

# Business Matters

STRATEGIES FOR MANAGING YOUR BUSINESS



**McLENNAN PARTNERS** PTY. LTD.  
CERTIFIED PRACTICING ACCOUNTANTS

## Women in business on the rise

In today's burgeoning small business market, the number of women running their own businesses is increasing rapidly. While this is great news for women the world over, the fight for equality still has not quite achieved its goal, at least not in the business world.

Studies have shown that, although the number of businesses owned and run by women continues to grow, the income of these businesses tends to be limited when compared with those run by men. Stereotypical views of the so-called fairer sex would have us believe that this is because most women are satisfied with running small businesses with no interest in growth, because of a tendency toward being risk averse and a lack of interest in increasing profitability. But is this really the case?

The fact is that 87% of female business owners polled in a recent survey said that their goal was to grow their businesses, but while they were more than willing to put the hard yards in themselves to achieve that growth, they were reluctant to hire on employees to share the workload and help their businesses grow quickly.

This reluctance to take on help is often a result of not being able to justify the expense of

hiring when they can achieve the same result by putting in the extra hours themselves. It can also be caused by an unwillingness to pass their responsibilities onto others, because of the belief that they need to do everything themselves, or a lack of confidence in their abilities to take charge of the working lives of other people.

There is only so much growth one person can achieve on their own, however, and while female business owners may be very successful flying solo, their aversion to sharing the burden of their business can stunt their personal and business progression. Whatever the cause, this negative attitude toward delegating responsibility to employees is unlikely to help women to expand their businesses or their finances past the \$500,000 year mark.

Whether it is a simple desire to keep up with the boys, or a more practical or personal reason, women in business who want to achieve significant growth in their businesses need to consider taking on the title of 'Boss' and delegating responsibility. In matters of business, two heads really are better than one, so just imagine how much more three or four extra heads could achieve.

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# Promoting a level playing field



**B**usinesses that are not currently complying with the laws regarding proper taxation and superannuation contributions are being targeted by the government, in a new effort to promote a fairer system for all employers and their staff.

In the last ten years, there has been an increase in the number of employers who are taking on staff as contractors, in order to avoid the costs that would be associated with having them on the payroll as employees.

As employees, members of staff would be entitled to benefits such as superannuation, sick leave and holiday leave, and their tax payments would be taken care of by their employers. By taking staff on as contractors, coercing them into applying for an Australian business number (ABN) that they are not eligible for, and enticing them with a seemingly higher rate of pay, employers are avoiding their pay as you go withholding and superannuation obligations.

This practice allows businesses to gain an unfair advantage over their competitors

by cutting their costs, often pushing businesses that are doing the right thing out of the marketplace because they can no longer contend financially. It also means that staff members being improperly treated as contractors are missing out on their entitlements, and are not protected by the laws governing the ethical treatment of employees.

Because it is unclear whether these employers are taking on contractors rather than employees intentionally to try and save themselves money, or if they genuinely believe that they are doing the right thing for their business, their staff and the government, the ATO is focusing on all businesses currently not meeting their tax and superannuation obligations.

The ATO is also investigating instances of legitimate contractors trading under false ABNs, in order to avoid paying taxes themselves, and the businesses that knowingly accept them, allowing them to continue this practice.

If your business encounters a contractor who provides a false ABN, it is necessary to report their operation. Speak to your accountant to make a complaint or to find out what steps need to be taken.

## Changes to the non-commercial loss rules

**C**hanges to the non-commercial loss rules, which were introduced in 2000, have now been put in place to restrict the practice of high-income earners deliberately carrying on unprofitable non-commercial business activity, in order to offset the loss against their income to reduce the amount of tax they pay each year.

Under the 2000 rules regarding non-commercial losses, individuals could only apply the rules to their losses if they met one of the four following requirements:

- the assessable income generated by their non-commercial business activity must total a minimum of \$20,000
- business activity must have produced a profit in three of the last five financial years
- the cost base value of real property or interests used to carry out the business activity on a continuing basis must be a minimum of \$500,000, or
- the reduced cost base value of any other assets used to carry out the business activity must be a minimum of \$100,000.

The original rules regarding non-commercial loss will still be applicable

to individuals with an annual adjustable income of less than \$250,000.

