

SPRING 2021

BUSINESS MATTERS

Strategies for managing your business



IN THIS ISSUE:

- *Restructuring Your Business Due To COVID-19*
- *Insuring Your Business Against Time Theft*
- *E-Invoicing For Your Business*
- *Delivery As A Small Business During COVID-19*
- *And more...*



Leenane Templeton
chartered accountants + business advisors

Restructuring Your Business Due To COVID-19

There have been plenty of reasons that many businesses might be considering their options throughout these past 12 months, but business owners should be aware of the options that may be available to them before they may need to close their doors.

Across multiple sectors (retail, hospitality and commercial), there have been many demanding conditions that have plagued businesses over the past few years. COVID-19 has unfortunately resulted in reduced foot traffic, store closures, the accumulation of legacy creditors and significant deteriorations in working capital positions.

Businesses should be aware of all of the available restructuring options at their disposal before it is too late.

The idea of restructuring your business or reaching out for external help can appear scary and often seen as something to be avoided at all costs. However, business owners are not on their own when dealing with the difficult conditions facing them in their short-term future.

No one wants to see a business fail.

That's why there are always options available to businesses. However, the longer a company holds off on making a decision, the more the business and its available options will deteriorate.

If companies and businesses can act early enough, their options include informal arrangements and advice, voluntary administration, and new restructuring reforms for small businesses.

With the availability of these options and the right people involved, there is no reason why a financially distressed small business cannot survive the challenging times and thrive in the future. All companies experience some form of distress from

time to time and often at no fault of their own. The ones that survive focus on cash, seek appropriate advice from trusted advisors at the right time and act further on it.

There is a lot of flexibility and breathing space afforded in the voluntary administration process. The administrator can quickly reset the cost base by exiting unprofitable stores, reducing the workforce, and focusing on only buying and selling favourable margin products.

Even when a liquidation becomes necessary, the process can be reasonably quick, fair and transparent if run properly.

The secret is to overcome the general stigma accompanying restructures and approach restructuring experts early who will 'unemotionally' explain each available option and provide an impartial recommendation that aligns best with the individual circumstances.

When it comes to voluntary administration though, it's sometimes not appropriate for many small businesses (as a result of associated financial costs, and the hurdle that accompanies a director relinquishing control).

The government has responded to this critique and offered an alternative. This alternative comes at a perfect time as directors are, once again, exposed to personal liability for insolvent trading.

The new small business restructuring (SBR) reforms offer a lower cost and far simplified restructure process, critical for small businesses to continue to trade after government assistance such as JobKeeper ceased in March 2021. The reforms add an essential new path that will assist many retailers.

Though there have been only a handful of SBRs to date, and their effectiveness to save businesses is yet to be appropriately evaluated, it is an option to explore in the right circumstances.

LEENANE TEMPLETON



484 Hunter Street
PO Box 1805
Newcastle, NSW 2300

TEL (02) 4926 2300
FAX (02) 4926 2533

EMAIL
success@LT.com.au
WEBSITE
www.LT.com.au

DIRECTORS
Andrew Frith
ASSOCIATE DIRECTOR
Joel Griffiths

Taxation and Compliance
Management Accounts
Cash Flow and Profit
Benchmarking and KPI's
Financial Planning
Self Managed Super Funds

E-Invoicing For Your Business

Invoicing is an important element of operating a business. It's how the business receives payments. But if you are tired of having to chase invoices, correct errors and avoid email scams, and noticing an impact to your business's cash flow, you may want to consider switching to electronic invoicing (or e-invoicing).

E-invoicing is a digital-based method through which you can automatically create, exchange and process invoices. It removes the need for paper-based or PDF invoices that need to be printed, posted or emailed, and for buyers to manually enter or scan them into their software.

E-invoicing does not apply to business/consumer

transactions. Rather, its usage is between businesses, contractors and government bodies to facilitate a smoother process of invoicing. E-invoicing allows organisations to send and receive invoices electronically, directly into the organisation's accounting software. It eliminates the need for manual invoicing processes, both paper-based and emails with PDF attachments of invoices.

