



The **BUSINESS**
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Simon Jones & Co

ACCOUNTANTS | BUSINESS ADVISORS | TAX CONSULTANTS
...Your Pathway to Business Success



Do You Really Need a



We write a lot about websites because we genuinely believe that your website can make or break your business in the digital and social age. In fact, depending on your industry, it could be the difference between boom and gloom.

If we are to believe a 2016 report from the Australian Bureau of Statistics (IT Use and Innovation in Australian Business), a lot of business owners don't share our faith in websites. The report surveyed 6,640 businesses regarding the importance of having a website and found only 47.1 percent of Australian businesses have an online presence. This percentage is almost unchanged from the prior year.

So why don't business owners have a website?

Surveys suggest the main reason is that business owners don't think they are relevant to their industry. Another 30% say they don't have one because of the cost and 12% say they have a social media profile instead of a website. The survey results show a large percentage of micro businesses with four staff or less (63 percent) and small businesses with between five and 19 staff (41.9 percent) don't have a web presence. Around 19 percent of larger enterprises with between 20 and 199 employees don't have a website. Incredible numbers.

On an industry level, there is a significant variation in the website statistics. In agriculture, forestry and fishing, a mere 13.3 percent of businesses have a web presence. In the logistics industry (transport, postal and warehousing) only 20.1 percent of businesses have a website while only 37.9 percent of construction businesses have a website. Ironically, in the information, media and telecommunications industry more than a quarter (25.6 percent) of businesses surveyed do not have a web presence.

While these statistics are disturbing there are also concerns around businesses that do have a website.

Unfortunately, most SME websites are best described as electronic brochures that simply list the who, what and where of the business. They neglect design, website copy and lack other key ingredients like videos, relevant content, a blog and social media channels. Close to one third of businesses with websites say their sites are not mobile-friendly. In other words, their websites are not responsive to mobile devices and don't automatically resize based on the device you are viewing it from. With the majority of Google searches now conducted via mobile devices this is a disaster. Back in April

2015, Google released a major algorithm update that had a significant impact on mobile search results and the update improved rankings for websites that provide a mobile-friendly experience. Unresponsive sites were demoted and they are now almost invisible on Google searches done on mobile devices.

Your website should effectively be an educational hub where you house all your content. All your marketing channels should steer potential customers back to your website where they can learn about your business, what you offer, your point of difference and how you can solve their pains and problems. Your social proof including testimonials can demonstrate how you've helped people with similar problems and your downloadable educational content can bring your website to life and turn it from a static brochure into a lead generation machine.

Your website communicates with your prospects and customers 24 hours a day, 7 days a week, 365 days a year. Even when you're not at work, your website is. Your prospects can get to know you and your products at their convenience and you can gather feedback through forms, email and social media. Most importantly, it gets your business found and when you combine it with search

engine optimization techniques and an email marketing system you have an effective digital marketing strategy that distinguishes you from your competitors.

Consumer behaviour has changed and the search for products and services more often than not starts with the internet. While many business owners view their website as an expense, we view it as an investment and our message to clients is if your website isn't generating leads for your business, then you've got the wrong website. It could be time for a makeover or a full rebuild and we can help you develop your website and identify the key features and functionality you require in your industry. A great starting point is download our e-Book, 'The 1 Simple Secret to Growing Your Business' from our website. It includes the 'winning website formula' that we use when helping our clients build their lead generation websites and covers things like lead magnets, calls to action and the need for videos and social proof.





Get To Know Your Profit Margins

A substantial increase in your sales is not the only way to make more profit in your business. For example, business owners often focus on increasing sales to new customers but if you can improve your 'conversion rate' so you convert more prospects into customers, you will also see a boost in your bottom line.

Another way to increase profits is to increase your profit margins. By maintaining your level of sales, using your existing systems and without adding to overhead costs or increasing staff levels you can grow your profits. Here are some tips to help you increase your profit margins:

1. Do You Know Your Gross Profit Margin?

Firstly, start by knowing your current gross profit margin. Relying on estimated inventory figures or last year's financials isn't good enough. Prepare some interim financial statements and do a physical stock take. Use industry benchmark figures to see how you compare to the industry average and adjust your prices accordingly.

2. Investigate Your Profit Margin Further

Now that you know your overall gross profit margin you need to break it down for each of your products. Additionally, analyse your gross margins over different business divisions and product categories. By doing this, you can identify your low margin items and also identify the profitable activities or products. This can be challenging if you discover some of your favourite products just aren't contributing to your bottom line and are soaking up resources. You might need to stop selling low margin lines and promote the ones that drive your profit.

