

BUSINESS & PROFIT MATTERS

Strategies for managing your business



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Refresh Your Succession Plan For Your Business

Succession planning is a critical component of organisational sustainability and growth. It is a deliberate and systematic process that identifies and develops individuals within a company to fill key roles as they become vacant due to retirements, promotions, or unforeseen circumstances.

By effectively managing the transition of leadership, organisations can ensure continuity, maintain institutional knowledge, and foster a culture of growth and development. One of the primary benefits of succession planning is the ability to identify and groom talent from within the organisation.

This approach allows businesses to tap into the potential of their existing workforce, recognising individuals with the skills, knowledge, and leadership qualities necessary to step into key roles. By investing in the development

of internal talent, companies can reduce the time and cost associated with external recruitment while promoting a sense of loyalty and commitment among employees.

Strategic succession planning is particularly crucial in industries where specialised skills and knowledge are paramount. Planning for the inevitable changes in leadership ensures that organisations don't face a vacuum in critical positions, maintaining operational stability and preventing disruptions in service delivery.

Moreover, succession planning contributes to a smoother transition process. When a well-prepared successor steps into a leadership role, they have already undergone training and mentorship to understand the intricacies of their new responsibilities. This minimises the learning curve, allowing for a seamless transition and reducing the likelihood of performance gaps. *(cont. p2)*



OPES ACCOUNTING GROUP
ACCOUNTANTS & ADVISERS

OPES ACCOUNTING GROUP



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Level 4 148
Glenferrie Road,
Malvern Victoria
3144

PO Box 225
Malvern Victoria
3144

TEL 03 9112 8460

EMAIL
info@opesaccounting.com.au

WEBSITE
www.opesaccountinggroup.com.au

DIRECTOR
Mario Vinaccia
ACA

ASSOCIATE
Georgia Kinigopoulos
BBus

Accounting & Taxation
Strategic Tax Planning
Asset Protection Advice
Superannuation Service and Fund
Establishment
Business Management & Consulting
Corporate Secretarial & Advisory
Services

Succession planning is not solely about identifying future leaders; it is also about creating a culture of continuous learning and development. Employees who see clear paths for career progression within an organisation are more likely to be engaged, motivated, and committed to their roles. This, in turn, fosters a positive work environment and enhances overall employee retention.

KEY POINTS TO CONSIDER FOR SUCCESSFUL SUCCESSION PLANNING

IDENTIFY AND DEVELOP TALENT

- Recognise individuals with potential for leadership roles.
- Provide training and development opportunities for key talents.

REGULATORY COMPLIANCE

- Stay informed about legal requirements for succession planning.
- Ensure compliance with employment laws and regulations.

CROSS-FUNCTIONAL TRAINING

- Provide opportunities for employees to gain skills in various departments.
- Foster a versatile skill set for potential successors.

DATA SECURITY AND PRIVACY

- Safeguard sensitive employee data during succession planning.
- Comply with data protection laws to maintain privacy.

EMPLOYEE RETENTION STRATEGIES

- Develop strategies to retain top talent.
- Offer competitive compensation and continuous learning opportunities.

INCORPORATE DIVERSITY AND INCLUSION

- Ensure diversity in succession planning to reflect a varied workforce.
- Foster an inclusive environment that promotes equal opportunities.

DIGITAL TRANSFORMATION

- Embrace technology for efficient talent management.
- Implement digital tools for succession planning processes.

CLEAR SUCCESSION OBJECTIVES

- Define clear and measurable succession goals aligned with business strategy.
- Establish a roadmap for identifying and promoting talent.

LEADERSHIP DEVELOPMENT PROGRAMS

- Implement structured leadership development programs.
- Offer mentorship and coaching to nurture future leaders.

SUCCESSION PLANNING COMMUNICATION

- Clearly communicate succession plans to employees.
- Address concerns and promote transparency throughout the process.

RISK MITIGATION

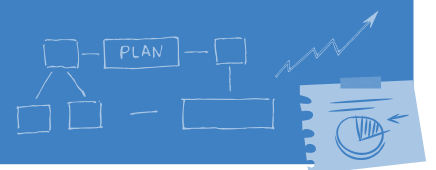
- Identify and mitigate potential risks in the succession process.
- Plan for unexpected events to ensure business continuity.

COMMUNICATION AND TRANSPARENCY

- Clearly communicate the succession plan to employees.
- Foster an open and transparent dialogue about career development.

