

The realities of managing Christmas

How the Christmas season affects different businesses in different ways and can have a significant impact on you

For some, it is boom times but for others, a period of significant dislocation. Because of these differences, there is not a one size fits all answer to the best way to prepare and manage the season. You need to look at your business model and how the season affects your customers and suppliers. Armed with this information, what you need to be doing should be reasonably predictable.

Any period where operating conditions change means that there can be an impact on your profitability and cash flow. You need to look at both of these areas.

If you carry debtors, be aware that many of your customers' suppliers will be trying to collect their accounts prior to the Christmas season. And, of course, some of those customers may have a close down period or have people away over January who approve or authorise payments. Don't be last on the payment list. If you have customers who are cash flow stretched then it will be 'first in first served'. If you are too slow in chasing your accounts, you may be waiting until February to collect your money, so get in early and have a concerted follow up approach to get your cash in.

If you carry trading stock, find a balance between ensuring that you have enough stock to satisfy demand during what may be a busy trading period and over-committing and finding yourself with surplus stock. Where your stock is either seasonal or time limited, this balance is critical. See if you can have a range of suppliers that can supply on short notice. If you can have your suppliers carry your stock for you or who will supply you on a consignment basis, this will significantly improve your cash flow position.

The sale signs are already all over town and this will only escalate through January. Understand the impact of your pricing and the effect of any discounting you offer. We all want to make that extra sale but don't get sucked into discounting yourself into a loss. You need to get the balance right between pricing to be competitive and pricing that returns a profit to your business. Know your numbers and make informed decisions.

The Christmas period can bring an increase in operating costs. This can include additional wage costs and penalty rates, end of year bonuses and Christmas gifts. Where your business has a close-down period over Christmas, the impact of these increased costs can be compounded by a reduction in revenue. The key is to understand the effect of the period and build it into your budget - you need to do this at a trading level and also map the cash flow effect. Once you understand the impact, ensure that you can afford it and don't over commit your business. Too much Christmas spirit can be deadly.

Manage the festive season now; start 2013 business fit and healthy!

Get us to do your cash flow plan for free

Kick start the quality of your business information in 2013! Sign up for quarterly management meetings from Jan 2013, and have the fee of your cash flow component waived!

Call Collins Hume on 02 6686 3000 to find out how as we're only making the offer available until 20 December 2012.



For your planning purposes, please note that our office will be closed for Christmas and New Year from midday Friday 21 December 2012 and will reopen on Monday 7 January 2013.

Wishing you and all those you hold dear a very happy Christmas and a healthy and prosperous 2013! We look forward very much to working with you next year.

The material and contents provided in The Strategist are informative in nature. It is not intended to be advice and you should not act specifically on the basis of this information alone. If expert assistance is required, seek professional advice from Collins Hume.

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Scenario and projection planning *before* major move helps thrust local business into new growth phase

Wade Kent, Blue Sky Outdoor's owner and recent BCCI awards winner, is thrilled that he finally got to stretch his wings and operate from larger premises. The business had out-grown its previous location which prompted the move to a larger retail site. Now recently relocated, the new shop places his business at the gateway to Ballina.

In the eight years of owning Blue Sky Outdoor, the business had grown substantially prompting Wade to look at his options. Collins Hume's [Shane Bartrim](#) offered our business optimisation service to help show the financial impact of the decision to move before doing so. For Wade this included working on some projections and looking at some 'what-if' scenarios.

Initially Wade said to Shane, "I want to go to the next level looking at new premises and other options". Shane was a little surprised given the current climate, but Wade's gut feeling together with the slowing of his business growth (termed as 'just treading water') only added weight to Shane's approach, "Shane understood that I was feeling restricted, so his scenario planning really helped," Wade says. "He knew where I was coming from and it was extremely useful to throw in 12-month and 3-year outlooks."

Wade said he found it beneficial to 'what-if', "We had a rough idea, but Collins Hume definitely helped by having the strategy and finances plotted out in advance."

"Once we fine-tuned the scenarios, I could approach the relocation with my eyes wide open. We started planning 12 months ago and finalised our plan of attack last May to then re-open the doors on 1 July. Our advance planning was key to optimising the opportunity."

Shane added, "The scenario planning and projections we did for Wade were specifically devised around the viability of the move. In the short time they have been at their new premises, they have gone from strength to strength." Wade agrees; new premises have allowed him to expand product lines, offer more hours to staff plus take on a specialist employee to focus on e-commerce with the space to do it properly, "Collins Hume provided the framework and we are running with it."

Blue Sky Outdoor Ballina's recent BCCI awards win as Best Retail Business only reinforces Wade's original gut feeling, "Many local businesses are closing or downsizing but we moved in spite of that. I think we stood out as a finalist because of our bold business strategy to go against the grain."



"Entering the awards was a useful process allowing us to reflect on how far we've come," he says. "To write it all down, it's amazing to think how much has happened in 12 months. Winning was really an acknowledgement of our hard work which has got us to where we are. We're now looking forward to some fine tuning and 30 June to see how accurate our business planning was."

Wade also attributes his success to having confidence in his knowledgeable and professional retail team. In a sector where employees regularly turn over every 15-18 months, Wade invests in his team by offering subsidised management training to give them a career path, allowing them to step up and take on more responsibility.

The future outlook for Wade is running the business more on his own terms, with much-needed work / life balance and the flexibility to choose work hours. We congratulate Wade and Blue Sky Outdoor and look forward to supporting them through their next major business milestones.