3. Analyse Your Pricing

As business owners we find this difficult because we are often more worried about price than our customers. Overheads do increase over time and you might lose the odd customer, but these may be your D grade customers. If your margin is 50%, a 10% increase in prices means you can lose

17% of your customers yet be no worse off! Have you increased your prices to match supplier price rises and kept up with the competition?

4. Don't Offer Discounts

Discounting destroys your margins. At that same margin of 50%, if you cut your prices by 10%, you will need a 25% increase in sales just to maintain your bottom line. It might be a strategy you only use for slow moving or obsolete stock items.

5. Don't Use Price as Your Differentiator

By offering superior value, going the extra mile or reducing paperwork or other time consuming aspects of doing business with you will be more effective than competing on price.

6. Subject to Cash Flow, Always Take Cash Discounts From Suppliers

If cash flow permits, taking cash discounts from suppliers is better than trying to delay payment, even if you are using borrowings.

7. Prevent Theft

Losing cash or stock is costly. Do you have anti-shoplifting or theft prevention systems in place, even for staff? Do you balance your tills? Who does your banking? Theft erodes your bottom line.

8. Watch Supplier Bills

Check your supplier bills carefully. After a while you'll get a 'feel' for things which aren't quite right. Don't be surprised to find

that you've been overcharged for goods or services you haven't received or been billed at the wrong prices. Monitor price increases carefully as you may need to pass these on with your prices.

9. Use Inventory Systems

Knowing and controlling your inventory levels will mean less working capital tied up in inventory, less theft and stock obsolescence. Being on top of stock running low for products selling well is critical. You need to know exactly how many of each product you have on hand and their cost without having to wade through old purchase invoices.





Business Start Up Corner

How To Get Off To a Flying Start

Starting a business can be a maze of research, registrations and red tape. No amount of passion can guarantee your business success but the proverb, 'failing to plan is planning to fail' serves as both great advice and a warning for new entrepreneurs.

Preparing a business plan is an important step and the plan should provide an overview of your current business position, where you plan to go and how you intend to get there. Within the plan, you need to demonstrate your current financial position and how it will change over the next few years. To fund your business start-up (or expansion) you're almost certainly going to need a business plan to convince the bank or investors that your business is a good financial risk. Accordingly, your business plan should demonstrate how much money you need, why you need it and when your investor is likely to get repaid.

It should instil confidence in your business and management skills to persuade your bank, financier or investors to lend you the necessary funds. To raise substantial capital your business plan must be clear, complete and realistic. While a poorly prepared business plan will impact on your chances of receiving the funding, your business plan can deliver more than just a document to satisfy your financiers. It can serve as a roadmap for your business that both business owners and staff can refer to for guidance and direction.

Without a business plan you can't measure your progress or establish your priorities.

Most business owners fail to make a start on their business plan because they are either too busy or don't understand what is required in the plan. Too often they are working IN the business dealing with day to day issues instead of working ON the business with strategic planning. Devoting some time to work on your business is an investment that can pay substantial dividends. You need a clear vision for your business that outlines where you want to take the business in the medium to long term and can be expressed as a series of objectives. So many business owners fail to put pen to paper because they are waiting for more certainty regarding their funding, financials or sales. Your business plan should steer your activity, not the other way around.

Most business plans contain these 5 key components:

- 1 Business Description** - You need to provide an overview of your business operations and keep it simple. Assume the reader has virtually no knowledge of your industry or operations. Outline your products and services and describe your ideal type of customers.
- 2 Competition** - Clearly describe who your competitors are and why they have the lion's share of the market. You should also explain how they achieved their status and how you intend to win your share of the market. Be realistic but conservative with your estimates and paint the picture based on best, worst and likely scenarios.
- 3 Marketing** - Provide a detailed description of the marketing strategies, techniques and tools you plan to use to achieve your market share. Highlight your key points of difference, your focus on niche markets and provide an insight into the unique features in your website, the search engine optimisation techniques and marketing collateral you plan to create.



Cover off on your branding, launch and ongoing marketing activities given it could be the difference between boom and gloom. Convince prospective investors that you are not only confident and serious about increasing your sales but you also have the skills and marketing collateral to achieve your targets.