Effective succession planning is a proactive strategy that ensures businesses of any size are well-prepared for the inevitable changes in leadership.

By identifying and developing talent from within, companies can build a robust pipeline of future leaders, reduce recruitment costs, and create a workplace culture that values growth and development. As the business landscape continues to evolve, investing in succession planning remains a key element in securing the long-term success and resilience of any organisation.



CONDUCT REGULAR REVIEWS AND ADAPT

- Continuously review and update succession plans.
- Adapt strategies based on changing business needs and market dynamics.

FLEXIBILITY AND ADAPTABILITY

- Be adaptable to changes in leadership needs.
- Flexibility in succession planning ensures responsiveness to unforeseen challenges.

What Challenges Lie Ahead For Businesses In 2024

Approaching the new year, businesses are getting ready for the challenges and opportunities in 2024. The world is always changing, so businesses need to be smart and flexible to grow and stay strong. Here are some important things for businesses to think about:



FINDING AND RETAINING GOOD EMPLOYEES

It's hard to get good employees, so businesses need to think about how they hire and keep them. Offering good pay is not enough; they also need to give chances to learn new things and make the workplace a happy one.



USING TECHNOLOGY BETTER

The world is changing fast because of technology. Businesses must use technology to stay in the game. This means checking what technology they already have, buying new and better things, and making work easier.



WORKING FROM ANYWHERE

Because of the pandemic, how we work has changed. Some people work from home, and this will keep happening. Businesses need to make sure people can work well from anywhere. They can do this by using good tools and making sure everyone feels part of the team.



BEING ENVIRONMENTALLY FRIENDLY AND HELPING OTHERS:

People care more and more about the environment and helping others. Businesses should do things that are good for the Earth, like using less energy, and they should help their community. This also makes people like the business more.



MAKING SURE THE BUSINESS WON'T STOP

Sometimes things happen around the world that can stop a business from working. To avoid this, businesses need to be smart about how they get things and use technology. This helps them keep going even when things are not normal.



PROTECTING AGAINST COMPUTER PROBLEMS

More and more, bad people use computers to do harm. Businesses must protect themselves from these bad things. They can do this by using good computer protection and making sure everyone who works there knows how to be safe.



MAKING CUSTOMERS HAPPY

Customers are the most important for a business. To keep them happy, businesses need to listen to what they want and make things that they like.

As we step into 2024, it's crucial for businesses to be proactive and prepared. Key factors such as leveraging technology, adopting eco-friendly practices, and ensuring operational continuity play a pivotal role. Being adaptable to changes and prioritising customer satisfaction should be at the forefront of business strategies. This approach will not only position them well for success in the upcoming year but also foster a resilient and thriving business environment.



Change Is On The Horizon: Privacy, Personal Information & Organisations

Change is on the horizon for businesses and their approaches to privacy, with the Australian Federal Government responding to the Privacy Act Review Report on September 28, 2023.

38 out of the 116 proposals for improvement made in the report have been endorsed, signalling a commitment to increased privacy protections, transparency, and control of personal information.

WHAT DOES THIS MEAN?

As part of the response to the large-scale data breaches that occurred in 2022, the Privacy Act review proposed significant changes. These include introducing a positive obligation for fair and reasonable personal information handling, enhancing the powers of the Office of the Australian Information Commissioner (OAIC), and removing certain exemptions to provide greater privacy protection for individuals.

The proposed changes aim to strengthen the protection and fairness of personal information handling by organisations.

While the legislation to implement these changes is yet to be drafted, businesses can proactively prepare for the impending alterations, potentially minimising costs and disruptions when the new legislation takes effect.

THE REFORMS

The government has agreed upon key reforms, encompassing various aspects of privacy regulations. These reforms aim to address critical areas, ensuring robust protection of personal information and enhancing accountability.

Agreed-upon Reforms:

Security and Destruction of Personal Information:

- Strengthening existing security and data destruction obligations, specifying that “reasonable steps” include both technical and organizational measures.
- The OAIC will provide additional guidance on reasonable steps, drawing on technical advice from the Australian Cyber Security Centre.

Automated Decision-Making:

- Privacy policies will be required to outline the types of personal information used in substantially automated decisions with a significant impact on individuals’ rights.

Children’s Privacy:

- Introduction of a Children’s Online Privacy Code applicable to online services likely to be accessed by children.
- Defining ‘child’ in the Privacy Act as an individual who has not reached 18 years of age.

