



Suntax
Certified Practising Accountants

akambo
TAX & ACCOUNTING



14 Home Street, Sunbury VIC 3429
PO BOX 211, Sunbury VIC 3429
Telephone: 03 9740 9989
Website: www.suntax.com.au
Email: admin@suntax.com.au

Level 1, 455 Bourke Street,
Melbourne, VIC 3000
Telephone: 03 9605 1199
Website: www.akambotax.com.au
Email: admin@akambotax.com.au

September 2014

Video Killed The Radio Star ... But Can Grow Your Business

If you're a music trivia buff we're sure you're familiar with the 1979 hit single for The Buggles, 'Video Killed The Radio Star'. This annoying (but catchy) song was a huge hit and 35 years later some of the lyrics provide a valuable message for every Australian business owner.

Video is now a critical part of the marketing landscape and YouTube is the second biggest search engine behind Google. According to Cisco, by 2017 two-thirds of the world's mobile data traffic will be driven by video. The statistics around video are compelling including:

- 78% of people watch video online at least once a week;
- 55% watch video online every day;
- 57% of consumer internet traffic will come from video by 2015;
- 500 years' worth of content is uploaded to YouTube every day; and
- 700 YouTube videos are shared on Twitter every minute.



In a marketing sense, online video content is 'white hot' at the moment because it works.

Search Engine Optimisation (SEO)

Research suggests that the top listing in Google's organic search results receives 32.5 percent of the traffic compared to 17.6 percent for the second position and 11.4 percent for third position. The traffic falls away from there so if you want to get found on Google you need to be on page one and in the top three organic (not paid) listings. The research also showed a significant drop in traffic from Page 1 to Page 2 results. On average, page 1 gets 91.5% of all traffic while page 2 manages less than 5% and page 3 just over 1%.

Plenty of website 'spruikers' will tell you they can get you a listing on page one but there's no silver bullet with SEO. Quality original content is still king but one thing has emerged, you're 53 times more likely to get a page one listing on Google with video content on your website. Clearly, video should now be part of your marketing arsenal because the population have small television screens in their pockets disguised as smart phones. Gen Y have come of age and they expect video communication. If your target market includes 14 to 40 year olds then you need to deliver it to them.

Not Ben Hur!

Producing video is a process and just like any other marketing strategy, it requires planning. In 2014 every business owner needs to be a publisher. You may not have the resources, experience or budget of a Hollywood producer but digital video production is relatively simple courtesy of modern day cameras (even on mobile phones) and desktop editing software. It's important to note that you don't need to make every video a 'Ben Hur' production. You might have a video that is your 'signature' piece of content that sits proudly on your website's home page while a number of secondary videos sit elsewhere on your website. They could be simple product demonstration videos that don't need the polish or production quality of a high impact corporate video.

The greatest compliment we receive from our clients is the referral of their friends, family and business colleagues. Thank you for your support and trust.

Video Killed The Radio Star ... But Can Grow Your Business (Continued)

It's fair to say that a lot of people get caught up in the cosmetics of websites. They think it needs to be 'pretty' to be found by the search engines but the fact is, Google is 'blind'. Similarly, people creating videos get caught up in appearance and lose sight of the real purpose. They get blinded by the little things and lose sight of who they are targeting - their ideal customer. Precisely what do you want them to do after they've watched the video? Is it educational and solving their problem? Will it bring them closer to buying from you and this doesn't mean a direct sale, it might simply help to build trust in your business and your brand. Does the video resonate with your target market?

In terms of content, ideally your videos should be entertaining and relevant to your audience. Just like any marketing, you need to understand your audience and remember, your viewers don't want to be sold to anymore. They want entertainment, education and value.



Avoid These Mistakes

There are certain things you can't afford to slip up on when producing your videos.

Firstly, sound quality must be clean and crisp. Viewers will forgive bad video footage quicker than they will forgive bad audio, so use a clip on microphone rather than just rely on a camera microphone. You also need to have a stable platform for your camera so a tripod is essential. Make sure your camera is at your eye level. Consistent lighting is important to avoid shadows and a good quality camera will make a difference to the finished product.

It's also important to understand how YouTube works and that includes using titles, descriptions and keywords on your videos. Also make sure that tags have variation with both common and specific words. Finally, you want your viewers to respond to the video so make sure you ask questions. Don't rush out and start producing videos tomorrow unless you plan and script them and make sure you understand the purpose of each video.

The search engines crave video content and if you ignore this shift in consumer behaviour then the Buggles lyrics might come back to haunt you including the line, "Pictures came and broke your heart".