- 4 Personnel** - Success in business can boil down to 3 key variables – strategy, tools and people. Without pro-active people on the management team the best ideas and products can fail. Describe your management team and include resumes of all your key personnel. You should also list people in other employment categories like production, sales, finance and administration together with an organisational chart to illustrate total employment numbers.
- 5 Financial Data** - Illustrate your current financial position (balance sheet) as well as your other income sources including salaries. You then need to prepare projections for start-up costs, your first year's trading results and a cash flow budget. They are designed to illustrate where you are going financially and ideally your projections should span several years.

Cash flow budgets are obviously critical to the lender to highlight the inflow and outflow of cash in your business and project bank balances at certain points in time. All of your projections should be supported by realistic assumptions that form part of the financial statements.





Buying or Selling A Business? Make sure it's a "Going Concern"

In the excitement of negotiating a sale or purchase of a business it is easy to overlook whether the price negotiated is inclusive or exclusive of GST. Often both parties assume that business sales are GST-free without examining the ingredients of a GST-free transaction. It is obviously desirable for both parties to have a GST-free transaction as it provides certainty over the negotiated price and there is no need to 'clawback' GST from a subsequent BAS.

The Australian Taxation Office created an exemption for the sales of businesses to be exempt from GST as long as the business is being sold as a 'going concern'. Broadly speaking, this requires the business is actually sold for consideration, that it is operational up until the day of sale and that the sale includes everything necessary for the buyer to continue operations.

The essential aspects of a sale being ruled as a 'going concern' include:

1. The sale is for consideration.
2. Both parties must be registered for GST.
3. The sale contract specifies that the business is being sold as a going concern.
4. The seller must include everything that is required for the running of the business and any exclusions could mean that the sale fails the going concern test. This does not require that everything owned by the business must be included in the sale, only the things necessary for the business to function in the hands of the new owner. Generally this would include the premises (see below), plant and equipment, customer and other contracts such as ongoing advertising, etc.
5. The premises from where the seller operates must be included in the sale (except for home-based or mobile businesses, both of which fall under strict ATO rules in these circumstances),

therefore leased premises must be assigned or surrendered so that a new lease can start for the buyer.

6. If the business closes in the lead up to the sale this will nullify going concern – something to watch for if there are plans to renovate on handover. The seller must trade up until the 'day of sale', generally meaning settlement date, however in some circumstances the deemed 'day of sale' can occur before or after settlement date.
7. Sellers with different entities owning different parts of the business should investigate their ownership structure well before sales negotiations commence. These different entities may cause the sale to not satisfy the above rules.

A sale between two registered entities has a tax neutral outcome as the purchaser pays the 10% GST and receives it back from the Tax Office. The seller receives the 10% of the purchase price and remits it back to the ATO. From a cash flow point of view the purchaser is not going to want to have to find the additional money on top of the purchase price which they then have to wait to recoup with their next Business Activity Statement. The seller also does not want to receive less than the negotiated purchase price.

The purchase price should be negotiated and written into the sales contract as GST exclusive so both parties know exactly

where they stand. Contracts that are silent are deemed to be GST inclusive. It is worth including a clause in the contract that if you are selling, if for any reason the Tax Office deems the sale to not be a going concern, then the seller can require the buyer to pay the GST.

If you have any concerns about selling or buying a business as a 'going concern' contact us today.

BUSINESS BUILDERS



Targeting Your Ideal Customer:

Invest time in getting to know your best customer's needs and wants, then target them. It can be a waste of time and valuable resources pursuing every man and his dog. The most effective businesses target their niche audience and ideal type of customer. By increasing your knowledge of what your ideal customers want you can take the guess work out of your offerings and tailor your marketing to their needs to get the best response.





7 Ways to Increase Your Email Marketing Success Rate

Most small to medium sized enterprises operate on a tight marketing budget. Typically, there would be only one or two people handling email marketing activities as part of their roles but to get the best return on your investment you need clean and current email lists, relevant email content and some sort of tracking system to monitor the results of the campaigns. Here are seven tips to help you efficiently create, send and track email campaigns that deliver results:

1. Commence with Clean-List Building Methods

Build your contact list from people that have expressed an interest in hearing about your product or service, either via opt-in boxes on your website or previous purchases. Having prior consent or permission to send an email to someone obviously helps the deliverable success rate and ideally you want the receiver to recognise you as the sender. Segmenting your customer or client list allows you to target different markets with tailored offers so you get better results.

