

biz tips  
**2011**

# bizology *n* the freedom you need to take care of business

## **We can support your business success.**

While every bizology client is at a different stage of the business 'life cycle', they have one thing in common - something needs to change. Our clients regularly confide that they know what needs to be done, but simply do not have the time, resources and sometimes expertise to make it happen.

## **Helping business owners stay focused is what we do.**

Our unique constancy offers a diverse range of services, including practice management, project management, change management, financial management and more. With a focus on practical outcomes, we work closely with you to achieve your business goals and **make it happen.**

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JANUARY 2011

## Sound Cashflow Management

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*Have you done your cashflow plan for 2011 yet? Managing cashflow is vital for business survival  
More ...*

Sound cashflow management is the key to business success and failure. Simply put, managing cashflow means controlling and understanding the timing of inflows and outflows.

Our 'Top Tips' for managing your cash include;

- Profit and Cash are different. Many profitable businesses have failed due to running out of cash. Income earned and expenses determine profit, whereas cash receipts and cash disbursements determine cash flow. Profit pays back long term debt and provides for growth or dividends. Cashflow pays for the day to day.
- Manage Your Debtors. This means your business must negotiate payment points and trading terms with your customers, then invoice promptly and focus on debtors on a weekly basis so you get paid.
- Know your Expenses and Liabilities. Managing expenses means you will meet payroll, business loans and compliance payments and then review how you pay your expenses to both regular and infrequent suppliers, credit cards etc. This includes other payments such as payroll tax, superannuation, PAYGW tax and BAS payments.
- Prepare a Cashflow Forecast. Your business should have a forward projected cashplan for a quarter, the whole year and even a few years out that closely matches your business plan. Prepare three scenarios - best case, most likely and worst case.
- Implement a Cashflow Process. Depending on your business, this might be daily, weekly or monthly. The process will capture your current cash balance, immediate inflows and outflows, and then both real and projected over at least six to twelve months so you can adjust and respond to cash critical points.

Put your cashflow process in place today!

FEBRUARY 2011

## Sales & Marketing Plans

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*"I don't have time for a formal sales and marketing plan!" In February, it's vital to make the time for planning. It might be the most important task you do all month. More ...*

Here at Bizology we strongly recommend that you have a formalised and achievable sales and marketing plan that is integrated into your business operations - and we also believe it is useful to work with a trusted professional to create this plan. If you are daunted about where to start, here are a few tips.

- Set your customer/client charter.
  - What business are you really in?
  - What is your point of difference?
  - How are you and your products or services genuine, inspiring or attractive to customers/clients?
- How do you obtain customers/clients? Sales and/or repeat business, your branding, your profile, advertising, local regional presence, networking referrals, etc. Write some dot points under each heading, detailing what works and what doesn't and how you know this.
- Referrals are so important. Ask for referrals from your customers/clients and do the same for them whenever you can, appropriately and with integrity, of course.
- Your team can be an excellent source of ideas and innovation for sales and marketing for your business. Ask for feedback and input regularly.
- Consider and be prepared to manage online opportunities if they are relevant to your business. An excellent website is essential, as is a regular e-newsletter that keeps you in touch with your customers/clients. Social media such as blogging, facebook and twitter have become main stream marketing activities for many businesses. Don't leave it too late to get on board.

Whatever you do, design sales and marketing activities that become fully integrated into your business model and that you can action on a weekly if not daily basis. Working 'on' the business, not just 'in' the business, is crucial to your success.

MARCH 2011

## Multiple generations in the workforce

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*A multigenerational workforce is now a workplace norm and can create significant challenges. But have you considered the benefits it brings? More ...*

There has been much discussion recently regarding the challenges of multiple generations in the workforce. While differing expectations and ethics amongst employees may result in potential conflicts, there are also great opportunities and benefits.

Now that people are working longer, some workplaces may have four generations, commonly labelled as Traditionalists (born 1922-1945), Baby Boomers (born 1946-1964), Generation X (born 1965-1980) and Generation Y (born 1981-2000).

