



The **BUSINESS** ACCELERATOR MAGAZINE

December 2013

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The **BUSINESS** ACCELERATOR MAGAZINE

Editorial

Welcome to latest edition of our quarterly newsletter, The Business Accelerator Magazine.

In this December edition we look at the issues you need to address before you decide to buy a business and how to prepare your business for the Christmas rush. If you're looking to buy a new car or piece of equipment then we examine some legislative changes that could make it tax effective to buy before December 31, 2013.

We also look at six reasons why most websites fail and the results of a study on whether running a business in 2013 is harder than it was in 2008. The results are interesting and the technology and marketing tools we now use are very different!

Our wealth creation section takes a look at superannuation and compares the impact of the Superannuation Guarantee on baby boomers compared to Gen Y's. It provides a guide on how much you need in superannuation to enjoy either a comfortable or modest retirement and some of the figures will surprise you!

Our regular features examine the latest apps that could save you time and money, some business books to read over the holidays and in our business start-up corner we identify what every business start-up needs to know about business names and trademarks.

We hope you get great value from the Business Accelerator Magazine and encourage you to distribute it to your

business colleagues who can also subscribe for free from the home page of our website:

www.aspirewealthgroup.com.au

Finally, as 2013 draws to a close we would like to thank you for your support and referrals in 2013. On behalf of the team we would also like to take this opportunity to wish you and your families a Merry Christmas and a safe and Happy New Year. We look forward to working with you to make 2014 your breakout year in business.

*Sebastian DiMauro, Lou Krstevski
& David Blakis and the Team at
Aspire Wealth Group*



Please note our office will be closed
for the Christmas period from

Thursday 19th December 5.30pm
and we will re-open on
Monday 6th January 2014 9.00am

The team at Aspire wish you
safe and happy festive season and we look
forward to working with you in 2014.



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Thinking of Buying a Business in 2014?

The great Australian dream may now include owning your own business according to a report released by The Global Entrepreneurship Monitor. It claims that more than 10% of the Australian adult population are either in business or planning to start a business. The entrepreneurial spirit is incredibly high amongst Generation Y with 83% indicating they are keen to become their own boss. These are staggering statistics but probably not surprising given Australia was recently voted the fourth easiest country in the world to start a business out of the 189 countries who were analysed.

For some, the business journey starts with a simple idea while others look to buy a franchise because it is perceived to be a safer option with the branding, support and systems all provided by the franchisor. Over the next few years, buying an existing business will grow in popularity as the baby boomer generation flood the market with businesses for sale and transition into retirement. If you are planning to buy a business there are some important things to consider before you invest thousands of dollars in someone else's business.

Firstly, most successful entrepreneurs are passionate about their business and their industry which prompts the question - what is your passion? You must love what you are doing because as a business owner you will generally work longer hours and in the initial stages you will probably be the manager, marketer, sales person, bookkeeper, webmaster and strategist. Wearing all those 'hats' is more time consuming than simply being



an employee. As a consequence, you need to narrow the field of opportunities into areas of personal interest. Being an area of interest you probably already have product knowledge, understand the competing brands, know the market prices and understand the consumer's frustrations.

Evaluate Your Skills and Experience

While knowledge is power, a passion for the industry isn't enough to guarantee success in business. You should conduct an honest evaluation of your past and present skills before you potentially invest in someone else's business. You might require an understanding of accounting, inventory control, marketing, websites, social media, human resource management, product development and sales. There are numerous courses available for new business owners but once you take control of the business you might find time is limited because of the administrative burden.

Finance First

We like to use the phrase 'finance first' with prospective business buyers. All the planning, knowledge and experience is worthless if you can't get funding to buy the business. From a bank's perspective, they are taking a risk by investing in you so you need to prove the business will work. Your business plan including a cash flow budget and marketing plan must convince them the business is a worthy investment.

Your bank or financier will generally require financial statements for the last three years to ascertain the level of profitability, value of the business and your ability to service the borrowings. The financials will also help identify any financial trends and serve as the starting point for your cash flow budget. Your challenge is to produce strategies that can improve the bottom line. What new marketing initiatives will you introduce and include as part of your marketing plan? Will you introduce social media, give the business website a makeover, re-brand or simply increase prices?



May we take this opportunity to wish you and your family a Merry Christmas, Happy New Year and a Prosperous 2014

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.



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Thinking of Buying a Business in 2014? - continued

Know Your Market

You need to conduct extensive market research before you buy a business. Is the location saturated with similar businesses in the area? Are new competitors opening up in the same area or is there a major development planned that could restrict access to the business for an extended period of time? You should also search the business' local reputation on websites including www.womo.com.au or www.yelp.com.au.