Adjustable income refers to:

- all taxable income earned within a financial year by the individual,
- any reportable fringe benefits accrued within that financial year,
- contributions to superannuation funds within that year, and
- total net investment losses for that year.

However, those earning in excess of this amount as adjustable income will no longer be able to benefit from the rules by running non-commercial businesses at a loss.

That is unless they are able to prove to the ATO that their business activity is likely to achieve a turnover greater than their deductions within a reasonable period, as decided by the taxation office.

These individuals will now also need to be able to prove that their failure to make a profit is due to the nature of their business, and not poor business decisions and practices, according to these recent changes in the rules.



# Making the most of a trade show

**T**rade shows are excellent opportunities for promoting your company's products or services, generating leads for future sales, networking with other vendors, and increasing your company's visibility, but what is the best way to make sure you make an impact?

To make sure you get the most out of your time and financial investment, it is best to carefully plan every detail of this important event. Here are some tips for before, during and after the trade show that can help increase the return on your investment.

## Before the Show

**Visibility of Staff:** Plan to provide employees who will work at your booth with outfits or accessories that clearly identify your company. Purchase company hats or polo shirts with your company logo or invest in some other distinctive item that will make your staff stand out and enhance recognition of your brand. Prepare nametags for your sales representatives with their first and last names, titles and your company's name.

**Marketing Materials:** Well before the date of the show, prepare marketing materials that explain your products or services and set out the benefits. Consider creating special promotional packages to give to those attendees who express high interest. Make sure all materials are professionally designed and communicate a consistent message. Proofread everything carefully before going to print.

If the show provides a list of pre-registered attendees, consider doing a pre-show mail out to invite them to your booth. Also, be sure to let all current customers know about your presence in the show. Giveaways such as pens, bags or magnets with your company's name and contact information will attract people to your exhibit and help them remember your company.

A draw that requires attendees to submit their business cards will give you leads in addition to those attendees who take time to talk to your sales representatives. Award prizes that relate to your company's products or services. If your company has a website, let people know that the winners will be posted there by a certain date, to encourage contestants to visit your website.

**Site Visit:** Visit the trade show site to confirm your position, the exhibit space and the proximity to other exhibitors. If



the floor is concrete, consider using floor platforms or coverings.

**Booth Preparations:** Do not leave your preparations until the last minute. Make sure your display will be striking and convey the image you want attendees to remember. It should clearly identify your business from across the floor and show off your product or service to its best advantage. Consider lighting enhancements, special demonstrations, computer terminals and other features that will attract people and deliver your message.

Consider having other employees or a professional display company set up your booth. If your sales representatives have to set up the display at 5 a.m., they will lack the energy and enthusiasm needed to make the most of the show.

**Staff Preparation:** Make sure your sales representatives are well prepared to answer attendees' questions and promote your products or services. Go over the goals and the key messages you want to convey. Make sure everyone reviews the marketing materials that will be handed out. Remind them that they should ask for business cards and write pertinent information on the back about appointments, specific interests and other matters discussed. Encourage them to arrive early, well groomed and well rested.

## During the Show

**Other Vendors:** Plan to visit other booths to gather ideas for promotions at future shows as well as assess the competition's displays and literature. Make sure you have sufficient staffing to allow you to roam at various times during the show. Carry business cards and brochures as you may meet potential customers on your travels.

**Enthusiasm and Focus:** To ensure sales representatives are enthusiastic and

focused throughout the show, schedule rotating breaks every two to three hours so everyone has a rest period. Have fresh fruit and other nourishing snacks and beverages available as alternatives to the fast food that is often the only food available at trade shows.

## After the Show

**Debriefing Meeting:** The show is over, the props are packed away and it is time to go home. Thank everyone for their efforts and arrange a debriefing meeting as soon as possible, within a day or two. Post-show efforts are important for ensuring you get the most out of your investment, and your staff's input and feedback will help you to improve your booth for next time.

**Telephone Calls:** Rank your prospects by sorting out the business cards on which your staff wrote comments and other information. These are the people who should be called first to confirm or set up meetings and to discuss their specific needs. Rank the remaining cards and schedule calls to these attendees to ask if they would like to have a meeting, additional information or an on-site demonstration.

