

Business Matters

Strategies for managing your business



smithfeutrill
BUSINESS ADVISORS

Knowing the rights of your customers

Australia's \$240 billion retail sector employs over 1.2 million people nation-wide, making it Australia's largest employer. It accounts for about 19 percent of the GDP.

At some point, every Australian is a retail customer but how many businesses out there understand the laws surrounding consumerism? Where do you and your customers stand when it comes to returns and refunds?

Under Australian consumer law, and as a basic premise, a customer has no automatic legal right to return goods to a retailer and seek a refund. They are entitled, however, to a refund on goods under the following circumstances:

- If they were induced into making a purchase through misrepresentation.
- If the goods were faulty or defected and they were not informed so at the time of purchase.
- If the goods do not reach a basic and reasonable level of quality and performance.
- If the goods do not perform in the way that the customer was led to believe.
- If the goods do not match the description given when ordered or if they do not match the sample shown at the time of order.

A customer has the option of selecting a free repair, exchange or credit note rather than a refund and they may also be entitled to compensation for any loss or damage caused by faulty goods.

In the event that a customer simply changed their mind or when the damage is caused by the customer's own negligence, the supplier has no legal obligation to offer a refund.

If the customer has used the goods to obtain commercial benefit from its use, the supplier may be entitled to deduct a fair amount from any refund that they give.

Retailers should provide reasonable time limits for customers to return their goods and should be aware that they need not be returned in their original packaging. A receipt or proof of purchase should always be requested and the refund be given in the manner in which the original payment was made ie. credit card reimbursements.

Retailers are not obligated to use signage to explain their policy regarding returns but if they do, signs must clearly state what customers are entitled to. Retailers must not falsely represent the rights of the customer and signs such as 'Please choose carefully as we don't give a refund or credit note' are illegal.

The Australian Competition and Consumer Commission endorses the following statement for the use of relevant signage for businesses:

'Please choose carefully. We don't normally give refunds if you simply change your mind or make a wrong decision. You can choose between a refund, exchange or credit note where goods are faulty, wrongly described, different from a sample shown to you or don't do what they are supposed to do. Please retain your receipt for proof of purchase.'

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IN THIS ISSUE - 3rd QUARTER 2011

- Knowing the rights of your customers
- Do you have to pay the flood levy?
- The cost of illegal software
- Women in the workplace
- Carbon tax and your business
- What is your positioning strategy?



Chartered
Accountant



Do you have to pay the Flood Levy?



As of 1 July 2011, the government's new flood levy (also known as the Temporary Flood and Cyclone Reconstruction Levy) will be put in place and will be used to assist communities to recover from recent natural disasters.

The flood levy, which will apply for the 2011-12 income year and will be paid by all taxpayers earning over \$50,000 who were not affected by a declared natural

disaster, will help fund the rebuilding of essential infrastructure such as roads, bridges and schools.

If you're an employer who has staff earning over \$50,000, you will need to withhold an extra amount of tax from their regular pay. Tax levy amounts are shown in the table.

For pay as you go instalment taxpayers, the Federal Government will increase instalment obligations to include the flood levy in 2011-12.

If your business or any individual is

eligible for an exemption from this levy, some steps will need to be taken to inform the ATO, depending on your circumstance. This exemption will need to be confirmed when lodging your 2012 tax return, so that the flood levy is not included in your income tax assessment.

Any flood levy amounts overpaid by you during the year will be credited in your 2012 income tax assessment.

You should speak to your advisor for more information regarding the flood levy and for help installing new tax rates in your payroll system.

Taxable Income	Flood Levy
\$0 - \$50,000	Nil
\$50,001 - \$100,000	0.5 cent for each \$1 over \$50,000
Over \$100,000	\$250 + 1 cent for each \$1 over \$100,000

The cost of illegal software

Small business owners and entrepreneurs, who are running a company by the bootstraps, may be tempted to minimise their expenditures by utilising a pirated software.

While the cost of fully purchased software, particularly those in specialist niches, can be a lot and with the hassle involved when it comes to shipping, credit terms and licencing, downloading or purchasing a copy from a pirate may save you thousands of dollars and could keep your business running smoothly for decades. The cost of

being caught, however, far outweighs this and the result could be civil or even criminal proceedings from the company who owns the software's copyrights. This is a worrying issue for business owners as, a lot of the time, they may just simply be in accidental breach of their software licence and could, perhaps unjustly, end up with huge fines or criminal charges against them.