Enforcement:

- Introduction of tiers of civil penalty provisions, including mid-tier provisions for interferences with privacy lacking a “serious”

element and low-level provisions for administrative breaches.

- Courts will have expanded powers to issue appropriate orders following the establishment of a civil penalty provision related to interference with privacy.
- The Commissioner gains authority to issue declarations requiring entities to identify, mitigate, and redress actual or foreseeable losses suffered by individuals.
- Granting additional powers to the Information Commissioner for investigations, including the ability to conduct public inquiries and reviews on approval or direction by the Attorney-General.

APP Codes:

- Empowering the Commissioner to establish APP Codes for specific industries where an appropriate industry representative is unlikely to develop the code.
 - » An APP code is a written code of practice about information privacy.

These reforms collectively represent a comprehensive effort to adapt privacy regulations to the evolving landscape, aiming to enhance the protection of personal information and uphold accountability principles in the digital era.

The government has tentatively agreed to key reforms ‘in-principle’, that necessitate further consideration. These include:

Removing the Small Business Exemption:

- The potential removal of the small business exemption is under consideration.

Extending Privacy Protections to Private Sector Employees:

- Expanding privacy protections to encompass private sector employees is on the agenda for further examination.

Amending the Definition of Consent:

- The definition of consent is slated for adjustment, specifying that it must be voluntary, informed, current, specific, and unambiguous.

Ensuring Fair and Reasonable Handling of Personal Information:

- Another aspect under scrutiny is the requirement that the collection, use, and disclosure of personal information must be fair and reasonable, irrespective of whether consent has been obtained.

WHAT DO YOU NEED TO DO?

To prepare for the upcoming changes, businesses should familiarise themselves with the 38 proposals endorsed by the government, which will be prioritised for drafting and implementation. This serves as the foundation for future privacy regulations.

Crucially, reviewing existing privacy policies and procedures is

necessary, identifying areas that may need updating to ensure compliance with the proposed changes. This involves assessing current practices such as data collection, storage, access, consent mechanisms, and breach response protocols.

Equally important is ensuring that employees handling personal information are privacy-aware. As changes are introduced into draft legislation, specific obligation training can be provided to keep the workforce informed.

As a final risk mitigation step, businesses should conduct a data audit and establish or refresh a data retention regime. Given the occurrence of data breaches, organisations need to minimise the data they hold and how long they hold it.

By taking these proactive steps, businesses can successfully navigate the evolving privacy regulations, not only avoiding potential legal issues but also building trust and confidence with customers by demonstrating a commitment to responsible data-handling practices.

Tackling Burnout In The New Year

The spectre of employee burnout can still haunt businesses at the start of the calendar year.

Burnout, characterised by chronic physical and emotional exhaustion, often results from prolonged periods of stress and unrealistic work expectations.

While many may have enjoyed a holiday to restart and refresh their work outlook, others may be facing impending dread at what the new year will bring.

Recognising and addressing burnout is essential for fostering a healthy workplace culture. Employers must take a proactive and holistic approach to mitigate burnout and promote overall well-being.

To address this pervasive issue, organisations should consider implementing the following strategies:

OPEN COMMUNICATION CHANNELS

Encourage open dialogue between employees and management. Create an environment where individuals feel comfortable expressing their concerns about workload, deadlines, or any factors contributing to stress. Regular check-ins and feedback sessions can provide valuable insights into the well-being of the workforce.

FLEXIBLE WORK ARRANGEMENTS

Offering flexible work arrangements, such as remote work options or flexible schedules, can help employees strike a balance between professional and personal responsibilities. This flexibility empowers individuals to manage their workloads in a way that aligns with their unique needs and lifestyles.

CLARIFY ROLES AND EXPECTATIONS

Clearly define roles, responsibilities, and expectations to reduce ambiguity and prevent overload. Employees should have a clear understanding of their tasks, deadlines, and the support available to them. This clarity can contribute to a more manageable work environment.

PROMOTE A HEALTHY WORK-LIFE BALANCE

Encourage employees to prioritise self-care and maintain a healthy work-life balance. Implement policies that discourage excessive overtime and provide adequate time off. Fostering a culture that values personal time can prevent burnout and contribute to long-term employee satisfaction.

INVEST IN EMPLOYEE DEVELOPMENT

Support professional growth and skill development. When employees feel that their career progression is actively nurtured, they are more likely to be engaged and less susceptible to burnout. Training programs and opportunities for advancement contribute to a sense of fulfilment and purpose.