To digitally exchange invoices, a business's software must be connected to the Peppol network. The Peppol framework for e-invoicing is an international standard adopted by over 38 countries globally for more than a decade. Many small business accounting software providers are already using the software compatible with Peppol, which can make adopting e-invoicing for your business a lot easier.

You can start a conversation about e-invoicing and the benefits as a:

- business to your buyers or suppliers
- tax professional or book-keeper to your clients
- digital service provider to your users
- business adviser to your clients
- Industry representative.

With the digital transformation of business well underway, electronic invoicing is a step on the path towards opportunities and benefits for organisations beyond simply affecting efficiencies and cashflows. If e-invoicing is a step that you'd like to take for your

business, you will need to contact your software provider to determine:

- If you are digitally ready
- How and when they can help
- What you need to do
- If you need to update existing software or add an extra service.

If you have already discussed e-invoicing with your current software provider, you will want to ensure that you are prepared to adopt the practice of e-invoicing for your business. This may include:

- **Understanding how your business processes invoices currently**, which could include analysing the state of your invoicing system is, the method through which invoices are sent and received, who your top suppliers and buyers are and if you are currently using software and scanning tools to manage your accounts payable and receivable.
- **Learning how to implement e-invoicing**, such as speaking directly with software and e-invoicing service providers to learn what you need to be ready.
- **Planning how your business will ready itself for e-invoicing**, which could involve managing changes in business processes within your organisation, speaking with providers and discussing your options with us.

Is Your Business On The Brink?

It's proven that COVID-19 places a significant strain on businesses, be it a result of lost foot traffic, production or viability issues. Though the government and many advisors are involved in attempting to ensure that those businesses do not collapse, directors and business owners need to be proactive and engage with them early to have the best chance.

The optimal time to approach liquidators and advisors is as soon as possible. If a business comes to them when their financial situation has become insurmountable, often a liquidation/shutdown is the only option left. That is why the timing in asking for help can be key to preventing a complete shutdown.

As long as there is proper preparation and an effective plan that considers all stakeholders, any business should be able to restructure and continue to trade.

With proper preparation and an effective plan that considers all stakeholders, any business should be able to restructure and continue to trade. It's why you should ask yourself these questions if things have started becoming a bit more difficult, to prevent it from being too late to act upon them.

1. Am I currently losing money?
2. Am I finding it hard to pay bills on time?
3. Have I got old debts that I am finding hard to pay down?
4. Do I need some breathing space?
5. Do I have my 'head in the sand'?

Could Your Business Survive Without You?

If you want your business to thrive in your particular market on a long-term basis, you need to be certain that it can perform independently of any one individual - and that should include you.

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

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

Test Out Your Business's Independence

The best way to test how well your business will perform without you is to go on a holiday. Ensure you are unreachable during the entire period. This way you can come back and assess what went wrong or where the business's primary issues lie. As an example, you may find your staff are not comfortable calling the shots if they are used to being micromanaged. This is something that you can further address, either by adapting or (read on)

Build Strong Systems

Putting strong systems in place is the only way you can remove yourself from the daily operations involved in running your business. You must establish clear

requirements for all business activities, including how to manage your social media and content calendar through to the processes used for handling customer complaints. By having clear guidelines in place for every aspect of your business, you will no longer need to be there to save the day.

Become Replaceable (Don't Worry, That's A Good Thing!)

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

The Perks Of A Stable Customer Base

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

Using Technology To Build Efficiency In The Workplace.

One of the outcomes that business owners and staff alike want to achieve, is an efficient workplace. An efficient workplace not only saves on time and money but can also improve overall productivity and morale. With the challenges facing companies in today's business environment, technological innovation and adaptability are critical to ensuring efficiency and productivity does not suffer.

