BUSINESS ACCELERATOR
MAGAZINE

Your Quarterly Business, Tax & Accounting newsletter to help you grow your business

JTU ACCOUNTING GROUP

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How to prepare a business exit strategy

5 steps to a successful exit with a profit

Just like death and taxes, exiting your business is inevitable. But it's not a given that you will exit your business with a profit. Start planning now to ensure you're rewarded when it's time to move on.

Types of exit strategies

How you exit your business depends on your circumstances, business structure and end goal. The earlier you start planning your exit, the better the outcome.

Selling

The most lucrative exit strategy, selling your business can be the most complicated. There are multiple ways to sell, including:

- to a business partner or key stakeholder
- to your management team or employees
- to another company as part of a merger or acquisition
- via acquihire (where a company is bought solely to acquire its talent)
- by Initial Public Offering (IPO) (where you sell your stake to shareholders).

Succession

Passing on the business to a designated successor – whether the next generation of family or a loyal employee – secures your long-term legacy. It can minimise disruption but can also strain relationships.

Closing down

For small business owners and sole traders, deciding to cease trading may be the most realistic exit strategy, especially when

- the business has been built around you
- market conditions have changed
- the business is no longer profitable.

Insolvency

Without proper planning, insolvency is a genuine risk for business owners. AFSA recorded 9,930 personal insolvencies in 2022/2023 – a 4% increase on the previous year. This resulted in either:

- liquidation (the process of converting business assets to cash to repay debts); or
- bankruptcy (the legal process declaring that you cannot pay your debts).

Exit strategy FAQs

How far ahead should you plan an exit strategy?

An exit strategy should be part of your overall business plan. If you haven't already thought about the future beyond your business, it's never too early to start.

Does every business need an exit strategy?

Yes – even if you're a sole trader, it pays to know what exiting the business will look like for you. It's also beneficial for your employees, business partners and other stakeholders.

Who can help me prepare an exit strategy?

An experienced business accountant is best placed to guide you through the intricacies of planning your exit and developing the right strategy to meet your financial needs.

How to prepare a comprehensive exit plan with your accountant

Planning a successful business exit takes time and expertise. Your accountant will guide you through 5 key steps to ensure you cover all bases and secure the best possible outcome.

Step 1: Know your goals

Identify your goals to get on the right path and increase your chances of a successful exit. Your goals may include:

- maximising the financial return on your investment
- ensuring job security for your employees
- maintaining a legacy within your industry
- having a clean break from the business
- continuing to play a role following the transition.

Aligning your personal and business objectives is key. Your accountant can help define your objectives, prioritise your goals and create a roadmap to follow.

Step 2: Develop an exit strategy to maximise value

With your goals all set, your accountant can recommend a targeted strategy to maximise the value of your business, taking into account:

- the financial health of your business
- its market value
- opportunities for improvement
- the best approach to achieve maximum value.

Working together, you can enhance the worth of your business and boost your bottom line to make it more appealing to potential buyers or successors.

Step 3: Maintain the right corporate structure and quality reporting

Your accountant will provide advice on how to structure your business and implement detailed reporting to make your business more attractive to buyers while optimising:

- tax implications
- regulatory compliance
- financial reporting
- due diligence requirements.

Expert advice and quality reporting build investor and buyer confidence and simplify the transition process, paving the way for your successful exit.

Step 4: Prepare legally binding sales arrangements

Your accountant will also work with your solicitor to protect your interests and facilitate a smooth exit by having legally binding sales arrangements in place, covering:

- copyright and trademark registration
- domain name registration
- leases for business premises
- employment agreements
- confidentiality agreements
- health and safety regulations.

Enlisting professional advice at this stage ensures you're in the best possible position when it comes time to negotiate the terms of sale or succession.

Step 5: Align your business and personal finances

Your accountant will help align your business and personal finances before, during and after your exit to maximise ROI and secure your future, with a focus on

- wealth planning
- estate planning
- asset protection
- tax optimisation
- retirement planning.

With your personal and business finances aligned, you can move into the next phase of your life, confident in your long-term financial security.

How to choose the right accountant to smooth your business exit

It's vital to choose an accountant who:

- understands the intricacies of exiting a business
- provides trusted advice on all facets of business sales and succession
- is focused on minimising tax, increasing value and optimising corporate structure
- has a track record in guiding successful business exits.