Last year, a whopping 35 percent of all software installed on PCs worldwide was illegitimate. The unauthorised distribution and use of copyrighted computer programs accounted for more than \$59 billion in global losses in 2010 alone.

The Business Software Alliance (BSA), the most diligent global watchdog currently operating, whose members include Microsoft, Adobe, Apple, Macromedia, Symantec, Veritos, Dell, IBM and more, are an extremely powerful alliance and take licencing breaches seriously. They regularly communicate with corporations, governments and other important bodies and spend a fair amount of time collating data and information regarding suspected pirates. The BSA regularly performs audits on companies and administers fines where necessary. If a company is unable to provide correct licencing proof, they are susceptible to huge fines.

Companies can also be held liable for employees' actions at work. If an associate is caught installing unauthorised software or downloading it off the Internet, a lawsuit can be brought against your company for copyright infringement – even if management is unaware of the offense.

Businesses should be weary of what's going on their computers, they should always ensure that their software licences are paid for and are up-to-date and they should take appropriate, pre-emptive actions to combat any potential trouble they may land in. If you are unsure about your current licencing status, you should seek immediate assistance from an appropriate advisor. It could save you millions!



Women in the workplace



Are you supporting the women in your organisation to reach their potential so your company can reach its full potential?

Women today make up over half of the population. There are more women than men being educated at secondary schools and universities, and more women than men graduate with bachelor degrees.

Companies worldwide are beginning to realise the importance of having a gender balance in their workplace. Despite this however, women are still not supported enough at work to reach senior positions and businesses are missing out on the opportunities that come with a balance of gender in senior leadership teams.

Studies show significant improvements in decision-making quality in more gender balanced leadership teams as women bring new perspectives and skills to the table. Having women on your senior team brings a more holistic approach to decision-making and success and can result in greater financial turnovers for your business.

So how can you, as an employer, help your female workers achieve their full potential?

- Take time to understand the factors which women consider important in feeling successful. Women use holistic measures for success rather than one dimensional factors like financial security and academic or work related achievements. Such measures include: a passion for what they do, hard work and determination and the ability to get along with others.

- Women often want management skills training, coaching and flexible working environments, and these are the sort of things employers should take into consideration.
- Understand how women like to be remunerated. Recognition, acknowledgement and flexibility tend to be the preferred currencies over money.
- Identify the talented women in your organisation and the roles in which they currently work. Women will typically undersell their abilities but it is important that they take equal time to look at their strengths rather than focusing solely on their deficiencies.
- Provide opportunities which enable women to continue to develop their leadership skills. Identify where they sabotage their success and work out ways to manage this.
- Ensure that the culture of your organisation is one in which both men and women are encouraged equally.
- Provide senior mentors both internally and externally and take time to understand what drives and motivates the women in your company.

We live in a new day and age where women are seeking to achieve their potential at work. It is time that we embrace gender equality in the workplace and open the doors to equal opportunity, so that everyone can succeed together.

Carbon tax and your business

The Federal Government's Carbon Tax Scheme will, provided that legislation is passed, come into effect from 1 July, 2012 and could hurt businesses nation-wide.

Under the scheme, any facility that produces at least 25,000 tonnes of carbon dioxide equivalent per year will face a levy of \$23 per tonne on emissions. Although aimed at the country's top polluters, price increases passed on to consumers by large gas and electricity companies will mean that Australian businesses will suffer the hit.

The carbon tax scheme, designed to change Australia's energy use and encourage investment in clean energy sources such as solar, gas and wind, will force small businesses to reduce their energy footprint to pay their future power bills.

Steps that you, as a business owner, can take to reduce energy consumption include:

- Installing sensor-based lighting in low traffic areas such as bathrooms.

- Implementing software to automatically power down computers when they are not being used.
- Consider restructuring shifts to take advantage of off-peak energy - energy prices peak between 2pm - 8pm, when charges of around 36.4 cents per kilowatt hour apply, compared to a shoulder rate of 13.5 cents per kilowatt hour.
- Check buildings for possible ventilation leaks through window fittings.
- Make use of outside air cycles for air-conditioning - some air-conditioning systems can be used to automatically flush cool air through a building with outside air when the outside air is cooler than inside.
- Use thermo-scan switchboards that look for and identify hotspots within an electrical switchboard to identify electrical overloading.



