



BUSINESS BULLETIN

SPRING 2022

FEATURE – Managing Your Business Through Rising Costs

Inflation can do enormous harm to business profits and whilst increasing your own prices to combat inflationary impacts can have the desired result, it's not the only tool available to you. Let's look at how to manage your business in times of high inflation.

Increase your prices

Now is the time to be engaging your bookkeeper to calculate the profit margins you are making on your products and services. Don't delay in determining what impacts inflation is having on your business.... It could be too late if you put such a decision off.

When considering a price rise you'll need to be mindful of a couple of things:

- What are your customers prepared to pay for your products and services
- If you lift your prices too high, will you become uncompetitive when it comes to the prices being charged by your competitors and hence what business will you lose as a result
- Consider lifting your prices in small increments over a timeframe rather than doing a large price rise in one fell swoop. Perhaps your customers will accept

KEY DATES

21 SEPTEMBER

August monthly Activity Statements -
due for lodgement and payment

21 OCTOBER

September monthly Activity Statements -
due for lodgement and payment

28 OCTOBER

July - September Superannuation
Guarantee contributions due for payment

31 OCTOBER

Individual 2021/2022 income tax returns
due for lodgement if not using a tax
agent

a gradual price rise of your goods or services.

- Explain to your customers why prices are rising and where possible provide them with advance notice.

Reduce your costs

Whilst increasing prices is one way to combat inflation in your business, also consider options that might lower your costs. At the end of the day, your profit margin is a function of both your price and your cost structure. So, a cost analysis by your bookkeeper of your fixed and variable costs might also be beneficial when it comes to maintaining your profit margin.



Here are some tips for undertaking a cost analysis:

- Look at those costs that are essential to maintain the success of your business and those costs that might be more discretionary in nature and hence able to be reduced or cut altogether
- Obtain fresh quotes from a range of suppliers to ensure you are getting the best price
- Where you do find a cheaper price, ensure you aren't sacrificing quality
- Look at your employees and their productivity. Productivity is a key driver of business profit and is heavily linked to your labour cost. Consider linking productivity with wage increases to ensure you are getting the best out of your team.
- In a tight labour market, employees are difficult to come by and costly to lose or replace. So ensure you focus on your

labour to retain key employees

- There are times when outsourcing certain business functions or processes could provide a better outcome than maintaining them in-house. Consider the costs of outsourcing a function vs the in-house costs.... But make sure you take into consideration the full costs of delivering the product or service not just the raw cost when making that decision

Product Review

Not all products or services are profitable, so undertaking a product/service review is also a good strategy. Note however that there may be some products or services that you classify as loss leaders. That is, you are happy to provide a particular product or service at a loss in the knowledge that customers then take up other products or services at higher margins to make the total transaction a profitable one.

Consider also any value add that you can do on your product or service that might improve your profit margin and increase the supply.

The Result

You didn't go into business to lose money, so you don't have to continually absorb price increases without taking some action of your own. If you do nothing then you could be putting your own livelihood and that of your employees in jeopardy.

Spending some money with your bookkeeper to undertake a price/cost/product analysis may be one of your best business decisions in a time of high inflation and rising costs and at the end of the day, your in business to make money, so explore all the options.

eInvoicing - The Smart, Secure and Safe Way to do Business

The Australian Taxation Office (ATO) recently hosted it's eInvoicing Week between 15 and 21 August and provided some valuable insights into the benefits to be gained by business in turning on eInvoicing. As the ATO explained

in their webinar, eInvoicing is not just for big business. But rather, businesses of every size can benefit from the security and safety that eInvoicing has to offer.

Scams and fraudulent or unsolicited invoices are a major challenge for the business community. According to the ACCC's "Scam Watch", Australian businesses lost nearly \$128 million in 2020 to fraudulent invoicing scams.

Email is often used for billing scams, such as business impersonation scams and phishing attacks. Email is a very unsecure way of invoicing and can allow cyber criminals access to your business data and systems. The consequences of such cyber attacks on your business could be dire, costing you time, money, and potentially damaging your business reputation and relationships.