Ballina's Smart Super Seminar puts the clarity into superannuation

We recently hosted a very special event for self-managed super fund owners and would-be property investors

The highlight of the evening event was a keynote presentation by Grant Abbott, Australia's leading SMSF expert, trainer and presenter. Grant and the Collins Hume team were joined by a full house of Northern Rivers SMSF owners, would-be investors and local community members.

The session kicked off with a warm welcome from Collins Hume Partner and SMSF Specialist [Jan Wunsch](#). Guest speaker Grant Abbott addressed guests on investment opportunities for SMSF trustees at different stages of life, SMSF farm and business planning, preparing the various generations and the Ballina market in general.

"Our Super Smart Seminar was designed to provide an overview of SMSFs and the strategies that can be implemented through them, already of interest with those who want to galvanise their wealth planning now to optimise retirement. Our role was to make that clear to all who attended and I think we succeeded in doing so," Ian Wunsch said. "A Family Super Fund can play a key role in succession planning for farmers and small business owners, allowing young farmers an opportunity to get started and the older generation a financially secure and tax effective retirement income.

Due to the success of the Super Smart Seminar, which was fully subscribed, the programme is likely to be repeated in 2013 with event details to be shared in due course. Please call Collins Hume on 02 6686 3000 if you'd like to be added to our event mailing list or if you would like to discuss your own SMSF arrangements with our specialist team before then.

Surf the Wave to Success II gets business owners on board for 2013

At Collins Hume's recent international business development conference in Telos Islands, business owners formulated their plans for spurring growth

"The presentation was well-tailored to my business," said one attendee. "It re-focused us to work on our business." Collins Hume Partner and Business Strategist [Peter Fowler](#) was praised for his comprehensive understanding and timely review of each business's needs, "The flexibility of the presentation showed me some areas of weakness and allowed me to focus directly on my needs."

Dates for Surf the Wave to Success III are currently being finalised. Make sure you let us know if you'd like to receive booking and registration information for our 2013 conference as soon as it comes to hand by calling 02 6686 3000.



Tax efficient gift giving

Giving to your team

- Christmas celebrations at your work on a working day are likely to be exempt from FBT.
- Keep the cost of celebrations below \$300 per person to ensure the event is a minor benefit for FBT purposes and exempt from FBT (including meals, beverages, entertainment, etc).
- Keep any Christmas presents below \$300 per person and ensure they are 'one-off', ad-hoc gifts to be exempt from FBT.
- You can't deduct the cost of your Christmas celebrations for team members unless FBT applies.

Clients and Christmas

Entertaining your clients at Christmas is not tax deductible. Sorry. Give a gift instead – gifts are deductible as long as the gift is given by the business with the expectation that the business will benefit (i.e. the gift is given with the expectation of generating revenue).

Call Collins Hume on 02 6686 3000 if you're thinking about ways to impress clients and colleagues this Christmas.

Engineers and technical professionals: will your business fund your retirement?

Are you relying on the sale of your business to fund all or part of your retirement?

If so, we recommend that you give proper consideration to the following questions, and seek professional advantage if you come up short on your responses:

- Do you know the assets you need to fund your lifestyle in retirement?
- Do you know your business value?

If you are unsure you may have a 'Value Gap'. A Value Gap is the difference between the value of your business today and the value it needs to be at time of sale. A shortfall can have a significant impact on your retirement plans and may force you to reassess your desired standard of living in retirement. Worst case – it may mean you can't afford to sell.

Retirement should be the best years of your life - the time for you to reap the rewards of your many years of hard work.

Unfortunately many business owners will not be able to fund their retirement as their business will not be worth what it needs to be and they have failed to invest sufficiently outside their business.

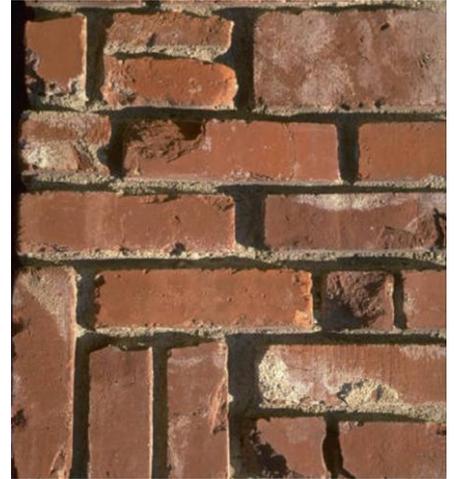
If you would like to find out if you have a Value Gap and how much you are relying on your business we can help you.

Take action!

Collins Hume is part of a national, independent, professional adviser network specialising in advising engineering and technical professional businesses on their direction, growth, performance, staff and succession.

And we have completed world class training to gain the highest level of adviser accreditation.

1. Request a copy of our special case study '**Will your business fund your retirement?**' by calling us on 02 6686 3000;
2. Speak to us and discover how we can help you close your value gap by improving your performance and increasing your business value.



Giving update

We believe real sustainability comes from giving and caring in our individual lifestyle, in our community and in our world.

B1G1 Co-Founder and Chairman Paul Dunn says, "I totally love how a country-based firm like Collins Hume can really show the so-called 'city boys' how to do things in a really smart way."

"You'll remember that your giving last year pushed B1G1 over a record. Well, you did it again! So it's an extra reason to say thank you."

Our latest giving activity made a difference to 24,582 people and, to date, we have had a direct impact on 471,692 lives. Causes are chosen by our team, the most prevalent being health-related, however we also champion clean water supplies, food and nutrition, childhood and disadvantaged education, accommodation and environmental causes.

Visit our Giving Back page at collinshume.com.au/about/giving_back to keep up with our progress. If you're interested in knowing more about B1G1, go to www.B1G1.com.



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