Most importantly, is there potential for growth? Is there new technology or products on the horizon that could impact on the industry? The past is no guarantee of the future and just look at what happened to Borders and Kodak as examples of why you need to adapt to technological change. Understand your competitors and their point of difference. What additional services or value could you offer customers if you proceed with the purchase?

In summary, sourcing the right business to buy at the right price can be challenging but rewarding. In the process you need to conduct an honest assessment of your skills, industry knowledge and financial resources before you head down the acquisition pathway. Research your market and the reputation of the business and have a plan on how you can grow the business. Most importantly, before you commit to any purchase please contact our office to discuss your plans.

Prepare Your Business For Christmas

Christmas is just around the corner and for business owners, the lead up to Christmas can be frantic. Most businesses shut the doors for at least part of the holiday season which means they go from 'flying to frozen' overnight. As such, you need to plan for the pre and post Christmas periods and we provide the following tips for the holiday season:



Communicate!

Most businesses will have a shut down period from as little as two days to as much as three or four weeks over the festive season. It is vital that you keep your customers and suppliers aware of your plans and ideally you should announce these dates as soon as practically possible. Retailers can expect twenty to forty per cent of their annual sales to happen during November and December so it's vital to stay in touch with your customers about your products and special promotions. Use email, Facebook and Twitter to communicate with last-minute shoppers that need inspiration. By asking a set of simple questions you can trigger personalised gift recommendations, make customers' lives easier and encourage repeat business. Gift cards are also very popular during this period, so make sure your customers know you have them available. Remember, customers also have busy schedules at holiday time so send friendly reminders about shipping deadlines so they know the last day they can purchase a gift to receive it in time for Christmas. Closer to the big day itself, consider sending a sincere season's greetings email to your customers (without any sales material) to build genuine relationships with your customers. Add your closing dates to outgoing emails, post them on your website and adjust your opening hours on Google+ and Facebook.

Set Up Auto-Response Emails

During the Christmas break people will still try and contact you. Make sure you have set up your work email with information about what date you will be back and also how to contact you should something urgent arise. You probably get your work emails on your smart phone so you can still monitor any urgent matters.

Enjoy!

It's easy to get stressed during this chaotic period but it's still important to remember that it is the festive season! Have fun in your office with your colleagues, reflect on what you've achieved in 2013 and plan your 2014 resolutions.

January - The Clean-Up

In January, continue to drive sales and clear any excess stock by promoting post-holiday sales, emailing gift card holders to remind them to use their cards and send personalised emails based on historical purchases. Don't forget to remind customers about deadlines for returning and exchanging gifts.

Planning for the holiday season in your business could mean you finish the year on a high and get 2014 off to a flying start. Build a database of customers to contact and provide relevant and valuable information to develop customer loyalty and increase repeat business.



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Thinking of Buying a Car or Equipment in December?

Although only draft at the time of writing this newsletter, these proposed tax changes could have an impact on decisions you need to make before the 1st January 2014. The repeal of the Mineral Resource Rent Tax (Mining Tax) is unlikely to affect small business entities or individuals but some of the other tax measures may have a wider impact.

Immediate Deductions Reduced for Small Businesses

At this point in time, small business entities (generally with a turnover of less than \$2M) are entitled to claim an immediate deduction for depreciating assets costing less than \$6,500 (e.g. a \$3,000 laptop can be claimed in full by a small business entity). As of 1st January 2014, this deduction will drop to only \$1,000. Therefore, if your business needs to purchase assets costing less than \$6,500 and your cash flow allows it, you have until the 31st December 2013 to purchase the asset and claim the full immediate deduction.

The \$5,000 Immediate Deduction for Motor Vehicles Scrapped

If you are toying with purchasing a motor vehicle for your business, be aware that the immediate deduction of \$5,000 for small businesses is also proposed to be scrapped as of the 1st January 2014.

If a new car is on the agenda, it could be advantageous to buy before December 31 and make sure you talk to us about the best way to finance the vehicle for tax purposes.

Loss Carry Back Measures Repealed

Recently introduced, the loss carry-back measures enabled a company to offset tax paid in previous years against current year losses.

This repeal means companies would only be able to use this measure for the 2013 income tax year as they are set to be repealed from the start of the 2014 year.



Superannuation Guarantee Charge Rates Delayed

The percentage of Superannuation Guarantee (SG) was set to increase gradually from 1st July 2013 until it reached 12% by July 2019.