What is eInvoicing?

eInvoicing is a modern and more secure way to send and receive invoices as opposed to email. It relies on an internationally recognised platform that delivers message encryption, network security and governance controls. The good news is that many accounting and business invoicing software programs already have eInvoicing capabilities built into them. So by using the existing eInvoicing capabilities built into your software to exchange invoice data directly with your suppliers or other business customers, you'll minimise the risk of invoice fraud or scams.

The benefits of eInvoicing include:

- time and cost savings by reducing manual data entry, as invoices appear in your software, ready to be paid
- not having to fix errors, chase missing information or lost invoices
- getting paid faster and improving your cash flow
- reducing the risk of scams and fraud
- supporting the environment by reducing your consumption of energy, storage space and printing supplies.

Want to Know More About eInvoicing?

Is your business ready for a smarter, more secure and safer way to invoice? If not and you want to know more of the benefits eInvoicing has to offer, talk to your ABN bookkeeper today about how to get started with eInvoicing.

Making the Most of Fair Work Resources

As a business owner, the employment laws and awards can be very daunting, and it is not uncommon for there to be workplace disputes between an employer and employees on a variety of issues which might include things such as pay and conditions, workplace rights and obligations and terminations or dismissals.

In recent years you could be forgiven for thinking the Office of Fair Work has been more aligned to resolving an employee's workplace issue than giving assistance to an employer. Fairwork have worked hard in recent times to turn over a new leaf and have recognised that workplace laws are not simple for small business to understand and correctly implement.

In this article, we are going to highlight a number of valuable resources that either the employer or their bookkeeper could use in dealing with many employment related matters.

About the Fair Work Ombudsman

The Office of the Fair Work Ombudsman (FWO) is a statutory agency that assists

employers and employees successfully navigate the Fair Work Act 2009 (The legislation that governs the employer/employee relationship).

It is the role of the FWO to promote a well-balanced workplace and to ensure cooperative workplace relations. In addition, FWO also monitors, inquires into, investigates, and enforces compliance with Australia’s workplace laws.

Assistance for Small Business and Advisors

The Fair Work website fairwork.gov.au is the place to start. From here scroll down to the “Find information for...” box and click the “Small Business” link. By completing these few steps, it opens the Small Business Showcase (pictured Below)



The 9 key areas listed on this page are each clickable, which in turn opens a vast range of resources, tools and templates to assist small business and their advisors with that chosen area. Let’s just deep dive into one key area – Hiring Employees.... to give you a sense of what’s on offer.

Hiring Employees (A Fair Work Resource)

The Hiring Employees section of the Fair Work website houses some great content for both the business owner and their advisor when it comes to this common, yet complicated, aspect to small business ownership.

Information and Resources on this page include:

- Hiring Employees Checklist – listing out 9 areas that are important considerations when adding a new team member including the recruiting process, pay rates and entitlements, award finders, workplace health and safety considerations and record keeping issues.
- Employee Type – a detailed analysis of whether or not the employee needs to be classified as full-time, part-time or casual
- Award Finder – a 3 step process to identify the correct award under which to be paying your employee
- Pay Calculator – Assists in calculating base pay rates, allowances and penalty rates.
- The Hiring Process – consisting of:
 - Employment Contract Tool to build an employment contract tailored to the role
 - Information relating to other hiring issues including visas, tax and superannuation, workplace health and safety, discrimination and licences and qualifications.
- Information to provide your employee when they start their job.

The Hiring Employee page then gets rounded out with a number of templates and checklists such as:

- Job Advertising Template
- Job Description Template
- Telephone Screening Template
- Reference Checking process
- Notice to unsuccessful applicants
- Starting the job template which covers issues such as
 - The first day orientation

- Relevant paperwork to complete
- Probation periods
- Uniforms, tools of trade, etc
- Duties to perform
- Hours, rosters, overtime, meal breaks
- Leave entitlements

What Next?

Talk to your bookkeeper today for assistance with Fair Works **Small Business Showcase** and the tools, templates and resources on offer. The Fair Work Ombudsman office is trying very hard to bridge any knowledge gaps with the employer/employee relationship. So book some time with your bookkeeper to gain a greater understanding of some of the valuable resources available to your business in this complex component of running a business.