Differences in priorities, outlooks and work approaches between generations mean that it is dangerous to generalise or treat every employee the same. Just like ethnic and gender differences, this is a diversity issue.

To successfully manage a multigenerational workforce, you need to cultivate a team and business culture of adaptability, innovation and diversity, ensuring that the variety of outlooks and attitudes are seen as positive and as such, are more readily understood or accommodated. Leadership and communication with your team is just as important as with service and product delivery and financial results.

Different perceptions of work ethics and work-life balance requirements can result in significant challenges. Traditionalists and Baby Boomers appear to place a stronger emphasis on work and less on work/life balance than Generations X and Y, who may be more confident about job mobility and view work as only one part of life. Younger generations are also more likely than ever to still be living with their parents, which may well affect their work attitudes and patterns.

Some of the advantages of a multigenerational workforce include;

**Mentoring opportunities** - Traditionalists usually have a wealth of experience and knowledge to offer and will make good mentors for younger employees. However, Traditionalists are also likely to need support with changing technology and workplaces, so the younger generations can 'mentor' them. Baby Boomers mostly have strong work ethics and can also be great mentors.

**Flexibility** - Some Baby Boomers will be working towards retirement and can become useful, flexible workers perhaps in part-time or seasonal roles. Others will value a 'gap year' – a period for travel or perhaps spending time with family, such as grandchildren. This generation often care for their children and aging parents, so workplace flexibility is highly valued.

## MARCH 2011 (CONT.)

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### 'Crossover' workplace policies

- Rewards programs set specifically for one generation will often be adopted and adapted by another generation. Some professional services firms offer their staff the opportunity to go to the gym three days a week for three months. If the target is achieved, the company will then pay their annual gym membership. Even though younger employees are often targeted for this policy, older workers are probably in greater need of this health incentive.
- Another 'crossover' policy is 'gap leave', where after two years, employees can leave for a year and be guaranteed a job upon their return. Once again this policy often targets younger workers who love to travel, but some companies have found Traditionalists and Baby Boomers take up this initiative and have a year off to spend time with their grandchildren, for instance. Gap years can give older workers an opportunity to extend their careers, a benefit both for them and the company.

Your greatest challenge is to recognise and harness the benefits of a multigenerational workforce. How will you make 'the generation gap' work for you?

APRIL 2011

## Paid Parental Leave Scheme

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*The Australian Government's Paid Parental Leave Scheme commenced 1 January 2011. How does this work for employers? [More](#)*

From 1 January 2011, the primary carer for a newborn or adopted child can claim paid parental leave for up to 18 weeks at the national minimum wage, which is currently \$589.40 a week before tax. This is taxable similar to salary and wages.

The Paid Parental Leave scheme will help employers retain valuable and skilled staff by encouraging them to stay connected with the workforce when they become parents, as well as enhance existing family friendly workplace conditions without the employer having to fund Parental Leave Pay.

Parental Leave Pay and the Baby Bonus cannot be paid for the same child. If an employee meets the eligibility requirements for both payments, they must choose which payment is the best financial decision for their family.

Employers must provide Parental Leave Pay to an eligible employee who meets the following criteria:

- has a child born or adopted as of 1 July 2011
- has worked for you for at least 12 months prior to the expected date of birth or adoption
- will be your employee for their Paid Parental Leave period
- an Australian-based employee, and
- is expected to receive at least eight weeks of Parental Leave Pay.

Full-time, part-time, casual, seasonal, contract and self-employed workers may be eligible.

You may need to register for Centrelink Business Online Services and then opt-in to provide Parental Leave Pay before your employee lodges their claim for the scheme. Your business must have an Australian Business Number to participate in the scheme.

The Family Assistance Office will provide Parental Leave Pay to an eligible parent who does not receive it from their employer.

The Scheme allows for more than one person to be entitled to claim the payment if the primary carer changes over time. For example, if one parent is the primary carer and returns to work after 10 weeks, the other parent could then become the carer and claim the final eight weeks' leave.