WELLNESS PROGRAMS

Implement comprehensive wellness programs that address physical, mental, and emotional well-being. These programs may include fitness initiatives, mental health resources, and stress management workshops. Creating a supportive ecosystem for well-being promotes resilience against burnout.

RECOGNITION AND APPRECIATION

Regularly recognise and appreciate employees for their efforts and achievements. Feeling valued and acknowledged boosts morale and helps create a positive work environment. Simple gestures of appreciation can go a long way in preventing feelings of burnout.

ENCOURAGE BREAKS AND REST

Promote a culture that values breaks and encourages employees to step away from their workstations. Short breaks, whether for a walk or mindfulness exercises, can significantly contribute to mental refreshment and prevent burnout.

Addressing burnout requires a comprehensive and multifaceted approach. By fostering open communication, providing flexibility, clarifying expectations, and promoting employee well-being, organisations can create a work environment that not only prevents burnout but also enhances overall job satisfaction and productivity.

Prioritising the mental and emotional health of the workforce is an investment in the long-term success and sustainability of any organisation.



Landmark ATO Ruling For Employee Classifications

The Australian Taxation Office (ATO) has recently provided new guidance that redefines how it identifies employees and underscores the importance of written agreements to avoid PAYG or superannuation audits. This development follows two significant High Court rulings last year (FMMEU v Personnel Contracting and ZG v Jamsek).

This updated guidance from the ATO signifies a departure from the previous “multi-factorial” analysis of parties’ conduct when determining worker classification.

The ATO now aligns its approach with the High Court rulings, providing greater certainty in the classification process.

The ATO’s ruling and practical compliance guideline highlight the crucial role of written agreements that comprehensively outline how tasks are performed. Courts and tribunals will now primarily rely on the terms of the written agreement, departing from an emphasis on the conduct or behaviour of the parties unless the written agreement contradicts their actual practices.

Determining worker classification as employees or

contractors comes with various tax obligations for employers, including salary withholding under the PAYG system, payment of FBT on benefits, and making superannuation payments.

The ATO’s guidance, outlined in TR 2023/4, emphasises that assessing whether a worker is an employee is a factual question based on the parties’ relationship, legal rights, and obligations.

Legal rights and obligations should be interpreted based on the employment contract, following established contractual interpretation principles.

The ATO’s risk assessment framework, detailed in PCG 2023/2, categorises arrangements into very low, low, medium, and high-risk zones.

Criterion	Very low	Low	Medium	High
1	There is evidence that both parties intended for the worker to be classified in the same way, either as an employee or as an independent contractor	There is evidence that both parties intended for the worker to be classified in the same way, either as an employee or as an independent contractor	There is evidence that both parties intended for the worker to be classified in the same way, either as an employee or as an independent contractor	Any arrangements that do not fall within the other 3 risk zones
2	There is a comprehensive written agreement that governs the entire relationship between the parties	There is a comprehensive written agreement that governs the entire relationship between the parties	Not applicable	Any arrangements that do not fall within the other 3 risk zones
3	There is evidence to show that both parties understood what the worker's classification meant, and what the tax and superannuation consequences of that classification would be	Not applicable	Not applicable	Any arrangements that do not fall within the other 3 risk zones

Criterion	Very low	Low	Medium	High
4	The performance of the arrangement has not significantly deviated from the contractual rights and obligations agreed to by the parties	The performance of the arrangement has not significantly deviated from the contractual rights and obligations agreed to by the parties	The performance of the arrangement has not significantly deviated from the contractual rights and obligations agreed to by the parties	Any arrangements that do not fall within the other 3 risk zones
5	The party relying on this Guideline is meeting the correct tax and superannuation obligations that arise for their intended classification, and reporting appropriately	The party relying on this Guideline is meeting the correct tax and superannuation obligations that arise for their intended classification, and reporting appropriately	The party relying on this Guideline is meeting the correct tax and superannuation obligations that arise for their intended classification, and reporting appropriately	Any arrangements that do not fall within the other 3 risk zones
6	The party relying on this Guideline obtained specific advice confirming the classification was correct	The party relying on this Guideline obtained specific advice confirming the classification was correct	Not applicable	Any arrangements that do not fall within the other 3 risk zones
7	An engaging business relying on this Guideline also obtained specific advice confirming the application of the extended meaning of employee under the SGAA, and communicated this outcome to the worker	Not applicable	Not applicable	Any arrangements that do not fall within the other 3 risk zones

Factors such as the existence of a comprehensive written agreement and the consistency of parties' conduct with the agreement are crucial in determining risk classification. A comprehensive, signed agreement reflecting how work is performed is highlighted as a key mitigating factor against the risk of an ATO audit.

