

BUSINESS & PROFIT MATTERS

Strategies for managing your business



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**VEALE
ACCOUNTING GROUP**
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Mental Well-Being Tips For Employers To Take Into 2023

In 2023, bring mental well-being and health to the forefront of your organisation's culture to ensure your staff are at their most productive and supported.

Every dollar spent on evidence-informed interventions and training to improve mental health and well-being brings a return of up to \$14 in reduced absenteeism, increased productivity and reduction in compensation claims.

The cost of ignoring the problem is far greater than the cost of developing and implementing strategies to create a safe and healthy workplace. However, although organisations largely have the best intentions around mental health, they don't always have the practical skills to manage employee issues effectively.

While it is not easy to create fundamental cultural change, there are two key questions that your organisation can ask to support mental health awareness and employee well-being through training and take with them into 2023.

Who Needs Training To Handle These Concerns?

Identify the specific roles within your organisation that are associated with high-

stress levels and develop a succinct training curriculum tailored to those positions.

For example, most retail and fast food workers have experienced abuse from customers, but many customer-facing employees lack the training to manage abusive behaviour from public members, and support following such incidents is also often lacking.

Employees at risk of discrimination – such as those with disabilities or those from minority ethnic groups – also face barriers to work. Appropriate training could help workers practise better self-care and improve the way they interact with colleagues and customers who are at greater risk of discrimination.

What Do They Need To Know?

Implement a training curriculum that will help to normalise mental health issues and provide a safe space to talk about employee well-being initiatives. Getting everyone on the same page about these key issues is a good way to create a shared understanding of your organisation's goals and expectations and reduce the stigma around mental health.

Create a workforce that is resilient to workplace stress, boost staff morale, help establish an organisation as an employer of choice and ensure that more of your people are doing the best job they can do for more of the time in the coming year.

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What Do You Need To Know About The Industrial Relations Reforms?

In December 2022 the Fair Work Legislation Amendment (Secure Jobs, Better Pay) Bill 2022 (also known as the Industrial Relations Reforms) received Royal Assent and passed into law. This Bill targets closing the gender pay gap, expanding multi-employer bargaining and bringing in flexible rostering rights.

The bill included workplace reforms and agenda established at the Jobs and Skills Summit in late 2022.

The aim of these industrial relations reforms is to promote wage growth, particularly among working women who are disproportionately affected by wage disparities across many industry sectors.



MULTI-EMPLOYER BARGAINING

The Industrial Relations Reforms propose to expand the existing industrial relations by facilitating multi-employer bargaining. The reforms would make it easier for unions to negotiate pay deals that cover multiple similar businesses. Businesses with a current enterprise agreement in place are excluded. Small businesses with fewer than 20 employees are excluded, and there are hurdles in place for businesses with fewer than 50 employees.



FLEXIBLE WORKING ARRANGEMENTS

Employers will have a greater requirement to discuss a flexible working request with their employee and come to a genuine agreement, including consideration of alternative agreements. Employers can only refuse on reasonable business grounds.

Employees can apply to the Fair Work Commission (FWC) to resolve any dispute regarding a request for a flexible working arrangement. Flexible working arrangements requests are extended to pregnant employees and employees experiencing family and domestic violence.



PAY SECRECY CLAUSES ILLEGAL

Employers cannot issue employment contracts that include pay secrecy clauses. Any pay secrecy clause included in a new contract will have no effect and is a breach of the *Fair Work Act 2009* (the Act) which can result in civil penalties.

Employees have the right to share and discuss their remuneration information with co-workers and others and an

employer cannot take action against an employee for doing so. However, a pay secrecy clause in an existing contract will be preserved until the contract is varied in any way.



NEW LIMITATIONS ON FIXED-TERM CONTRACTS

Employers now have limitations on fixed-term contracts, including

- fixed-term contracts with a maximum of two years
- fixed-term contracts with options to renew or extend more than once, or
- consecutive fixed-term contracts extending the period for more than 2 years

There are exceptions to the limitations, including but not limited to types of fixed-term contracts for apprenticeships/traineeships, seasonal work, government-funded positions, and maternity backfill positions.



ANTI-DISCRIMINATION & SEXUAL HARASSMENT PROTECTIONS

Anti-discrimination protections have been extended to include breastfeeding, gender identity and intersex status.

The prohibition of sexual harassment further extends to workers, including contractors, subcontractors, work experience students, and volunteers. Employers can be vicariously liable for sexual harassment that occurred in connection to the workplace unless the employer can prove they took all reasonable steps to prevent such conduct.