The SG rate is now set to remain at 9.25% for the 2014, 2015 and 2016 financial years and increase to 9.5% from 1st July 2016. The rate won't reach 12% until 1st July 2021.

Labor Legislation Overturned by New Government

1. \$100,000 Cap on Tax-free Pension Earnings Abandoned

The Government will not proceed with the proposal which would have taxed superannuation pension earnings above \$100,000 in the pension phase. This measure was due to apply from the 1st July 2014.

2. Self-Education Expenses Cap

The proposed \$2,000 cap on the amount people can deduct as self-education expenses including training and educational courses, textbooks and other accreditation expenses has been scrapped and therefore these expenses will continue to be deductible according to the old rules.



3. Fringe benefits tax

The proposed amendments to the treatment of car fringe benefits that would have essentially limited claims to work-related travel only, has also been scrapped.

4. Low Income Superannuation Contribution

The Government has confirmed it will repeal the Low Income Superannuation Contribution (LISC). This was a Government contribution to individuals earning under \$37,000 per annum which would have effectively refunded any contributions tax payable.

This contribution will not be available for the income year 2013/14 onwards.



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Looking for a Comfortable or Modest Retirement?

Australia's superannuation system is the fourth largest in the world and continues to grow. The total assets held in Australian superannuation accounts is currently worth 100% of annual GDP and Deloitte reports that by 2033 it will grow to 180% of GDP. This is an extraordinary savings pool for a country with historically low savings rates.

The latest Deloitte report, released in September this year, provides a snapshot of our superannuation system and the key points include:

Most people do not have enough super

Most Australians nearing retirement will simply not have enough superannuation. A lot of the baby boomer generation only received superannuation support for the latter half of their working lives and according to the Association of Superannuation Funds of Australia (ASFA), the average 60-64 year old male has \$85,000 in superannuation assets. Women of the same age who on average live longer, statistically earn less and may be out of the workforce for chunks of their working lives, on average have just \$59,000 in superannuation assets. For those slightly older (the 65-69 year olds) some of whom have already retired, the figures are even lower. Men in that

age group have, on average, \$77,000 in superannuation assets while women have just \$55,000. They, like around 81% of current retirees, will have to rely (at least partially) on the aged pension.

Gen Y has a Super Outlook

Younger Australians who've worked most of their life with their employer paying money into superannuation will find they will be in much better retirement shape compared to the baby-boomers.

For example, a 30 year old currently earning an average wage of \$60,000 a year with a current superannuation balance of \$27,000 will retire with approximately \$1.1 million in superannuation in 2048. Although this figure sounds impressive, inflation means this amount will be enough to support that individual until they're 94, but only on a 'modest' retirement. Modest is defined as 'better than the age pension, but still only able to afford fairly basic activities'.

If this worker chooses a 'comfortable' retirement, the \$1.1 million will only last them until they're 77. A comfortable retirement lifestyle is defined as 'enabling an older, healthy retiree to be involved in a broad range of leisure and recreational activities and to have a good standard of living through the purchase of such things as household goods,



private health insurance, a reasonable car, good clothes, a range of electronic equipment and domestic and occasional international holiday travel'.

How much Superannuation do you need to Retire Comfortably?

The ASFA calculates a retirement standard each quarter based on a 'Modest vs Comfortable' retirement lifestyle. Using current life expectancy rates, Deloitte has calculated how much super you need to retire with a 'modest' lifestyle or 'comfortable' lifestyle:

	Modest Retirement Lifestyle			Comfortable Retirement Lifestyle		
	Male Age 65	Female Age 65	Couple (both 65)	Male Age 65	Female Age 65	Couple (both 65)
ASFA Standard Income	\$22,654	\$22,654	\$32,656	\$41,197	\$41,197	\$56,406
Lump Sum Required at Retirement	\$330,000	\$360,000	\$500,000	\$590,000	\$660,000	\$860,000

Superannuation hasn't recovered from the GFC

The financial crisis, which began in 2009, had a huge impact on Australia's superannuation assets and Deloitte sees the superannuation asset pool remaining below GFC levels until 2016.

This highlights how much of a setback

it was to the balances of millions of Australians, particularly those in retirement, or about to retire.

The compulsory SG contributions are the basis of the Australian superannuation system and the projected growth will make it one of the leading systems in the world. It is predicted that while the overall level of superannuation assets will grow

significantly, adequate retirement funding and longevity risk will remain concerns for both the Government and individuals.

Australians can take steps to improve their position by increasing contributions or delaying retirement. The age pension is then the safety net that applies when superannuation money dries up.



