial year, the total Gross amount paid (including GST plus any tax withheld), total GST paid to the contractor and total tax withheld where ABN was not given.

There are some payments you will not be required to disclose, including:

- Payments for incidental labour
- PAYG withholding payments
- Payments within consolidated groups
- Payments for private and domestic services
- Payments for materials only
- Unpaid invoices as at 30 June each year



## Small business delivery tips

*Businesses that fail to meet their customers' expectations for affordability and efficiency of delivery cannot remain competitive.*

If customers see that a competitor in your market can offer the same product with a more convenient delivery, your paying customer numbers will dwindle. You can adopt delivery strategies to make your supply chain a strong point and boost your customer satisfaction.

### Deciding on a courier

Quit waiting in line at the post office to send your parcels and take advantage of technology. MyPost Business will allow you to print postage labels and arrange for next day pickup for a small additional charge. Independent couriers may also be an option but make sure you research their reputation and average wait time before partnering with them.

### Meet your delivery date

Issue a clear delivery deadline and make sure you meet it for every order. Give your customer access to track the order for their piece of mind. You should also have a tracking system so you can recover the package or damages should it go missing in the delivery process.

If your package is not delivered on time, respond quickly, provide an apology or an explanation and

consider offering a credit or discount to minimise damage to your reputation.

### Setting free delivery

Increasingly e-commerce retailers are offering free delivery. Consider the following strategies to meet market expectations without your profit margins suffering significant losses:

- Charge for shipping in the price of the good or service
- Set a minimum spend to get free delivery
- Limit the locations for free delivery
- Give free shipping for membership sign ups

### Offer options

Delivery information must be clearly set out. You might charge for express delivery and assess how they would like to pick up their package. Disclose any risk the customer incurs, for example, if they want the package left at their front door, to cover your liability.

### State your return policy

A vague return policy can deter the customer from giving you their business. State your policy clearly and be upfront with any return charges that will be suffered. Consider whether a more lenient returns policy will be worth the costs of processing returns if it will secure you more customers.

## HYD Advisory

*HYD Advisory is for you if you wish to:*

- build wealth
- achieve financial freedom
- protect the assets you have generated - personally and in your business
- plan for long term business, financial and personal success
- legally minimise your tax

At HYD Advisory we work with you to encourage and support your success.