New Year, New Challenges For Your Business To Handle

Achieving consistent, sustainable growth is likely to be a fundamental goal for your business, particularly in the new year. While expansion can lead to all sorts of exciting opportunities for your company and new experiences for your employees, it's important to be prepared for the challenges that could arise on the path to long-term success.

Hiring More Staff

While it may be tempting to keep costs down by maintaining your existing staff during periods of growth, it can place unfair demands on your existing staff. Expanding your workforce is a key part of scaling up your business, as it provides avenues for additional skills to be brought into the company. It does bring an increased risk of concerns involving HR issues, liabilities and potential payroll issues that need to be addressed through processes.

Inventory Management

The new year could bring in a glut of orders or it could be that your stock needs to recover after some of the busiest weeks of the year. Either way, a lack of stock could force some very costly last-minute decisions, ones that could lose you, valuable customers. Alternatively, overstocking can reduce your cash flow and tie up valuable working capital.

Connecting your real-time financial data with your real-time inventory data through an inventory management system can solve these issues, particularly during periods of increased or decreased demands. Plus, ensure that your supply chains will be able to meet the demands of your customers, particularly as you expand.

Maintaining Your Business's Culture

What makes your business appealing to the people that work there? Amidst the hustle and bustle of a business's growth, you may find yourself losing sight of what made your venture special to those that work with you.

Take the opportunity to engage with your workforce, find out their opinions on how everything is performing and give something back to those who have contributed to your achievements so far.

Revamp Your Customer's Experience

If you were going to take a page out of the books of major brands and businesses, take one about improving on customer experiences. For some, it's about taking on technological advances and putting them into place - for example, implementing website chatbots, personalised loyalty programs, floating checkout with mobile EFTPOS solutions, and more.

Consumers are increasingly beginning to expect the same from their local businesses. While it may seem costly, taking advantage of these new opportunities involving technology can bring about better transactional relationships.

Inclusive Marketing

Marketing in your business should be an element that is handled with care and quality. Many businesses underestimate their audience, assuming free stock photography will do the job — yet consumers have become increasingly perceptive. Inauthentic, staged photography is easy to spot.

67% of customers are more likely to purchase from a brand that uses quality imagery. However, selecting the right visuals comes down to more than just counting pixels. Avoid poor image choices, and elevate your brand's quality in the consumer's eyes by investing in high-quality images and diverse, inclusive shots that acknowledge modern society.



7 Accounting Resolutions For Your Business In 2023



01

WORK ON YOUR BUSINESS

Reestablish your goals for the business in the new year; what is it that you wish to achieve? In what sort of timeframe are you hoping to reach them? Keep yourself and your business partners accountable by setting out a strategic plan to take those goals into account and turn them into actionable processes throughout the year. You may also wish to work with your accountant or adviser on the strategies and actions required to achieve your goals.

02

REVIEW THE BOOKS

2023 should be about transparency and knowing what is going on in your business, particularly when it comes to financials. Strive to review the books regularly (weekly or fortnightly) to help manage your cash flow effectively. This review helps to monitor and evaluate weekly revenue earned and the expenses your business is incurring.

If an adverse issue arises, you'll discover it and have the opportunity to rectify it promptly. This can be done in conjunction with semi-regular advice from an accountant or adviser to ensure that your goals remain on track to be succeeded.

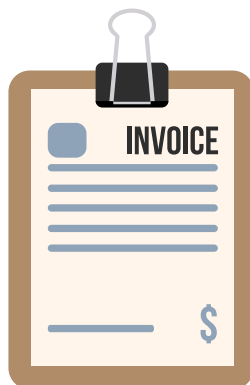


03

COLLECT UNPAID CUSTOMER INVOICES EFFICIENTLY

An unpaid invoice is like taking a bullet to your business's cash flow. But before collecting the money from a customer, you need to determine critical information about that invoice. This could include whether or not the invoice is correct (that it has the exact amount owed and the features of a professional invoice present), whether the due date has passed or if a prompt about payment is required.

Remain courteous but firm about the payment of the invoice when communicating with customers to increase your odds of collecting the cash for the invoice and retaining the customer.



04

PLAN FOR SIGNIFICANT BUSINESS EXPENSES

One moment, you may be celebrating gaining a high-profile client while witnessing the air conditioning in your office blow up in the next. During the course of 2023, unexpected business expenses are likely inevitable. Preparing for unforeseen costs now rather than later can prevent you from financial catastrophe when something goes wrong.