What is your positioning strategy?

One of the most powerful and effective branding exercises you can do for your business is to develop a positioning strategy. A positioning strategy is what differentiates your business from any other brand. It is the image that you are trying to create in the eyes of your customers.

Positioning focuses on the target market segment you are seeking to serve and the differential advantage with which you will compete with rivals in that segment. Ferrari, for example, is a brand which is positioned in the prestige segment of the car market and has a differential advantage based on high performance and exclusivity.

Domino's Pizza, on another hand, originally positioned itself with the strategy 'delivered in 30 minutes or it's free'. Rather than attempting to sell pizza like every other business in their market, they got the public's attention by selling delivery. Obviously Domino's had to be sure that the infrastructure was in place to make good on

their promise. But as people stood at their doors hoping their pizza would arrive for free at 31 minutes, Domino's positioning strategy worked and the brand gained immediate attention.

So what can you do to stand out from the crowd?

Your positioning strategy should directly address your customer's desires and your target segment. It should be clearly defined in the marketing plan and will have an important impact on your marketing mix. It will dictate the type of product you're selling (ie. high quality, low quality etc), where it will be sold, how much it will cost and how you will reach your target audience.

A positioning strategy is not simply a fluffy slogan, it is a serious promise to your customer to perform. It tells them why they should give a damn about your company. Positioning, when done correctly, can be both powerful and empowering to your employees. Once established, the brand must live up to their promise. As long as it is authentic, then it won't as daunting as it might appear.

Often, the most effective positioning strategy is also the most simple. Be creative and think outside the square. Always remember though, that a great positioning strategy is NEVER price but is the reason that you are a leader. Everyone follows the leader. Perception is reality, so the perception on the street has to be your strongest offer.

WEB WATCH

ESSENTIAL SITES FOR BUSINESS OWNERS

www.drypen.in

Drypen is a community based marketing resource containing forums and articles regarding branding and positioning, media content, sales promotion and public relations. Their large database of information offers insight into the concepts that make a difference in business.

www.bsa.org

The Business Software Alliance, the software piracy police, offer free scan and audit tools for those suspecting that they're in breach of software licencing. Don't worry, the BSA does not gather or receive any identifying information on companies using free software audit tools.



REMINDERS FOR YOUR DIARY

August

- 14 PAYG withholding payment summary annual report due.
- 21 Monthly activity statement for July 2011.
- 25 Quarterly activity statement for quarter 4, 2010-11 is due.
- 28 Superannuation guarantee charge (SGC) statement - quarterly for quarter 4, 2010-11 (if required contributions were not made by the due date).
- 31 TFN report for closely held trusts.

September

- 21 Monthly activity statement for August 2011.
- 30 PAYG withholding payment summary annual report due for a payer who has an agent.
2011 Annual TFN Withholding report - due date for lodgment where a trustee of a closely held trust has been required to withhold amounts from payments to beneficiaries.

Staff Promotions



Kris Necovski

It is with pleasure we announce the promotion of Kris Necovski to the position of Manager effective 1 July 2011. Kris has been with the firm since

2003 and has been a dependable team member. Kris has developed strong client relationships with his professionalism and technical ability and has since progressed to the position of Manager. When not working away on his client base, Kris can be found most weekends amongst the Black & White Army supporting his favourite team, Collingwood, in their quest for back-to-back flags. The Directors and team of Smith Feutrill congratulate Kris on his well earned promotion and look forward to his continuing contribution in this role.



Rebecca Van Eeden

It is with pleasure we announce the promotion of Rebecca Van Eeden to the position of Supervisor effective 1 July 2011.

Rebecca has been with the firm for five years commencing as a Graduate Accountant and has progressed through the ranks to her current position of Supervisor whilst successfully completing her CA studies. Rebecca has developed a great rapport with her clients, is a terrific mentor to her colleagues and is chief organiser of the firm's Friday Team Lunch crew. Other than a passion for accounting, Rebecca is an avid music fan and enjoys going to all kinds of shows from musicals to rock concerts. The Directors and Smith Feutrill team congratulate Rebecca on her hard earned promotion and are sure she will do an outstanding job in this new role.