PCG 2023/2 clarifies the ATO's approach to investigations and audits, incorporating an updated risk assessment framework. The ATO may initiate reviews into PAYG or superannuation obligations through proactive case selection or complaints from workers suspecting underpayment due to misclassification.

Businesses are strongly encouraged to assess their risk against the ATO's framework, ensuring comprehensive written agreements that align with actual practices to mitigate the risk of audits and investigations. Understanding the implications of the ATO's guidance is crucial for businesses aiming to ensure compliance with their employment classifications.



If you are uncertain about your employee classifications, speak with a trusted business adviser.

Freshen Up Your Marketing Strategy - 11 Ideas To Kick Start Your Year

As we step into the new year, now is the opportune moment to inject vitality into your business's marketing strategy. Adopting innovative and creative approaches can pave the way for growth, heightened customer engagement, and overall success in the months ahead. Here are some invigorating marketing ideas to kickstart your business's journey in the new year:

2 VIDEO MARKETING REINVENTED:



Elevate your video marketing efforts by exploring fresh formats like short-form videos, live streams, and interactive videos. Platforms such as TikTok, Instagram Reels, and YouTube Shorts provide opportunities to showcase your brand's personality and connect with a dynamic, younger audience.

3 PERSONALISED CUSTOMER EXPERIENCES:



Invest in personalised marketing strategies tailored to individual preferences. Leverage customer data to craft customized recommendations, personalized emails, and exclusive offers. A personal touch not only enhances customer loyalty but also enriches their experience with your brand.

1 INTERACTIVE CONTENT EXPERIENCES:



Captivate your audience with interactive content that transcends traditional static posts. Think about integrating quizzes, polls, and surveys into your social media and email campaigns. Interactive content not only grabs attention but also fosters active participation, leaving a lasting impression on your brand.

4 VIRTUAL EVENTS AND EXPERIENCES:



In the age of remote interactions, virtual events offer a unique chance to connect with your audience. Host webinars, virtual workshops, or online product launches. This not only broadens your reach but also delivers valuable content and experiences to your audience.

5 USER-GENERATED CONTENT CAMPAIGNS:



Motivate your customers to become brand advocates by launching user-generated content campaigns. Encourage them to share experiences, reviews, or creative uses of your products. This builds a sense of community and provides authentic content for your marketing efforts.

6 SUSTAINABILITY AND SOCIAL RESPONSIBILITY:



Consumers are drawn to businesses prioritizing sustainability and social responsibility. Showcase your eco-friendly practices, ethical sourcing, or community initiatives in your marketing campaigns. This not only attracts socially conscious customers but also strengthens your brand image.

7 PODCASTING FOR BRAND AUTHORITY:



Start a podcast to establish your brand as an industry authority. Share insights, industry trends, and interviews with thought leaders. Podcasts provide a valuable platform to connect with your audience on a deeper level and showcase your expertise.

8 INCLUSIVE MARKETING



Ensure your marketing campaigns reflect diversity and inclusivity. Represent a variety of voices and experiences in your visuals and messaging. Inclusive marketing not only resonates with a broader audience but also aligns with evolving societal values.

9 COLLABORATIVE MARKETING PARTNERSHIPS



Explore partnerships with other businesses or influencers aligned with your brand. Collaborative campaigns can expand your reach, introduce your brand to new audiences, and create mutually beneficial relationships.

10 CHATBOTS AND AI INTEGRATION



Enhance customer support and engagement by integrating chatbots and artificial intelligence into your website and messaging platforms. Automation provides instant responses, streamlines customer interactions, and improves overall user experience.

11 LIMITED-TIME EXCLUSIVES



Create a sense of urgency and excitement by offering limited-time exclusive promotions or products. This can drive immediate interest, boost sales, and generate buzz around your brand.

Incorporating these fresh marketing ideas into your strategy can set the stage for a successful and dynamic new year. Stay agile, be willing to experiment, and connect with your audience in meaningful ways to ensure your business thrives in the evolving landscape.