05

KEEP AN EYE ON THE PAYROLL

Unfortunately payroll is not one of those aspects of business that you can merely set and forget. If you are unaware of the payroll issues that could arise in your business, you could leave yourself liable to loss of income or significant monetary penalties. Some key items around payroll to be aware of include:

- **Paying out bonuses to staff** – your business is entitled to claim a tax deduction for the bonus expense in the year, so long as your business has committed to the liability. Practically, you must ensure staff bonuses are documented (in minutes of a director’s meeting or similar) and that the calculation method is fixed.
- **Paying employees electronically** – ensuring your bookkeeping software is up to date with electronic payment options to ensure seamless payments to employees and payments in relation to employee super, and ensuring you meet SuperStream requirements.
- **Ensuring you are classifying people correctly for payroll purposes** – the outcome of whether your people are classified as employees, independent contractors or consultants in your bookkeeping software is very important. By misclassifying someone, you may be losing money or incorrectly calculating their entitlements, which may lead to incurring further penalties. Wage theft is a serious matter, and you don’t want to open yourself up to that liability.
- **Ensuring you are paying superannuation on time** – at the end of each quarter, you have 28 days to ensure you have paid your employee’s superannuation to their super fund. This is important as if the payment is made on the 29th or 30th, unfortunately, you are unable to claim a tax deduction for the superannuation payments. Further, you must pay the superannuation guarantee charge (which is non-deductible) and lodge an SGC statement with the ATO.

06

USE APPROPRIATE BOOKKEEPING SOFTWARE

You cannot correctly review your numbers unless your numbers are up to date. As such, make this as easy as possible for you and your business. Consider using a cloud-based bookkeeping software such as Xero or other online bookkeeping products to which you, your bookkeeper and your accountant have access.



Migrate from paper, and move to a cloud-based bookkeeping system with an electronic filing system. This will allow you to update documents to your bookkeeping software to make allocating expenses easier, record GST appropriately and make them available to your accountant for year-end financial statement preparation purposes.

To ensure maximum efficiency, ask your accountant for feedback in relation to your bookkeeping and paperwork processes to ensure what you are doing is efficient and assists you in being able to create meaningful numbers.

07

SEEK PROFESSIONAL TAX PLANNING ADVICE

When it comes to your tax, they are ultimately your responsibility. However, a registered tax agent can be of great assistance in ensuring that your business’s taxes are filed correctly and that your tax matters are being handled appropriately.

Tax professionals like us can advise you about deductions and credits your company might qualify for. Our role is to stay informed about new tax laws and codes that may impact your business’s bottom line.



Keeping Your Business Afloat During An Economic Downturn

Sustaining your business during an economic downturn comes with financial and managerial pressures you may never have had to deal with before. Economic downturns generally occur in cycles. Monitoring your economic environment and that of your industry or sector, will help you to make plans and be prepared.

You'll likely experience an economic downturn more than once over the life of your business.

The following are four key measures you can implement to protect and maintain your business during an economic downturn.

MONITOR YOUR CASH FLOW

Diligently tracking your cash flow can help you assess your financial situation and prevent you from spending more than you can afford and going into debt. This can be achieved by:

- A cash flow statement, which tracks the money flowing in and out of your business. This is often used to plan for payment cycles or trends where additional cash is needed. It is a good idea to keep track of government regulations that may affect your cash flow further, e.g. tax and cash flow assistance schemes.
- A profit and loss statement, which lists your sales and expenses. This tells you how much profit you're making and how much you're losing to help you develop sales targets and pricing points for your products or services.
- Cash flow forecasting, which tells you if your business will be able to sustain itself on current cash flow estimates. This will help you avoid cash shortages by allowing you to track whether your spending is on target, plan for upcoming cash gaps, and develop budgets.

MANAGE YOUR DEBT

One way to effectively manage your debt is to keep a prioritised list of your creditors to avoid forgetting about payments and being penalised and fined.

Prioritisation can be done in order of due dates, debt size, or interest rates. If you struggle to meet your debt obligations, contact your creditors as soon as possible to discuss a repayment plan and avoid late fees.

To reduce future debts, negotiate expenses and payment plans with your suppliers, contractors and landlords to see if any reductions are available.

CREATE A BUSINESS CONTINUITY PLAN

A business continuity plan is designed to prepare your business for a crisis such as COVID-19 and continue to operate

afterwards. Business continuity plans typically include:

- A risk management plan that analyses the risks to your business and strategies that can be used to minimise their impacts.
- A business impact analysis that outlines the business' activities and strategies essential to its survival.
- An incident response plan containing the essential information you will need to respond immediately before and after a crisis (e.g. details of when to use the plan, communication plans, and a contact list).
- A recovery plan that outlines the steps needed to get your business running smoothly again after the crisis occurs.