Six Reasons Your Website Will Fail

Despite the fact that the Web is nearly twenty years old, many small and medium sized businesses (SMB) still have a limited and ineffective online presence. In fact, an analysis of 1 million websites worldwide last year highlights the inadequacies and explains why so many businesses are failing online.



1. Not Built for Mobile Devices

FACT: 93.3% of websites for small to medium sized businesses are not mobile compatible and will not display correctly on mobile devices including smartphones.

Internet content consumption is changing and increasingly the content is being viewed on portable devices including smart phones and tablets rather than just desktop computers. Your website must be 'responsive' to these smaller screens and change appearance and layout based on the size of the screen the website is being viewed on. Nearly all phones sold today are web enabled 'smart phones' and ensuring your website is compatible with this device is vital.



2. Social Media Missing

FACT: 80.5% of SMB websites have no social media links – Facebook, Twitter, Pinterest, Google+, LinkedIn, etc.

If your business lacks fans or followers you probably haven't connected your social media accounts to your website. Social media can be a powerful marketing tool but if there's no audience then you're not going to get the traffic or results. When writing a blog post you also need to share the content with your social networks and automatically push the content out through your social media channels.

3. Email Fail

FACT: 74.7% of SMB websites lack an email link on their homepage for potential customers to contact the business.

Email provides customers with an instant response mechanism for their queries and they expect to be able to contact you 24/7 at the click of the mouse. Not having an email link on your homepage denies them that immediate option and you're also missing the opportunity to field questions from customers and collect email details of prospects.

4. Opt In Box

FACT: 65.7% of SMB websites lack a form-fill option so that consumers can request information.

SMBs should build opt in and enquiry forms into their website, but only one third of sites incorporate this feature. Those forms can also be connected to a CRM system that collects a prospect's email address for future follow up and communication.

5. The Phone Number

FACT: 56.3% of SMB websites have no toll-free or business phone number listed on their homepage.

Although email tends to be the preferred form of communication these days (and that address is missing from most SMBs homepages), some questions are better answered by phone. Not listing a phone number on your homepage makes it more difficult for customers to contact you which is one of the primary reasons you have a website.



6. SEO Struggles

FACT: 56.3% of SMB websites have no keyword information for search engine discovery.

If you have a website that no one can find, it defeats the whole purpose of building a website. Customer searches on Google should form a significant amount of your website traffic. Keyword research and creation, on-site optimisation, and off-site link building in industry directories and other relevant sites are essential elements to drive traffic to your website. Improving your ranking with the search engines like Google is critical if you want your business to be found. A recent study suggests that the first 3 places on page 1 of a Google search get 61.5% of the traffic and only 8.5% of traffic filters through to page 2. If you don't appear in the first 3 organic listings you're almost invisible.

Addressing these six issues will certainly help you attract more traffic to your website but they are just the basics.



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Business Start Up Corner

What You Really Need to Know About Your Business Name

Choosing your business name is an important part of the start-up process. It is often the first hurdle many budding entrepreneurs need to jump as they try to find a business name that is clever, memorable and relevant to their industry.

Once you decide on your business name the next step is to register it with ASIC (as either a business name or company), then purchase your domain name. You can then start building your website and produce your stationery and supporting marketing collateral. You are then ready to officially launch the business, however, out of the blue, you receive a notice claiming that you are breaching someone's registered trademark. How can this happen when you registered your business with the governing body, ASIC?

Unfortunately registration with ASIC doesn't give you exclusive rights over use of the business name. ASIC doesn't track what type of business activity you conduct and it doesn't give you any proprietary rights, particularly in relation to goods or services/activity using that name. It's only when you register your trademark with Intellectual Property (IP Australia) that those rights become yours. By registering a trademark for your business you are able to register the business activity associated with that name and/or logo. In other words, IP Australia is protecting the business activity that is associated with the name and logo.

The cost of registering a trademark in Australia starts at around \$1,000 including all Government and professional fees. The actual price will depend on the range of products or

services you wish to protect under your trademark and registration lasts for 10 years Australia wide. The obvious question is, how much will it cost to not register your trademark? You need to weigh up the value of stopping others using similar names/brands or logos and the possibility of you inadvertently infringing an existing trademark.

Unfortunately, ASIC's system is not linked to IP Australia's and they will still register your business name irrespective of whether it has already been registered as a trademark with IP Australia. If a name (or similar name) is already a registered trademark, the owner has a right to do business under that name and may prevent you from using the name.