Take action now to maximise your return on investment

Partnering with an experienced business accountant puts you in the box seat, giving you the professional advice you need to make the best possible exit from your business.

Safeguard your wealth and future success with expert accounting advice.

Ask for a callback from JTU Accounting.

How to self-assess your customer experience (CX) in 2024

Meet rising expectations and build loyalty when you understand your customers

Competing on price or product alone is no longer enough to stay competitive. To get ahead, it pays to listen to your consumers and deliver a seamless experience to build ongoing loyalty.

Why CX matters in 2024

Advanced technology and innovative services are now the norm rather than the exception, making it harder to stand out on product or price alone.

A recent report from Qualtrics reveals customer service is now more important to consumers than a lower price. This backs up a PWC survey where 32% of customers said they'd walk away from a brand they loved after just one bad experience.

Customers are well-informed, vocal and quick to switch loyalties if their experience needs to be improved. To secure customer loyalty, build brand advocacy and safeguard growth, you can't afford to ignore the customer experience.

Start by understanding the customer journey

Mapping the customer journey is the first step in assessing and improving your CX.

Following customers on their journey identifies pain points, highlights opportunities for personalisation and reveals their experience – from initial awareness to post-purchase support.

When mapping the customer journey, it pays to identify:

- **Customer touchpoints:** These are the specific interactions or points of contact between your brand and the customer. For instance, website visits, social media interactions, customer service calls and in-store experiences.
- **Communication channels:** How customers engage with your brand - not necessarily the channels you prefer to use. Do customers make contact via your website, mobile app, email, social media or by visiting your store?
- **Each audience:** Different customer segments (e.g. new clients, returning customers, businesses Vs individuals) will have distinct journeys and expectations. You need to understand the needs of each to create targeted experiences.

Mapping the customer journey also highlights the various internal stakeholders who own CX metrics across the business. To successfully assess and improve your end-to-end CX, you'll need to engage each of these stakeholders along the way.

Common KPIs for CX

- Net Promoter Score (NPS)
- Customer Satisfaction Score (CSAT)
- Customer Effort Score (CES)
- Customer Lifetime Value (CLV)
- Customer Churn Rate
- Customer Retention Rate

Key CX metrics to measure your customer experience

Customer metrics are not the only measure of good CX. Brand perception and employee engagement also play a vital role. If your brand has a poor reputation or your team is not fully engaged, you'll face an uphill battle to attract and retain customers. This will undermine your entire CX strategy, regardless of your metric.

Surveys: Asking customers directly about their experience provides valuable insights into customer satisfaction and identifies areas for improvement.

- Customer Satisfaction (CSAT)
- Net Promoter Score (NPS)
- Customer Effort Score (CES).

Customer Trends: Analysing customer behaviour over time offers insights into evolving preferences and expectations.

- Customer Churn Rate
- Customer Retention Rate
- Customer Lifetime Value (CLV)
- Average Order Size
- Return Data
- Purchase Frequency.

Brand and Advocacy: Tracking metrics related to brand perception and customer advocacy offer a deeper understanding of your brand's influence.

- Social Media (tags and comments)
- Online Reviews
- Product Recommendations
- Trust Ratings
- Brand Sentiment.

Employee Engagement: Monitoring employee engagement and satisfaction is vital - unsatisfied employees may negatively impact the customer experience.

- Internal Satisfaction Surveys
- Employee Feedback
- Company Communication Channels.

Develop a CX assessment checklist

Incorporating metrics from every angle - customer, brand and employee sentiment - offers a comprehensive view of current CX performance and how you can improve to get ahead of your competitors.

If you need help figuring out where to start, reverse engineer your CX assessment to match your CX goals. Work backwards to identify the metrics and data sources you require to develop a comprehensive CX dashboard.

Step 1: Collect feedback: Implement surveys and feedback mechanisms (e.g. CSAT, NPS) to gather customer opinions and suggestions. Use this as a base for future CX improvements and a way to keep your finger on the pulse of consumers.

Step 2: Monitor customer behaviour: Keep a close eye on customer retention rates and identify factors contributing to churn. Harness loyalty program participation, customer sentiment and CLV data to identify real-time positive and negative trends.