Reading Corner - Mastering the Rockefeller Habits by Verne Harnish

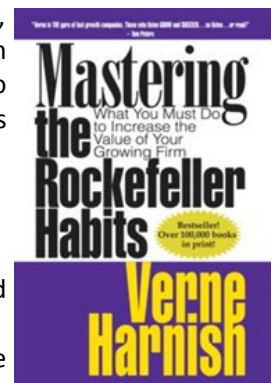


Mastering the Rockefeller Habits – What You Must Do to Increase the Value of Your Growing Firm by Verne Harnish

Why Read It? This book is essential reading for a growing business, full of practical tips, advice and real business examples. It is about strategy and setting your business apart from the others. While some examples are of larger companies, the principles also apply to smaller businesses and start-ups. It outlines a framework for implementing an organisation's strategies and plans.

What you will learn - Harnish maintains Rockefeller's three main principles were:

1. Set Priorities – what is critical to achieve in the next 90 days? Choose the top 5 and then which is number one. Focus your team around this priority.
2. Have the Right Data – having all the data and information will not only let you manage your business, but also monitor your top 5 priorities. What is measured happens!
3. Work to a Rhythm – ensure you have effective daily, weekly, monthly, quarterly and annual meeting structures with clear goal setting and measurable outcomes.



The book also lays out an approach to planning and in particular, a one page plan template. The value in this book lies in guidelines on evaluating the critical things you need to deliver in the next 90 days and developing a focus on what is critical to deliver right now.

Business Start Up Corner - Funding Your New Business Venture

Raising money for your new business venture is often the biggest challenge for a start-up entrepreneur. The truth is, it's not that easy for an established business to gain funding either!



As a start-up business your chances of securing finance are improved if you have industry experience, good references and support from a great mentor. However, you also need to create and document the best business plan ever!

Business Plan & Cash Flow Budget

While the main reason most people prepare a business plan is to raise finance, your business plan should also prove the viability of your business venture. Included in the business plan is a cash flow budget for the first year of trading and a positive cash flow is an absolute necessity if your business is to succeed. Positive cash flow doesn't just happen, it needs to be planned.



That's why we strongly recommend the preparation of a 12 month cash flow budget before you start your business. In fact, any business that fails to accurately forecast its cash flow in the first 12 months is on a collision course because without realistic cash flow projections, management is unable to identify future cash shortages.

The cash flow budget is based on a number of assumptions regarding the expected future performance of the business. The assumptions must be realistic and supported by research, available data plus known facts such as rentals or forward contracts. The information in your cash flow budget is designed to:

- Forecast your likely cash position at the end of each month;
- Identify any fluctuations that may lead to potential cash shortages;
- Plan for your taxation payments;
- Plan for any major capital expenditure; and
- Provide prospective lenders with key financial information.

Of course, positive cash flow alone is not enough. The business must be returning a profit and the long term trend for both must be positive.

To obtain funding within the banking system you should:

- Practice your presentation skills;
- Present credible references;
- Produce an outstanding business plan; and
- Keep your credit history clean.



Funding outside the bank system:

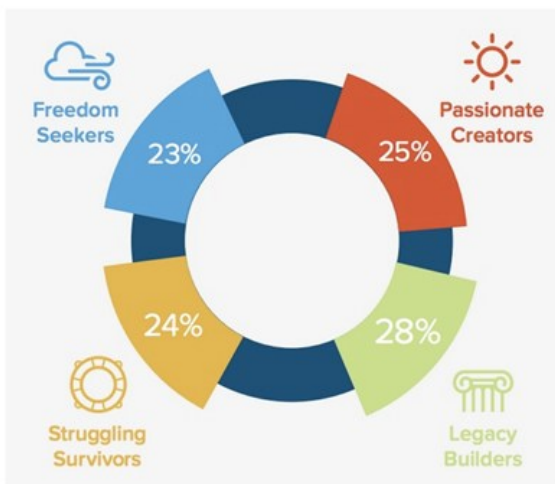
- Investigate Government or other Grants;
- Angel investors;
- Crowdfunding; or
- Seed funding (where an investor purchases part of a business).

Ensure your business plan contains all the different components including organisational, marketing, operational, financial and risk analysis. If you don't know where to start contact us today.

What Type of Business Owner Are You?