Other conditions and entitlements apply and also there is some impact on other family benefits.

For further information, visit the [Family Assistance Office website](#) or talk to Centrelink Business Services.

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All information or advice provided as part of this document is intended to be general in nature. You should not rely on it when making any decision.

MAY 2011

### Your recruitment checklist

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*Is your small business looking to recruit a new team member? You may have done this many times before, but here's a quick 'refresher course' on the key steps. More ...*

Whether you need to replace someone who is leaving your team or you have created a new role, there are several key steps to ensuring you employ and keep the best person for the team and the business, as well as complying with employment legislation.

Take a look at Bizology's general recruitment checklist.

1. Review the existing job description or prepare one especially for a new position. The job description needs to be clear and concise and include all job and person requirements, e.g. role and responsibilities, qualifications, skills and experience and personal attributes. Take your business culture into account when considering the personal qualities and values you may be seeking.
2. Review the salary package, bench mark against similar positions on offer and get advice if needed.
3. Prepare a concise job advertisement. This is useful even if you don't advertise as it can crystallise your thinking. Obtain feedback on this from colleagues and business advisers.
4. Determine and implement your recruitment strategy, using newspaper and /or online advertising, recruitment agencies, networking, referrals, etc. Consider if skills testing or psychometric testing is useful for your business. Set up an email address [recruitment@yourcompanyname.com.au](mailto:recruitment@yourcompanyname.com.au) to receive applications. It is courteous - and good for your image and brand - to reply to all applicants and notify unsuccessful applicants eventually.
5. Develop your shortlist against the job criteria. Recognise this is a subjective process. If something doesn't seem right, it probably isn't but always be open to opportunities. Make sure you understand discrimination legislation and don't exclude people based on age, marital status, race, or religion (among other factors).
6. Determine your interview strategy. Make sure someone else interviews with you, such as a business partner, colleague or external adviser or mentor. Set up predetermined questions according to the position requirements so you can assess applicants fairly and according to your need. Again, be sure you are very clear about what you can and cannot ask at your interview that might be considered discriminatory. Be relaxed and strive to help the applicant relax. Your business is on show here.
7. Make sure your preferred applicants can provide proof of right to work in Australia, as well as certified copies of relevant qualifications and certificates and proof of identity or police checks where necessary.

MAY 2011 (CONT.)

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8. It is absolutely essential to do 2-3 professional (not personal) reference checks. Prepare a list of questions relevant to the position. Make sure you ask how they know the applicant, validate work dates and their reasons for leaving.
9. Make a verbal offer to test the preferred applicant's enthusiasm and always follow up with a written offer and employment contract or agreement. Ensure the applicant knows it is not valid until returned signed.
10. Ensure you provide an employment pack of forms which meets all current employment and legislative requirements.
11. Plan the induction process. First impressions are so very important especially on the first day and week.

This checklist is a guide only. You should also obtain advice from a HR or legal specialist for your particular business sector or business needs.

Above all, be diligent, trust your judgement and seek assistance. Your team is your best business asset.

## JUNE 2011

### End of financial year tasks

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*It's Tax Time – is your business ready for 30 June? More ...*

Now is the time to talk to your accountant and/or financial planner about the important tasks for you and your business at this important time of year, such as:

- Ensure your financial paperwork and software are in order
- Be clear on your projected performance for the year and that you know your cash position and liabilities due before you consider additional expenditure
- Review your assets register and write off, sell or dispose of any obsolete, broken or lost items
- Find out if you can afford to buy some capital items before 30 June
- Write off any bad debts and make sure there is evidence of reasonable steps to recover the debt
- Pay any superannuation entitlements before 30 June to get the deduction this year
- Why not pay yourself and your team a bonus – you deserve it! Consider salary sacrifice to superannuation to maximise the benefit
- Make a tax-deductible charitable donation – help others whilst receiving the deduction.