Input or scan the information on the business cards you have collected to create a database and then send everyone a follow-up mailing.

**Maximising Your Investment:** Did the show meet your objectives? Did it attract customers that fit your profile? Was the location and timing right? Who were the other exhibitors and did your company fit the mix? Most important, what were the sales results of the leads it generated? Keep statistics of the sales made at the show and post-show as well as the total costs of your booth and staffing so you can assess whether participating in this particular trade show is a good investment in the future.

# Deadline for small business help

The deadline to apply for the deals instigated by the ATO on 1 June 2009, designed to help small businesses that are struggling with their tax payments in the current economy, is fast approaching. As of 30 June 2010, no new applicants will be considered.

Measures to help businesses with an annual turnover of less than \$2 million include a 12-month period of general interest charge (GIC) free payments, for businesses currently struggling with significant activity statement debt.

The ATO has also put a measure in place providing small businesses with an interest-free deferral period of up to two months on upcoming activity statements, to help ease short term financial difficulties.

These arrangements will provide small businesses who were hit hard by the economic downturn with the extra time needed to pay off their tax debts, without incurring additional interest fees.



For businesses currently facing bankruptcy or wind up proceedings, it could be of great benefit to take advantage of these deals in order to get struggling businesses back on their feet. However, for those businesses considering deferring upcoming payments, remember that a tax deferral will have to be recorded in the next financial statement, and could reflect negatively on your business in the eyes of prospective investors.

Careful consideration is required before taking this step, but if you do decide to apply, make sure you get your application in quick to avoid missing out.

## WEB WATCH

### ESSENTIAL SITES FOR BUSINESS OWNERS

#### [www.biztradeshows.com](http://www.biztradeshows.com)

If you're interested in attending a trade show that might do your business some good, this site provides a calendar of what shows are coming up and where they will be on.

#### [www.womeninbusiness.com.au](http://www.womeninbusiness.com.au)

##### Women in Business

This site is a good resource for practical advice, networking sites and useful blogs to help women in business maximise their potential for success.

## REMINDERS FOR YOUR DIARY

### MAY 2010

- 12 May 10 **Activity statements** - Quarter 3 (January - March 2010) activity statements: final date for electronic lodgment and payment. Refer to Lodge your activity statements online for information on your eligibility for this later due date.
- 21 May 10 **FBT return** - Due date for lodgment of 2010 FBT return and payment if required.
- 21 May 10 **Activity statements** - April 2010 monthly activity statements: final date for lodgment and payment.
- 28 May 10 **Superannuation** - Superannuation guarantee charge statement - quarterly (NAT 9599, PDF 136KB) (if required contributions were not made by the due date) for quarter 3 2009-10 (1 January - 31 March). The SGC is not tax deductible.

### JUNE 2010

- 21 Jun 10 **Activity statements** - May 2010 monthly activity statements: final date for lodgment and payment.
- 30 Jun 10 **End of financial year.**

## A great read

Crush It: Why Now is the Time to Cash in on Your Passion

Authors: Gary Vaynerchuk

HarperStudio, 2009

The social media revolution is upon us! With a massive percentage of advertising budgets for businesses throughout the world being diverted toward social media sites such as Facebook and Twitter, Gary Vaynerchuk's comprehensive guide to the world of online marketing helps entrepreneurs and small business owners make the most of the tools now available to them.

At 27, Vaynerchuk was a wine aficionado, business guru and social media trailblazer, as well as the youngest ever recipient of Marketwatch's American Business Award. Years later, he has used his knowledge of social media sites and other forms of online marketing to turn his family's small wine business into a US\$60 million a year industry.

He has made appearances on shows such as Ellen DeGeneres and Late Night with Conan O'Brien, and featured in the New York Times and Wall Street Journal, and now his bestselling book is teaching people around the globe how to turn their passions into businesses, and make a success of them.

Crush It! is an easy and entertaining read, with a great deal of value for anyone looking to start a new life in the business world. With the world economic market in its current state of disrepair and online marketing becoming easier and easier to use, this book is a worthwhile investment to help anyone interested in cashing in on their passion.

We are sometimes asked if we are able to help additional clients. We are a growing firm and do appreciate your referrals. We consider it a compliment when you recommend us to your friends and business contacts.