According to a recent study from Infusionsoft who produce sales and marketing software for small business owners, there are four distinct types of business owner. Their attitude, mindset and behaviour are all different and the research examined their feelings about their business including ownership, goals, challenges and resources. The business owners were categorised into four distinct groups that have been labelled;

1. Freedom Seekers
2. Passionate Creators
3. Struggling Survivors and
4. Legacy Builders.



Source: The 2014 Infusionsoft Small Business Market Survey

Statistically speaking, from the sample of more than 850 US-based business owners the breakdown was almost even. Below are the characteristics of each category. Which one describes you best?

1 Freedom Seekers

Freedom Seekers are people who primarily started their businesses to control their own fates, specifically regarding decisions, work environment, schedule and revenue. These respondents are much more likely than other segments to say "Reducing the amount of time I have to work" as a key goal. Correspondingly, they cite their biggest challenge as "Time to get everything done".

- 65% consider themselves entrepreneurs.
- 56% say they would "absolutely not" work for somebody else in the future.
- They are likely to use bookkeeping or accounting software (57%), email marketing automation (61%) and e-commerce order and payment processing (47%), CRM (46%), email

autoresponder (44%) and contact management software (38%).

- Keywords – Autonomy, Flexibility, Control and Lifestyle.



2 Passionate Creators

Passionate Creators started their businesses because they care deeply about what they do. When asked about their goals, "Doing the work I love" was an overwhelmingly favoured answer for this group.

- 48% say they always knew they would run their own business.
- 73% consider themselves "definitely" entrepreneurs.
- 53% say that helping other business owners be successful is an extremely important goal.
- This segment is the most likely to have five or more employees (31%) and work in an office (43%). They are also most likely to say they will generate "much higher" revenue this year (30%).
- Passionate Creators are the most likely to use a wide range of business tools, from accounting software to CRM and automated marketing programs.
- Keywords – Optimism, Creativity, Altruism and Service.

3 Legacy Builders

Legacy Builders are most likely to have started their business with a family member (24%). They see small businesses as a practical economic choice.

- The least likely of the four groups to have earned a college or post-graduate degree.
- 52% consider themselves entrepreneurs.
- They are the most likely of the four profiles to run only one business (80%) and least likely to have considered closing (26%) or selling (24%) their business.

What Type of Business Owner Are You? (Continued)

- Legacy Builders are the least likely group to have a website (45%). Even those that do have a site are less likely to use CRM, payment processing and other tools to run their business, or to use email, content marketing, SEO, PPC, or marketing automation to generate leads.
- Keywords – Practical, Ethical, Innovative and Legacy.
- 50% consider themselves entrepreneurs.
- 51% are the only employees in their business.
- Struggling Survivors are the most likely of the four groups to have considered closing their business (53%).
- Only 16% say the financial security of their family is much better than it would be if they had a traditional job, and 38% say it's the same or worse.
- Keywords – Apprehensive, Challenged, Unappreciated and Concerned.

4 Struggling Survivors

Struggling Survivors have significant concerns about the value of owning a small business. Sixty per cent agree strongly that "You have to be a little crazy to start a business," and forty per cent agree that "Corporate jobs are more secure than starting your own business" - significantly more than other segments.

The results prove that people go into business for a range of different reasons with incredibly diverse attitudes. As a business owner where do you fit? The takeaway from this study might be it's time to grab some ideas from other types of business owners to improve your business and your financial outcomes.

There's An App for That ...



What: CamScanner - Document management solution tool

Price: Free for Basic (The free version includes a watermark on the PDFs – the license version is currently on special at \$A2.19).

Available on: Android & iOS

Why: Although there are many scanner apps on the market this one stands out as one of the best. Your smartphone has a camera, and cameras are basically scanners, so why do you need this app? This easy tool allows you to take photos of all sorts of documents (receipts, contracts, anything you need to scan) and turn them into scanner quality PDFs. It has smart cropping and auto-enhancing features where the documents' dimensions can be skewed so it lays flat, then adds a smart filter so it looks photocopied. Use it to respond to forms needing signatures, for taking photos of notes to send to others. It has optical character recognition (OCR) tools so you can extract text from your scans, annotation and editing features so you can add to and improve them as well as sharing and collaboration features so you can get everyone else's feedback on what you've just scanned. The real benefit is that start-ups don't need to buy a scanner or find an alternative way to process documents and the scans can be synced across all devices.



