

## Reignite that spark for your business

Feeling like you don't want to go to work and you own the business? It happens to everyone that runs a business. There are times when it is easier not have to make decisions, pay the bills, handle a difficult customer, or deal with a problem employee. Even when everything is going well, there are some days you would prefer to stay in bed or go to the beach.

Business owners are the spark plug for their business. When the sparks don't seem to ignite, something must be done about it.

If you run a business, employees look to you as a source of energy and inspiration. When you are positive and engaged, they are more likely to be positive and engaged. Even when you work alone, if you're unmotivated, work suffers, clients feel neglected, and your income can drop dramatically – sometimes permanently.

The solution lies in identifying the problem – and it is not always the same problem. People lose momentum for different reasons at different times. So the first step in recharging your batteries is to ask yourself why you are not motivated at this particular point in time. Some of the typical reasons are:

**Overwork.** Do you plough through a pile of work every day only to face an equally big pile the next day? It's demoralising when you feel like you never make any headway.

**Not enough work.** On the other hand, if you don't have enough customers or projects, it is sometimes difficult to feel enthusiastic about those few tasks you have.

**Disappointment.** After working hard and long, did you lose a big sale or have a major project fail? Do you feel like your efforts are a waste of time?

**Let down.** Perhaps you actually succeeded in landing the client or finishing the project, only to feel a sense of emptiness once the goal was reached.

**Non-work problems.** Are you fighting with your spouse or children? Facing a serious problem in

your personal life? Work can seem unimportant in light of other serious issues.

**Exhaustion.** When was the last time you took a break, holiday, or had a good night's sleep?

How do you get your sparks reignited?

1. Sit down and analyse the source of your weariness. You have to identify the problem before you can begin to solve it.
2. Consider solutions appropriate for the source of your own lack of motivation. Consistently overworked? Consider hiring more help. Bored? Plan new directions for your business or attend an industry seminar.
3. Get help from outside. It is easy to just stew in your own juices. Look at hiring a consultant or getting a business coach – someone to help you get perspectives and ideas.
4. Take action. Moving forward by taking action, sometimes almost any action, helps re-motivate you.
5. Reflect. Go back to the beginning. Why do you want to own your own business? Financial security? Time flexibility? Ability to use your skills? Recommit to those goals, then, consider one step you can take right away to get you closer to your goals.



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# Salaries: setting the right levels

Setting the right salary level for your employees is essential to finding the right people to help you run your business. However, it can be difficult to determine the most appropriate level based on your business and what it can afford, while also being attractive to prospective employees.

When setting pay levels, particularly for advertising new positions and interviewing candidates, there are many factors to consider to ensure that you are attracting skilled personnel with the desired amount of knowledge and experience to perform well within your business.

## Skill Level and Experience

Some of the first things to consider when determining a salary level are the skill set and amount of experience necessary for the performance of the role. If on-the-job training will be provided, it is likely that a specific skill set is not required and the rate of pay can be lower to offset the cost of the necessary training. Conversely, if a certain amount of industry experience is essential for performance of duties within the role, you may need to offer a higher remuneration level.

Education and qualifications can also influence the rate of pay that you should offer, for example if a specific university degree in Business or Accounting is required for the position, you will have to offer a higher salary level to attract people who have put in the time and money required to attain these qualifications.

## What is Your Competition Offering?

You should have a good idea of what salary ranges other organisations within your sector are offering for similar roles. The best way to establish the going rate is to monitor job advertisements, both online and in newspapers and trade journals. There are also a number of services available online designed to help employees determine what their skills and experience are worth within the workplace. Using these services, often found on recruitment websites, you can input the necessary characteristics for the position and calculate what an appropriate salary might be.

## What Can Your Business Afford?

Other factors specific to your business may also help in determining the right salary level for your employees. Consider the size of your business and the amount that you can afford to offer in order to attract and retain the right person. Also think about the region that the position is in – if it is in a large city with a high cost of living, it might be necessary to offer a higher rate of pay than in smaller communities.