Once 30 June is here, your business must undertake a year-end payroll reconciliation of payroll, PAYGW, superannuation, payroll tax and WorkCover. This will ensure you are ready to issue payment summaries to your employees by the required date of 14 July and especially before you can run your first payroll in July.

Remember that any Reportable Employer Super Contributions, typically salary sacrifice superannuation, must be captured adequately by your payroll system, so that those amounts appear on the new payment summaries.

Bizology is a MYOB Professional Partner and we can assist your business with its Year End processes. Why not [email us](#) now for more information.

JULY 2011

## Flood Levy

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*The Australian Government has announced a Flood levy on taxpayers taking affect from 1 July, 2011. Is your business ready? More ...*

Recent natural disasters throughout Australia have had an enormous impact not only on the community, but the economy in general. The Australian Government has committed to support the recovery of public infrastructure such as roads, bridges and schools and help communities return to 'business as usual'.

The Government has also announced a flood levy on taxpayers that will raise an additional \$1.7 billion towards the rebuilding process. This is a once off levy applying to individual taxable income only in the 2011-12 financial year. Here are some frequently asked questions about the flood levy.

### **Who pays the flood levy?**

Individual taxpayers will pay the flood levy. No levy is payable where someone has taxable income of \$50,000 or less and there are other exemptions. Taxpayers affected by a flood event in 2010-11, or by Cyclone Yasi or the Western Australia bushfires, and also meet certain criteria, will be exempt from paying the flood levy. The ATO will usually send a letter to an exempt taxpayer.

### **How much is it?**

A levy of 0.5 per cent will be applied on that part of an individual's taxable income between \$50,001 and \$100,000 and a levy of 1.0 per cent will be applied on that part of the taxpayer's taxable income above \$100,000.

For example, for someone who has a taxable income of \$65,000 the cost of the levy will be \$75 for the year or \$1.44 per week.

### **How is the flood levy paid?**

The flood levy is taken from regular pay in Pay As You Go (PAYG) instalments in the same way as the Medicare levy is paid.

Employees who are exempt from the levy can ask their employer to not have the levy withheld from their regular pay with other tax withheld. Alternatively, at the end of the year the ATO will assess taxpayers' tax liability, taking into account their exemption from the levy.

### **What does my business have to do?**

Businesses will not be required to pay the levy. The levy will be applied to individual taxpayers only.

However, businesses will need to apply a new withholding schedule to their employees to withhold levy payments. Most Payroll systems such as MYOB will apply this process automatically. Be sure you have loaded the latest tax tables in your software and that the tax codes applied have been changed for any employees holding exemption letters.

More information about the flood levy, questions and answers, a fact sheet and a calculator to assist affected taxpayers in obtaining an indicative estimate of their levy contribution, is available at [www.treasury.gov.au/floodrebuild](http://www.treasury.gov.au/floodrebuild)

Further information on flood relief support and assistance from the Australian Government can be found at [www.disasterassist.gov.au](http://www.disasterassist.gov.au)

AUGUST 2011

## Engaging a consultant

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*What should you look for in a service agreement with a consultant or contractor? More ...*

It is very common for small businesses to seek short term or project based assistance to complement and enhance the knowledge of a business owner.

It is very important to get the most from your 'spend' with a consultant/contractor, so you need to be very clear about what you need, as well as carrying out due diligence, reference checking and negotiation of fees. However, don't forget to formalise a contract of service or service agreement. Service providers such as consultants and contractors will usually present you with their standard terms and conditions but if not, you should at least put some basic points in place.