What: Password trackers

Why: You know you shouldn't be using the same password across various websites but how do you keep track of them? These apps are the answer. There are a wide variety of apps that will fulfil this role. They include; LastPass, KeePass, mSecure, RoboForm, PasswordBox, Dashlane, my1login, F-Secure Key, Password Genie, Norton Identity Safe and the list goes on. If you aren't currently using a password manager, you need to start now. The initial set up process can be tedious, with some apps having the ability to import passwords from the in-built password management feature of your browser. As a single master password provides protection for all your passwords, this password must be really strong and it shouldn't be the only protection. The best password managers will offer two step authentication. Roboform and LastPass Premium can be configured for fingerprint-based authentication, while DashLane and LastPass utilise the Google Authenticator mobile app. Most of the password manager apps will integrate with your browser and capture login credentials as you enter them then replay when you next visit that site.



Recommended: LastPass 3.1 (free version) offers most of the features in the LastPass Premium except support for mobile devices. LastPass Premium is \$A14.99. Dashlane also has a free and paid version.

Marketing – In-House or Offshore?

Maybe you need a promotional flyer or a corporate brochure for your business? You might also need your raw video footage edited or a professional voice over for your corporate video. For business owners, the cost of these one-off marketing tasks can sometimes be exorbitant.



Like most industries, the marketing and graphic design sector has felt the impact of outsourcing. Business owners can now get a logo, flyer, business card or video edited for a fraction of the cost of a local designer. Experienced freelance designers are readily accessible online to help you with your logo design, video, voice over, web design, banner, business cards and photo editing. Some of the most popular sources include:

- **Fiverr** gives you access to creative designers, voiceover artists and video editors from \$US5 per job. Select the provider you want to work with, send them the brief (and any files) then have them prepare the job for your review. Jobs can be turned around within a day to several weeks.



- **Freelancer Sites** - Online freelancer sites have been around for a while now and services, pricing and quality can vary dramatically. Designers can provide almost any marketing task. Websites to consider include Odesk, Elance and Freelancer (Freelancer has recently dropped its minimum job price from \$US30 to \$US10). Results can be a little hit and miss though with some good outcomes but also some poor results.
- **99designs** is an online crowdsourcing site that allows you to run your own logo design contest.

All sorts of packs are available from a full brand identity pack, logo, T-shirt design, flyer, product label or anything else you are after. If you need a web page design, mobile app design, illustration or book cover design, you'll find they have designers who can help you. Complete the brief, post your contest and the amount you are willing to pay the winning designer.



- **Swiftly** is a subsidiary of 99 designs. For \$US19 designers can claim simple design tasks that can be completed within 30 minutes. Turnaround time is 24 hours and within one hour from when the designer actually claims the task.
- **Elto** specialises in open source web development tasks. Web development tasks are broken down into 'tweaks' of between 20 minutes to 2 hours work charged at \$US39 per tweak. You can post small web development tasks and other online marketing tasks to be performed in days and all managed by an online project manager.



- **The Loop** provides local specialised talent where creative freelancers promote their services, upload examples of their work and to apply for jobs and freelance projects. Companies and clients can promote jobs for freelancers to apply for making it easy to access top creative talent - find a highly awarded illustrator, TV producer or copywriter to work on your next project.
- **Canva** is online design software that does not require a designer to use it. You can use simple templates to create your own customised designs for free.
- **Fatpaint** is another popular free online design tool.

Tips for successful outsourcing:

The project manager needs to know precisely what they want. Poor design briefs will result in poor outcomes. These tools and resources in the right hands can help you create low cost but high quality, effective marketing materials.

This Way Out



We know it's hard to understand why a business owner in the start-up phase should contemplate an exit strategy, however, in business you should always 'start with the end in mind'. Having an exit plan right from the outset is important and forces a new business owner to focus on the finish line.

The long-term plan for most business owners is simple. Sell the business at retirement. That is very logical but the sale process may be forced on an owner due to ill health, disability or death. So even though the possibility of exiting the business early seems remote, some key questions need to be asked up front.

Sale of Business

Here are some of the types of the issues and circumstances you need to consider:

- If selling the business to a third party what exactly would be saleable? Shares? Assets? Equipment? Stock? Goodwill?
- If you are selling the assets, what assets are you selling/transferring and what assets do you intend to retain?
- Are you selling intellectual property? Is it transferable?
- Time frame - when do you want to exit? Will there be a handover period?
- Document an overview of your business including history, milestones, strengths and weaknesses, profile of your major customers and suppliers, reputation in the marketplace and industry opportunities and threats. Don't reveal trade secrets and get a signed confidentiality agreement before potential buyers see any of these details.
- Most importantly, identify your potential buyers. Historically, suppliers, clients or someone the business owner already knows buys around 75-80% of small businesses. When you know where the buyer is coming from, it is time to think about price.
- Assessing the value of a business can be complex. One common method is Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA). The EBITDA of a business provides an indication of the profitability of the business based on its present assets and its operations. Different industries have a different EBITDA - a florist business has a lower EBITDA than a high-tech business.