Technology can be a gamechanger when it comes to improving efficiency and productivity in the workplace, by streamlining and automating processes that may have otherwise been congesting the workflow.

One of the trickiest things to realise and prepare for is that not every workplace is the same, and thus, not every idea that uses technology will be useful. However, by approaching technological transformation with an adaptive and open mindset, you might be able to take advantage of their benefits for your business.

Group Chats Don't Have To Just Be For

Personal Use

Your business might currently be operating remotely, or it could be still running from your workplace. Whatever the case, having a group chat on a communication medium can lead to further communicative channels to promote discussion, transparency and greater information sharing. Group messaging and group chat technology can improve communication efficiency and employee productivity considerably. These tools minimise the email back and forth among employees, and the classic "I didn't see that email".

Automatic Time Tracking To Increase Workplace Productivity

If your employees or colleagues are still using time cards to clock in and timesheets to manually log in their hours, then you're missing out on the many productivity benefits of using automated time tracking. This allows you to account for hours, save on audits and gain insight into how your workforce is allocating and spending its time.

Eliminate The Need For Manual File Sharing

Using a remote file-sharing tool can assist

not only your employees physically in the workplace but those who are currently working away from the office. Sharing files is one of the most basic tasks employees do every day. Yet it's also one of the most common workplace productivity killers. Take advantage of the software and online storage options that might be available to your business.

Make Your Workplace Conducive To Remote Working

As a result of COVID-19, many workplaces have been able to experience the joys of working remotely, with many considering it an option in returning to work to promote their flexibility. Even if you have yet to test a work-from-home setting with your team, remote working can still be an option to consider to promote employee satisfaction with their jobs. This can lead them to be more than willing to be productive and help your business grow.

Enabling technology to become a part of your workplace in a cohesive manner will enable you to move forward as a hybridised business that is focused on ensuring maximum efficiency.

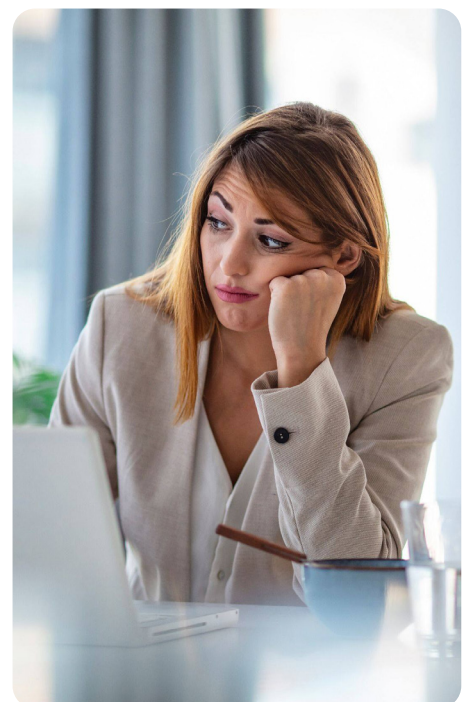
Insuring Your Business Against Time Theft

Every week, it is believed that a business will lose up to 4.5 paid hours per employee, which can total up to nearly six full work weeks per year. Time theft is a silent crime that your business certainly doesn't want to have to deal with - but it isn't a crime solely committed by the employees.

Both employees and employers can be the victims and perpetrators of the practice. It can be anything, from employers failing to pay for overtime, paying less than minimum wage or failing to classify employees correctly, to employees committing timesheet fraud, taking unauthorised paid breaks and conducting personal business while on the clock or not working while being paid.

If you are a business concerned about time theft, it is important to ensure that your processes are in working order. You will want to:

- **Evaluate company culture and policies** - if an employee feels that they are being treated unfairly, they are more likely to commit time theft. Set clear expectations
- and goals, in addition to those expectations that are currently being met to ensure that they are being treated fairly.
- Set a **transparent organisational structure**, so that everyone knows their roles and responsibilities, understand what's expected of them and in the process, avoid cutting corners or inflating hours.
- **Ensure that your policies and procedures instated within the business are in alignment with employment standards and legal requirements.**
- Enhance accountability with technological solutions by using data-driven insights to know what is and isn't working for your employees and business. A workforce management platform, for example, could be used to gain insight into where employees might be better suited to spending their time.
- Set realistic expectations for your employees. Don't give unrealistic KPIs, and make all goals and outcomes achievable.