NETWORK

Networking can help you understand how other businesses are dealing with the economic downturn, as well as act as a support system during difficult times. Actively sharing common problems and solutions will put things into perspective and may provide you with helpful management tips for your business. Networking may also lead you to new opportunities, customers, employees, business partners, and suppliers that other businesses have had positive experiences with, at minimal cost to you

The best time to monitor what is happening with the economy and plan for an economic downturn is when your business is not under financial pressure. This will help you to make clear decisions.

You can monitor the business cycle by

- Reviewing current business conditions and sentiments from the Australian Bureau of Statistics
- Contacting business support groups (e.g. Chambers of Commerce)
- Keeping up with business and economic news
- Speaking with your accountant and business mentors

Avoid Becoming Prey To Predatory Lenders

While Australia has numerous protections in place to protect against and prevent predatory lending, caution is still best exercised particularly for small businesses looking for financial assistance.

Unfortunately, small business owners are common targets for predatory lending. It can be difficult for small businesses to get loans, especially startups with no track record of success. When you cannot qualify for a loan from a mainstream bank, you're left with fewer options. Some places you might be tempted to turn for a loan could practice predatory lending, which is harmful to your growing business.






Predatory lending is any lending practice that imposes unfair or abusive loan terms on a borrower. It is also any practice that convinces a borrower to accept unfair terms through deceptive, coercive, exploitative or unscrupulous actions for a loan that a borrower doesn't need, doesn't want or can't afford.

By definition, predatory lending benefits the lender and ignores or hinders the borrower's ability to repay the debt. These lending tactics often exploit a borrower's lack of understanding about loans, terms or finances.

A predatory business loan imposes unfair and abusive loan terms on small business owners. To avoid these types of loans, you must understand their risks, what they look like, and who's most likely to fall victim to them.



RED FLAGS OF PREDATORY LOANS

-  Unclear pricing and terms
-  Aggressive or abusive broker practices
-  Pre-payment penalties
-  Approval is too easy
-  Abnormal payment structures
-  Short-term loans
-  Unwillingness to answer questions about the loan

One of the oldest bits of advice is still one of the best: if it sounds too good to be true, it probably is. It's also one of the most important things to keep in mind when it comes to deciding what kind of funding to get for your business and where to get it so that you don't fall prey to predatory lending practices.

While there is some dispute about what constitutes a predatory lending practice, many actions are often cited as such — including a failure to disclose information or false information, risk-based pricing and inflated charges and fees. There are other predatory practices such as loan packing, loan flipping, asset-based lending and reverse redlining.

To avoid becoming prey to a predatory lender, ensure that you consult with a trusted advisor such as your accountant or bookkeeper to determine whether or not the loan is 'too good to be true'.



Revenue Boosting Strategies For Your Business

If cash flow is the arteries of the business, revenue is the lifeblood that sustains it. Methods of revenue generation are constantly discussed, analysed and looked into.

There are four critical strategies to revenue management and generations that should be looked into during these periods of analysis.



INCREASING THE NUMBER OF CUSTOMERS

Trying to attract more customers? You might be doing so through promotions, discounts, special offers, or even cold-marketing to your prospects. The aim of this is to increase the number of transactions that could occur by bringing in new or pre-existing prospects to purchase your products.



INCREASING THE FREQUENCY OF TRANSACTIONS PER CUSTOMER

Encouraging your customers to purchase or use your services more often is the crux of this method. The premise is that if they visit your business to purchase something more frequently, your revenue should increase (assuming that the average transaction size stays the same).



INCREASING AVERAGE TRANSACTION SIZE

This revenue generation strategy is about trying to entice your customers to purchase more (and typically done through a process known as upselling). When a customer purchases a product or service, you can offer them additional products or services that might be seen as a natural progression or something that they might be interested in. The more of these items that the customer purchases, the more they spend and the more you collect in revenue.



RAISING YOUR PRICES

While this may seem scary, it's one of the easiest ways to increase revenue (but also one of the riskiest). Assuming your volume, average transaction size, and frequency stays the same, raising your prices should bring in more revenue for the same amount of effort. Raising the prices of your products/services should be carefully considered though prior, as a price spike that's deemed too high could lead to your business losing out on revenue instead.