To avoid any surprises with your business name we recommend you follow these five steps:

1. Search the ASIC website for the availability of your chosen business name at: https://connectonline.asic.gov.au/RegistrySearch/faces/landing/bn/SearchBnRegisters.jspx?_adf.ctrl-state=pcvyih47a_4
2. Search the IP Australia website for your business name at: <http://www.ipaustralia.gov.au/get-the-right-ip/trade-marks/search-for-a-trade-mark/>
3. Ensure the domain name is available, plus all derivations such as .net, .com, .org and any overseas countries you might expand into by visiting: <http://www.ausregistry.com.au/tools/domain-availability>
4. Register the name with ASIC and the business name as a trademark with IP Australia. 5. Finally, register



all the similar domain names (and hold onto the ones you won't use) to protect your name from copy cat businesses.

Trademarks Can Add Value to your Business

Once registered, you can display your trademark with a registered trademark symbol (e.g. XYZ Builders®). Customers see the trademark symbol and associate it with a business that has gone through a regulatory process and may gain the impression that it is a long standing or large enterprise. You can also generate additional income by licensing your trademark to others for a fee and prospective buyers of your business know that a business sold inclusive of registered trademarks will be able to continue to trade without infringing the rights of others in this country.

Registering your preferred business name together with the trademark and domain name is an important part of the start-up process. Failure to cover all these bases could prove costly and it might be prudent to even have a backup business name in reserve in case you hit a hurdle.

IMPORTANT DISCLAIMER: This newsletter is issued as a guide to clients and for their private information. 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 convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of these areas..



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Is Running a Small Business Tougher Than 5 Years Ago?

A survey conducted in the US by email marketing company Constant Contact suggests that 59% of small business owners believe it's harder to run a business today than it was five years ago. When asked what the biggest changes are in how they do business today versus how they did business five years ago:

- 84% said using, or using more online marketing tools.
- 59% said general economic uncertainty.
- 27% said using, or using more automated business solutions (payroll, inventory, etc.).

Although email marketing has been and remains an important tool (64% used email marketing five years ago; 98% use it today), the big change has been the

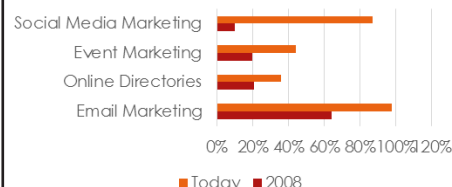
use of social media marketing with 87% of small businesses surveyed today using social media marketing versus 10% five years ago. Why? Because social media amplifies word of mouth referrals.

What's Harder, What's Easier and What Hasn't Changed?

Some concerns of small business owners have remained the same over the last five years. Compared to five years ago:

- 75 percent said their top concern today is finding new customers (compared to 78 percent five years ago);
- 65 percent said having enough time to do everything needed to run their business (61 percent in 2008); and

The Biggest Change in Tools Used by Small Businesses



- 58 percent said retaining existing customers (49 percent in 2008).

Of the 59% of survey respondents who said it's harder to run a business today compared to five years ago, 55% said the economy has hit their business hard, 49% said it's become harder to keep pace with technology and 40% said there's more direct competition.

Only 12% said it's easier to run a business today than it was five years ago. Of that group of small business owners, 89% cited online marketing tools as the reason it has become easier (and less expensive to market their business).

There's an App for that!

Do you have piles of business cards and struggle to find the one you need? With smartphone technology it seems crazy to still be exchanging paper business cards, but it still happens.

CardMunch is a Business Card reader developed by LinkedIn. It allows you

to take a photo of a paper business card from new and potential clients and convert them into address book contacts and add them as LinkedIn connections. CardMunch is free and is compatible with iPhones and iPads running iOS4.0 or later.

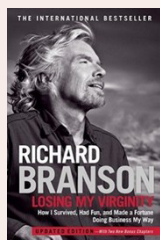


Christmas Reading

Losing My Virginity:

How I've Survived, Had Fun, and Made a Fortune Doing Business My Way by Sir Richard Branson

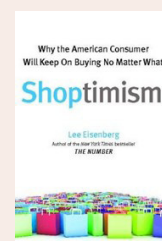
This autobiography is entertaining and educational and is the perfect Christmas read. We get an insight into one of the true mavericks of the business world. Richard Branson's stories may shock you, while reminding you to take risks in your life and your business and never forget to enjoy the ride.



Shoptimism –

Why the American Consumer Will Keep On Buying No Matter What by Lee Eisenberg

This book is 300 pages of insightful material on the impulses which drive people to shop. Some ideas are simple, yet others more complex. It differentiates men from women plus the young from the old. Each consumer category has its own triggers and this book details them all.





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