Delivery As A Small Business During COVID-19

COVID-19 has transitioned many potential customers into the online marketplace, opening up doors for many small and medium-sized businesses to peddle their wares. However, as a result, you need to be certain that your delivery strategy in place is adequate to make your supply chain a strong point and boost your customer satisfaction.

Deciding On A Courier

Quit waiting in line at the post office to send your parcels and take advantage of technology. Many courier companies will allow you to print postage labels and arrange for next day pick up but make sure to research their reputation and average wait time before partnering with them.

Meet Your Delivery Date

Issue a clear delivery deadline and ensure you meet it for every order. Outside forces may alter your delivery trajectory though (e.g postal service shutdowns, delays). Give your customers access

to track the order for their peace of mind. You should also have a tracking system so you can recover the package or damages should it go missing in the delivery process.

If your package is not delivered on time, respond quickly, provide an apology or an explanation and consider offering a discount or applying credit to minimise damage to your reputation.

Setting Free Delivery

E-commerce retailers are increasingly offering free delivery to their customer base. Consider the following strategies to meet market expectations without your profit margins suffering significant losses:

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

Offer Options

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

State Your Return Policy

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



Post-COVID-19 Considerations For Returning To Workplaces

In spite of the unique challenges they may be facing in returning to the workplace, businesses face the same concerns. Where do you begin? How can you protect your people? Is there a right way to move forward?

Those are the questions that you may have to ask yourself as workers recommence operations. Here are some of the ways in which you can address the apprehension and challenges of returning to work for your employees.

The Work Environment

- Safely managing the flow of people in and out of the workplace.
- Appropriate planning in place for the handling of collaboration spaces, meeting rooms and hot-desking, and the technology to support.
- Is a staged approach to reopening viable for your business?

Effective communication

Leading with clear messaging is important in the transition to new ways of working.

- Be empathetic - what is it that people need to know? Consider employee safety, mental and physical wellbeing, and how you'll manage staff engagement and productivity.
- Choose the right messaging for your employees – both those returning to the

office and the ones who'll remain working from home.

- What will you communicate with customers, suppliers and investors?

Consider Your Plan Of Operations

- Which employees are essential by role, location and demand?
- Can some staff continue to work effectively from home?
- To minimise infection risk, should you consider parallel scheduling or shift work to separate teams?

Mental Health & Wellbeing

Understanding the new situations your people face as a result of the COVID-19 pandemic should be taken just as seriously as business-related considerations. These include:

- Stress and anxiety for people who may not yet feel comfortable or safe returning to work.
- Alternative transport methods for staff who rely on public transport.
- Reviewing expectations around productivity as a result of frequent cleaning of workspaces, hand-washing breaks and other safety protocols.
- Ways to further support remote working for those who need it.

Tax Dates

21 OCTOBER

- Pay annual PAYG instalment notice. Lodge only if you vary the instalment amount or use the rate method to calculate the instalment.
- Lodge and pay quarter 1, 2021–22 PAYG instalment activity statement for head companies of consolidated groups.
- Lodge and pay September 2021 monthly business activity statement.

28 OCTOBER

- Make super guarantee contributions for quarter 1, 2021–22 to funds by this date.

21 NOVEMBER

- Lodge and pay October 2021 monthly business activity statement.

25 NOVEMBER

- Lodge and pay quarter 1, 2021–22 activity statement if you lodge electronically.

28 NOVEMBER

- Lodge and pay quarter 1, 2021–22 Superannuation guarantee charge statement - quarterly if the employer did not pay enough contributions on time.