While we recommend you seek contractual legal advice on this matter, here are some Bizology tips to consider when confirming an agreement;

- Who are the contracting parties? It is likely to be a company or an individual/sole trader (make sure they have an ABN). It is important that the agreement makes clear that the consultant is not your employee; otherwise you may be liable for employment costs associated with their work.
- Outline the services or deliverables that you are engaging from the consultant. Be as specific as possible. Timelines may be important, milestones should be specific and you should have end dates and review dates.
- Ensure you have confidentiality clauses. These protect your confidential information and also the information of your customers. The clause should state that the consulting company is not to disclose any sensitive or proprietary information.
- Make sure an intellectual property (IP) clause is included to protect the know-how and IP of you as the client and that of the consulting party. Make sure it is clear who owns the work they may do for you and what rights you have when they are finished.
- Be clear about any conflicts of interest and have a notification process that must be followed if any potential or real conflicts of interest arise.
- Be sure about what kind of insurance you require. It is common to expect consulting companies to have public liability and professional indemnity insurance, depending on the services you are engaging and your industry.
- Be sure you have adequate termination clauses regarding the completion of the contract or if the contract just doesn't work out.
- Finally, ensure you include clauses about fees, reimbursement of expenses and GST.

Using consulting companies or professional services companies can be a rewarding and positive experience that will assist your business to succeed and grow. It's worth spending the time to develop a document that suits your business needs.

SEPTEMBER 2011

Inspirational Words

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*Every now and then, we need an inspirational quote to drive us forward. Here are a few of Bizology's favourites for your office pin board. More ...*

**Bizology's favourite inspirational quotes**

You can't turn a ship that is not moving.

**(Anonymous Bizology client)**

The greater danger for most of us is not that our aim is too high and we miss it, but that it is too low and we reach it.

**Michelangelo**

Success is often achieved by those who don't know that failure is inevitable.

**Coco Chanel**

Because things are the way they are, things will not stay the way they are.

**Bertold Brecht**

Don't match the stereotype. Be the new one.

**Nancy Clark**

Your mind will answer most questions if you learn to relax and wait for the answer.

**William S. Burroughs**

Do not wait for leaders; do it alone, person-to-person. Be faithful in small things because it is in them that your strength lies.

**Mother Teresa**

Business, more than any other occupation, is a continual dealing with the future; it is a continual calculation, an instinctive exercise in foresight.

**Henry R. Luce**

Nothing in life is to be feared. It is only to be understood.

**Marie Curie**

Profit in business comes from repeat customers, customers that boast about your project or service, and that bring friends with them.

**W. Edwards Deming**

Business is not just doing deals; business is having great products, doing great engineering, and providing tremendous service to customers. Finally, business is a cobweb of human relationships.

**H Ross Perot**

History never looks like history when you are living through it.

**John W Gardner**

Something which we think is impossible now, is not impossible in another decade.

**Constance Baker Motley**

Nothing in life is to be feared. It is only to be understood.

**Marie Curie**

OCTOBER 2011

## Work Health & Safety (WHS) laws

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*Is your business ready for the new Work, Health & Safety laws? More ...*

On 1 January 2012, each Australian state will implement nationally harmonised Work Health & Safety (WHS) laws and new model Act, Regulations and Priority Codes of Practice, when OH&S will officially become known as Work, Health and Safety (WHS).

But the name is not the only change. Other changes include;

- New definitions of responsible officers, workers, workplace and health and safety representatives
- Increases to breaches and penalties
- Specified training requirements and training record keeping
- Consultation processes are largely unchanged, but are mandatory
- Risk Management strategies must apply to all activities in the workplace.

One key change is that the current terminology of responsible officer will be replaced with a Person Conducting Business or Undertaking (PCBU). This broadens the definition to include officers, decision makers who affect a significant part of the business and those with financial influence, i.e. a CFO. Breaches and penalties have similarly been broadened.

The laws will apply to all people within the work environment such as employees, contractors, casuals, labour hire, apprentices, volunteers, work experience participants and visitors.

The major change is from 'employer and employment' to 'work and where work occurs'. A workplace is a place where work is carried out for business or an undertaking and includes any place where a worker goes, or is likely to be, while at work. This can include a vehicle, vessel, aircraft or other mobile structure.

Consultation means sharing work, health and safety information with workers and providing them with an opportunity to respond and contribute to work, health and safety issues that affect them. Consultation must occur even when the workplace doesn't have health and safety committees or representatives.