Step 3: Keep tabs on your products/services: Customers won't always tell you directly if your product or service is not up to scratch. Track returns and review your quality, delivery and customer service capabilities to identify improvement opportunities.

Step 4: Assess brand perception: Track how many customers would recommend your business to others. Gauge brand perception through customer surveys, online reviews, social media posts, and customer sentiment analysis.

Step 5: Prioritise employee engagement: A Gartner survey revealed that 86% of organisations ranked employee engagement as vital to CX. Invest in surveys and wellbeing initiatives to maintain engagement and improve customer experiences.

Customer experience trends to watch in 2024

- Customers will need more human connection in the age of AI
- Good service will trump low prices for more consumers
- Digital channels are set to make or break the customer experience
- Consumers will be less inclined to provide direct feedback to businesses.

The fast track to customer retention and loyalty

Businesses that invest in understanding their customers, measuring their experiences and making data-driven improvements will thrive. Self-assess your CX and get on the fast track to creating a strategic advantage that sets you apart from the competition.

Drive home your advantage in 2024 with expert accounting advice.

Ask for a callback from JTU Accounting.

Get ready for EOFY 2024 with the right questions now

7 questions that could put money in your (business) pocket

In uncertain times, expert advice makes a difference

Don't wait until the EOFY is here to ask your accountant questions that could cost you money. Some questions remain the same each EOFY, but here's what we recommend asking *now* in 2024.

The right questions for your accountant in 2024

1. What's different for us this EOFY and why?

As EOFY approaches, are your numbers pointing to any trends or issues you need to address? Is profitability up (or down)? Is your accountant seeing any industry trends that you need to be aware of? If your numbers aren't where you want them to be, why and are there any levers you can pull to improve business performance?

2. Are there changes we should make to super contributions for tax – both for individual and company benefits?

From 1 July 2024, the Super Guarantee increases to 11.5%, before reaching 12% in 2025. There's also a new maximum super contribution base. Talk to your accountant to ensure you are paying the right amount for each employee and options for additional voluntary contributions.

3. How much tax will we pay this year – and is there anything we can do now to reduce it?

EOFY is a good time to look at your overall tax liability for the year and check if there are any ways to reduce that – like tax-deductible purchases. Remember though, it's not wise to buy something only for the tax deduction – you'll still be out of pocket for the part of the expense that's not tax deductible.

4. How will you pick up outlier costs or anomalies – and what will we do about them?

Are there any one-off costs or pieces of income that are skewing your numbers for this year? If your business numbers are looking substantially different, make sure you know why and talk to your accountant about how the impact of that can possibly be smoothed out.

Why measuring your business performance year-on-year can save your business

- Identify trends or seasonal changes
- Highlighting changes in costs and revenue
- Insights to plan for growth and long-term business sustainability
- Tracks changes in specific products to match shifting market demand

5. What upcoming tax updates will affect my business?

The big change on the horizon is the Stage 3 tax cuts which take effect from 1 July 2024. These changes reduce the tax rate for the two lowest income brackets, and increase the thresholds for the 37% and 45% tax rates. It's worth talking about the likely impacts on your business and what it might mean for your business cash flow.

6. Are there any grants or schemes coming to an end that will impact my business?

For sole traders, the low and middle income tax offset ended on 30 June 2022, but the low income tax offset remains for sole traders earning up to $66,667. Temporary full expensing for depreciating assets also came to an end on 30 June 2023, so your accountant can help guide you through the new rules.

7. What could we improve on in the new financial year?

The outside view of your accountant can help you to determine any new areas to focus on in 2024 to drive improved business performance. This might mean increasing prices, reviewing supplier agreements, addressing debt – the list goes on.

Bonus question: Are you starting the new financial year with the right business structure?

As your business and the environment you operate in change, it's not always a set-and-forget decision. Go back to basics with your accountant and assess if your business structure is still the best fit.

Avoid tax time surprises

Being proactive with your accounting team can help you to know what to expect when EOFY rolls around. The right accounting support means you can be on top of your business finances to ensure a smooth EOFY.

Stay on the ball this EOFY with expert accounting advice.

Ask for a callback from JTU Accounting.

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7 strategies to manage business costs in 2024

Know what you're spending and why

Is inflation bumping up your business costs?