2. Ensure Your Contact List is Current

If your contact list is outdated you are at risk of getting blacklisted or blocked which will make it hard for your future emails to be delivered. If you are concerned that you might already be blacklisted, check your domain name and IP address at sites like mxtoolbox.com or whatismyipaddress.com

3. Address the Needs of Your Key Customers

Where possible, personalise your emails. While it's almost impossible to write an email that works for your entire contact list, by focusing your message on your key customers you will get better results and keep your top customers happy. Make sure you include a clear call-to-action that tells your customers what to do next – click here for a free copy, register here, read more, get a free sample etc.

4. Write a Clear and Compelling Subject Line

Once you have established who you are sending your email to you need to work on the subject line. In a sense, it's the headline

or advertisement for your email so you need to make it appealing to your target market. With subject lines, often less is best. For example, "Limited Time Only" is more compelling than "Amazing Once-In-A-Lifetime Deal!" Keywords are critical and the right headline will have a better chance of getting through your prospect's spam filters.

5. Establish and Use Your Online Presence

By using your own website, domain name and email address with your domain name in the address, your emails are more likely to be recognised and opened than if you used a Gmail, Yahoo or Hotmail address. At the beginning of each email ask your email recipients to add your address to their address book to improve future deliverability. Include an email submission form on your website to help build your list.

6. Text Tells - Images Sell

They say a picture paints a thousand words. Keep your content simple with a good balance of text and images. Customers love images and

you should make the images clickable to support your call to action. Emails containing JavaScript and attachments also tend to send a red flag.

7. Continual Testing

Trial and error is a proven way to test email campaigns. If possible, divide your contact list into sections and send half one email and the other half a different message. This is 'split testing' and you need to monitor the open rate and response rate to the respective emails. This lets you then select a winner and next time create a new email to go up against the winner. It's all about continual improvement. By checking your campaign's open and click-through rates you will gain an insight into what content and subject lines work best.

In summary, you need to monitor and measure your email marketing results. Understand your email marketing metrics including the open rates, unique clicks, conversions and unsubscribes. Use the statistics to create benchmarks that you can measure future email campaigns against.



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Is Your Website Generating New Business?

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- It's Slow - the majority of consumers expect your web pages to load in less than 2 seconds and most people will abandon your website if it takes more than 3 seconds to load. Not only that, a slow loading site will impact on your search engine ranking. Having a fast-loading website will keep customers on your site and provide a positive experience.
- Your Competitors Look Better - while the cosmetics aren't everything, if your competitor's websites are more attractive, easier to navigate and have some extra features then that could influence your prospects. In the digital age you need to keep up with the Jones'.
- If your website doesn't work on mobile devices it's almost extinct! Test it by typing your URL into this link <https://search.google.com/search-console/mobile-friendly> Most searches are now done on mobile devices and if your website isn't responsive to them you are invisible to the search engines which defeats the whole purpose of investing in a website.
- Low Traffic and Search

Engine Rankings - search engine algorithms have changed considerably over the years and if you don't stay on trend you could slip down the page rankings. No traffic means no sales so a rebuild could be on the agenda.

- Visitors Leaving or Not Converting - If your web analytics show a high bounce rate where visitors click away from your site or they spend minimal time on your site then that's a pretty strong indicator that your visitors don't find your current site useful for one reason or another.
- It's Just Not You Anymore - Businesses evolve and if your message isn't clear or the website doesn't spell out precisely who you are and your point of difference then it could be time for an update. A website that worked well in 2013 may not work so well today. If it's missing calls to action or your visitors can't find what they're looking for, chances are you've outgrown your current website.

The primary purpose of your website is to generate leads and convert them into sales and revenue for your business. If it's not performing it's time to put your website under the microscope.



QUICK TIPS FOR



Social Media marketing is one of the most effective ways to grow your brand, get traffic to your website, generate leads and make sales.

Don't Forget to Invite Your Likes to Follow Your Facebook Page

Click on the people who have "liked" or "reacted" to your Facebook and invite them to follow your page. Don't forget to upload 'Follow' buttons on your website. These simple things will help you to increase your Facebook followers rapidly.

Cross Promote Great Content Across All Your Platforms - by all means post your content on the different platforms, but don't be lazy and copy and paste. Share the same content across all your platforms, but tailor them for the platform you are posting to. You will have different audiences on different platforms and possibly different accounts within those platforms. Take the extra time to tweak it across the different platforms but cross promoting allows you to get the most out of your content.



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