Businesses need to consider priority activities now and commence their risk management approach to the deadline of 1 January 2012. This means;

1. reviewing the WHS documentation available at Safe Work Australia or Safe Work SA
2. conducting a gap analysis of where your business is now and where you need to be
3. prioritising key activities into an action plan and consulting in the workplace and getting on with implementation.

A safe workplace is a benefit for everyone. The penalties for not having a safe workplace can be disastrous, not only in terms of injury, or also severe financial and other penalties, such as imprisonment. Don't allow your business to be complacent – start planning now.

[www.safework.sa.gov.au](http://www.safework.sa.gov.au)

[www.safeworkaustralia.gov.au](http://www.safeworkaustralia.gov.au)

NOVEMBER 2011

Risk management

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*How will your company's reputation fare in a crisis? Do you have a media plan? More...*

Sound business practice provides for risk management and disaster recovery planning that will protect your business and keep you operating effectively and profitably if something unforeseen happens.

But the 'crisis' might be public and in the media, especially social media, matters can move very rapidly. Do you have a plan that will protect your reputation, retain your customers and suppliers, reassure your employees and key stakeholders, whilst also retaining your business and your sanity?

In an address to a Family Business Australia breakfast in Adelaide recently, Chris Doudle of Corporate [conversation] offered the following essential points to develop a crisis checklist for dealing with the media;

- Have a plan already in place – once a crisis happens, planning is simply too late.
- Be ready with standard company information. Have a 'fact sheet' ready and up to date at all times.
- Make sure you have key contacts at your fingertips including key advisers and team members but also key customers and suppliers. That includes key mobiles as a crisis often doesn't choose office hours.
- Practice – obtain media training. Consider staging a mock crisis and be open to learning from this process.
- Engaging with the media on a regular basis will go a long way to smoothing communication in a crisis.
- Be accurate, truthful and open with the media and all parties. Never lie and aim to tell the whole story.
- Have your internal communications in place and determine who will be your key spokesperson. Also confirm how you will communicate with your team. Ensure those who answer the phone are well prepared and know how to deal with media inquiries.
- Don't go it alone – develop a relationship with a PR firm as a trusted adviser.

Bizology certainly supports the view that planning is the key to surviving any crisis or issue, big or small. Your unique business and its risks, size, scale and industry will determine your approach.

The key is to do the planning now. Once you are in crisis, things can get out of control very quickly. Your reputation could be ruined overnight.

Bizology can confidently recommend the professionalism and approach of Corporate [conversation]. Find out how they can help your business develop a crisis communication plan.

Visit [www.corporateconversation.com.au](http://www.corporateconversation.com.au)

DECEMBER 2011

### Fringe Benefits Tax (FBT) exemption

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*Tis the season to be thinking about 'Christmas Cheer' for staff. Here are our tips on how to let staff know they are valued this festive season - and be tax effective at the same time. More ...*

If your Christmas party or gifts can fit within a Fringe Benefits Tax (FBT) exemption, then it will be a happy Christmas experience for all!

The Australian Tax Office (ATO) has taken a flexible approach to the way in which the exemption is applied. This means that different benefits do not have to be added together when applying the 'less than \$300' threshold. For example, both a staff Christmas party and a staff gift may be exempt from FBT, even if they were provided at the same time, as long as each costs less than \$300.

Although the ATO has not provided specific guidelines, it does refer to 'infrequent', on 'special occasions' or 'moderate' value so businesses do need to take care.

To be classed as a deduction and not subject to FBT, a staff gift must not be entertainment, for example, tickets to a concert or a restaurant voucher.

Also, remember to give careful consideration to your Christmas party so that you know what is subject to FBT and what is not deductible. You need to consider factors such as where the function is held, who attends, what is provided, the cost involved and your income tax status as an employer.

Why not have a chat with your accountant now to ensure you gain the best value out of your staff investment this Christmas.

Bizology wishes you a happy and healthy festive season and a successful 2012.

**Deborah Floyd & Bob Hawkes**

Directors