Most businesses are feeling the squeeze of growing expenses and taking a hard look at ways they can better manage costs. But how can you make sure you're cutting the *right costs*? A long-term relationship with your accountant means you can get tailored advice on cost management. Here are some of the things your accountant can help you to explore.

1. Get clear on your outgoings

Step one for any business wanting to better manage costs is, of course, knowing exactly where your money is going. Are you spending on wages, software subscriptions, raw materials? Are these numbers increasing year on year? You might be surprised at where the money is going and find some easy ways to reduce your expenditure.

2. Review your pricing strategies and structures

In a climate where the cost of goods and services has increased for many businesses, it's important to review your own pricing to check if your own products and services are remaining profitable and competitive. Talk to your accountant for assistance in modelling various pricing strategies and structures.

Inflation is 2024's anti-hero

2023 saw the highest rate of inflation Australia had experienced in several decades. While monetary policy has reduced this somewhat, inflation continues to impact the costs of many goods and services.

Inflation is also putting pressure on Australian household incomes, which may impact sales and demand for some businesses. Whether your business expenses are for products or services, your accountant can help you understand the impact on your business and what measures you can take to manage spend in the current economic climate.

3. Get smart about AI

One way many businesses are reducing costs is through the use of technology, like artificial intelligence (AI). Now, while AI can't (and shouldn't) replace all your people, as there's plenty of potential pitfalls, AI can be a strategic tool to help your team work smarter. If you're struggling to find great talent in the face of low unemployment, when used well AI can help to streamline your operations with reduced salary overheads.

4. Forecasting is your friend

It's one thing to know where your money has gone and where it's come from. But what about what's going to happen next month, next quarter and beyond? There's a range of advanced data analysis and forecasting tools available that can help your business to predict future performance as well as any likely cost changes. You can then work in partnership with your financial advisors to act on those insights.

5. Time to get chatting with suppliers

Regardless of whether you've been working with suppliers for the long term or if it's a new relationship, it's always a good idea to keep a close eye on what you're being charged. Can your suppliers offer bulk-purchasing discounts or preferred rates for upfront payment? Is your current supplier still offering the best products and value for money?

Can you be proactive about tax to help manage costs?

Tax liabilities can have a big impact on a business's bottom line, especially when it comes to managing cash flow. Working with qualified tax professionals can help you to:

- Identify tax incentives to reduce your liability
- Be strategic about purchases for tax deductions
- Explore tax credit schemes.t business benchmarks

6. Cost monitoring is for every day, not just EOFY

Just like a puppy isn't just for Christmas, cost monitoring is something businesses need to be doing all year round. Talk to your accountant about systems for keeping vigilant on costs and cash flow, like regular reporting cycles or the creation of a dashboard with a traffic light system.

7. Protect your growth goals

As the adage goes, you need to spend money to make money. But this doesn't mean all spending is good spending. Smart cost management is about knowing what to spend money on, and the right costs to cut (and it's not always the biggest one). Just like buying something only to get a tax deduction isn't good business sense, cutting a big expense to maximise bottom line impact isn't always the right choice. It's important to invest wisely for growth, and your accountant can help you to make an informed decision.

Take the guesswork out of cost management

Cost management is complex, but staying on top of spending is a crucial element of running a successful and financially fit business. Knowing your numbers - and what's behind them - is essential. But you don't need to figure it all out on your own. Having a team of accountants on your side that understand your business and the broader economic environment can make all the difference.

Nail your budget and keep spending focused on the right things with expert advice.

Ask for a callback from JTU Accounting.

Expanding your business overseas: Navigating multi-jurisdictional accounting and tax compliance

More than one third of Australian SMEs are already operating overseas – and growing. Airwallex's inaugural Australian Business Growth Index found 69% of SMEs plan to be operating outside Australia by 2027.

Foreign markets offer untapped business potential as the internet removes geographical barriers and emerging regions are now able to afford commodities developed markets have enjoyed for years.

THE ALLURE OF GLOBAL EXPANSION ALSO COMES WITH CHALLENGES, INCLUDING NAVIGATING COMPLIANCE WITH ACCOUNTING AND TAX REGULATIONS IN MULTIPLE JURISDICTIONS.