Here are some guidelines when considering formulating your exit strategy:

- ✓ Start with the end in mind and it's never too early to plan your sale.
- ✓ Be realistic about the time frame. A business that takes 20 years to build generally can't be sold in a week.
- ✓ Know exactly what you are selling (and what are you not selling).
- ✓ Be open to alternative sale options (e.g. sell all your assets, sell your clients but not your equipment, Vendor Finance or Buyout over 3 years).
- ✓ Understand the income tax implications of selling including GST, CGT and other tax matters.
- ✓ Look at Lease Agreements on the premises and any assets.
- ✓ What happens after the sale? Will there be a restraint of trade and handover period?
- ✓ Part of the plan should include what are you going to do after the sale? You are used to a busy entrepreneur lifestyle so what comes next? Playing golf four days a week may sound appealing but it's probably unrealistic.
- ✓ What will happen to your staff and how will you communicate the sale to them? Obviously the sale of your business will impact on their position in the business, their personal financial position and future employment. Sometimes senior staff members continuing in the business may be a condition of sale. You need to be careful in this instance to ensure you don't lose a key staff member pre-settlement that might jeopardize the sale.



Talk to us today about your exit or succession plan and think big!

Is Your Business Ready to Explode?

What if all your marketing efforts including your website, advertising and social media strategies started to work at once? Sounds like a 'perfect storm' most small business owners would like to have but how would you cope if you were inundated with phone calls, leads, enquiries and sales? Do you have the systems and resources in place to handle the calls, orders and delivery deadlines?

This marketing explosion could stretch your resources to breaking point and failure to return customer calls and emails on time could damage your brand and undo all your hard work.



Courtesy of technology and social media you can grow a million dollar business faster than ever before but many entrepreneurs fail to plan for

the 'perfect marketing storm'. Below we provide some tips on what preparation needs to be made when everything falls into place.

Growth Targets

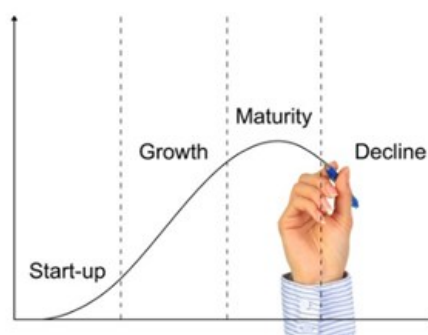
Have you set goals for your business? What level of turnover, profit and staff are required if your business reaches these targets? What time frame are you looking at and what milestones have you pegged? Be clear on what you are targeting for and why. Knowing the answer to these questions will dictate the action steps that you need to take.



Financing the Growth

The start-up phase aside, growth spurts are the second most risky time for a business. Growth can squeeze cash

flow, which could mean there may simply not be enough money available when bills fall due. The state of your working capital is crucial at this time and to get ready for the growth spurt you need to be clear on how you will fund the boom. It could be from retained earnings, through supplier credit terms or finance from a bank or other source.



Infrastructure & Systems

Do you have the right building blocks to support your growth goals? Knowing what your long term plans are will help you put your day to day systems in place. A simple spreadsheet for customers may be sufficient at start-up but a customer relationship management (CRM) system may be the long term solution. A system that can back you up in case of staff absence or illness could prove invaluable.

Delegate or Outsource?

Rapid growth may mean transitioning from sole trader to literally running a business team overnight. Entrepreneurs need to examine what they spend their time doing and continue working on high return activities. The low end tasks need to be delegated or outsourced. Just be careful when delegating or outsourcing that your service standards don't drop. Often, the biggest constraint for a fast growing business is accessing quality, experienced and stable staff. While contract staff may work well in some situations, it's not a model that works for a business with a history of sustained growth.

Adopting New Skillsets

Many businesses are built on the back of an entrepreneur's single idea or skill. These businesses will often require injections of additional skills and knowledge to grow into larger businesses and you need to either build your knowledge and skill or recruit people who do have the skills.

IMPORTANT DISCLAIMER: This newsletter does not constitute advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly and we therefore recommend that our formal advice be sought before acting in any of these areas. This newsletter is issued as a helpful guide to clients and for their private information. It should be regarded as confidential and not be made available to any person without our prior approval.