Cross borders with confidence

Owning a global business can pose some complex accounting challenges. Ensure you nail multi-jurisdictional compliance with international accounting advice.

Signs your business is ready for overseas expansion

Knowing when to expand is a fine line to walk. Expand too early and you may lack the brand recognition and

operational maturity to make it work. Leave it too late and a competitor could beat you to it.

Answer 'yes' to the following questions and the time could be right to make the move overseas:

- **Sustained domestic growth:** have you reached a point of sustainable growth on home turf?
- **Increasing international demand:** are enquiries from international customers growing? Do your web analytics show an increase in overseas traffic?
- **Strong brand recognition:** is your brand already known and trusted in the markets you're planning to expand into?
- **Excess production capacity:** do you have the capacity to ramp production to keep up with demand? Do you have relationships with overseas suppliers and vendors?
- **Financial resources:** do you have the financial resources (e.g. existing business equity, venture capital, grants and incentives) required to fund expansion?
- **Scalable business model:** are you equipped to increase productivity without increasing resource and production costs?

Get to know your potential markets

Knowledge is power so it pays to get across the intricacies of potential markets before you commit. How?

- **Market research** is critical to understanding the local economy, consumer preferences, the existing competitor landscape, and core complexities of the regulatory environment.
- **Market intelligence** will inform your expansion plan with crucial external context such as the cultural nuances and language differences that may impact recruitment, business operations and marketing.
- **Local advisors or brokers** with a proven track record of multi-jurisdictional expansion can provide priceless experience, local knowledge and contacts.

Understanding multi-jurisdictional compliance

Multi-jurisdictional compliance refers to the complex juggling act of managing the regulatory requirements and compliance obligations of organisations operating across different jurisdictions. It involves complying with the laws, regulations and standards of each jurisdiction, which are often further complicated by differences in frameworks, cultural and ethical norms, and business practices.

GETTING AND STAYING ACROSS VARIED ACCOUNTING STANDARDS AND TAX LAWS IN DIFFERENT COUNTRIES IS HARD WORK.

For Australian businesses expanding overseas, common areas of confusion that pose potential compliance issues include:

- financial structures
- payroll processes
- privacy and data protection
- financial reporting and compliance
- tax regulations and reporting.

Multi-jurisdictional compliance is an ongoing exercise that requires a comprehensive understanding of each jurisdiction's legal and regulatory requirements, managed via solid compliance programs, regular risk assessments and evolving practices.

Assessing the risk of overseas expansion

With any opportunity comes risk, and overseas expansion is no different. Specific risks to manage and mitigate include:

- **Financial risk** including currency exchange fluctuations, economic instability and unforeseen operational expenses
- **Market risk** including fluctuating demand, competition, and potential market saturation
- **Operational risk** including finding the right staff, differences in work culture and HR compliance
- **Legal and regulatory risk** including the operational and compliance challenges of operating in foreign jurisdictions, licensing requirements and IP protection
- **Political risk** including unforeseen political shifts can have huge ramifications on the safety and viability of business operations.

How your accountant can help

Overcoming multi-jurisdictional compliance challenges requires a proactive and strategic approach. An accountant with a proven track record in international taxation and regulatory compliance can provide:

- **Strategic planning** of a comprehensive financial strategy for international expansion, including budgeting, forecasting and risk assessment.
- **Identification** of potential tax-saving opportunities.
- **Cloud-based accounting software** to streamline the management of global finances with different reporting requirements.
- **Compliance surety** by conducting tax jurisdiction analyses and preparing accurate financial statements.

Set sail to international success

For ambitious business owners, owning a global business is often the ultimate dream. From boosting profitability, diversifying channels to market and growing brand recognition, there are many reasons to set sail across the seas.

IT IS VITAL TO EXPAND AT THE RIGHT TIME, INTO THE CORRECT MARKETS AND WITH A CLEAR COMPLIANCE MAP TO ENSURE YOUR BUSINESS SWIMS RATHER THAN SINKS.

Staying informed about changes to accounting and tax laws across different jurisdictions is key so it pays to partner with an experienced international accountant who can ensure you stay compliant and maximise exciting opportunities for international growth.

Nail multi-jurisdictional compliance with expert accounting advice.

Ask for a callback from JTU Accounting.

Get in touch with us today if you want to chat about anything in this newsletter.

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