## Other Benefits

If your business is restricted in the amount that you can offer as a salary, think about what you have to offer other



than money. Often the right candidate will be attracted to an organisation that helps them to maintain their work-life balance, by offering flexible working hours or extra holiday leave. Showing potential employees that your business considers their personal needs as well as what they can offer you, possibly by providing them with a company car, access to private study cover or assistance with childcare considerations, can often be more valuable than a dollar amount.

## Do You Need a Formal Structure?

To make decisions regarding salary levels easier for you in the future, it can be a good idea to implement a formal structure that will apply to all employees and positions. This would be particularly useful in larger businesses, or those with a lot of movement within the company or high staff turnover. Such a structure would need to take into account all of the above factors, and be applied universally to all employees and candidates in the future.

Alternately, for smaller businesses, or ones where roles are more fluid in nature, it can be more beneficial to offer salaries on a case by case basis. The lack of a formal structure would allow you to tailor remuneration packages to suit the needs of individual employees, possibly attracting specific people to a role or helping to retain valued employees within the company.

However you choose to set and review your salary levels, it is important that you remain consistent. Salary levels should be set to reflect the skills and experience of the employee that are necessary to the performance of their role while being mindful of the strictures of your business, while being careful not to discriminate against specific employee groups.

# Benefits of an older workforce

With a growing trend of increased longevity and the number of people in Australia working past retirement age increasing, it is important for businesses to adapt when considering handling their more mature staff members and taking on new employees.

However, despite changing demographics, recent studies suggest that many small businesses are unaware of the legal implications of discriminating against older employees and job applicants, or of the potential benefits hiring more mature staff members can have on their business.

## What the Law Says

The Age Discrimination Act (ADA) is part of Australian federal law, and it applies to all types of employees, including apprentices and trainees, casual and permanent, full time and part time staff in all areas of business. This law protects people of all ages from being discriminated against at work, during recruitment, training, promotion, redundancy and dismissal, and as an employer it is your responsibility to adhere to the ADA and to enforce it within your workplace.

It is important for business owners and operators to be aware of the ADA to avoid any legal implications that may occur from any negative action within the workplace, but it can be even more valuable for employers to enforce an anti-discriminatory environment in their workplace.

## How Your Business Can Benefit

Recruitment and training processes take up a lot of time and money for employers, and it is often the case that after expending the resources to hire and train new employees, they will stay for a maximum of two to three years before moving on to other employment. Retaining or hiring more mature employees can help to avoid these costs.

With the retirement age in Australia increasing to 67, a higher number of older employees are looking to stay on in the workplace. While in the past many employers have dismissed mature employees in favour of younger talent, it can make more sense financially to retain employees who are more experienced in their roles and in the workings of your business, which can also help to improve employee moral and the external reputation of your business.

Hiring more mature employees can often make good financial sense. At a time when many businesses have reported that they are struggling to find workers with the necessary skills, taking on mature employees with a strong skill set and years of experience can benefit your business greatly. This can save on recruitment and training costs, while also decreasing incidences of absenteeism and high staff turnover more often incurred with younger employees.

## Age Diversity Checklist

Find out how well your business scores on the age diversity of your staff and policies. Any 'No' answers indicate an area for future development.

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How well do you score at age diversity? Consider the following questions; any 'No' answers indicate an area for future development.

Recruitment	Y/N
Do existing recruitment procedures focus objectively on the skills and abilities needed to perform the job, rather than a candidate's age?	<input type="checkbox"/>
Are job advertisements free from inappropriate references to age - whether direct or indirect (e.g. the use of phrases such as 'mature, experienced people' or 'young, energetic workers')?	<input type="checkbox"/>
Will advertisements reach potential candidates from all age groups?	<input type="checkbox"/>
Do interviewers have sufficient equal opportunities training?	<input type="checkbox"/>
<b>Training and promotion</b>	
Do training policies treat workers of all ages fairly and consistently?	<input type="checkbox"/>
Do all employees have access to training opportunities, and are they encouraged to take them up?	<input type="checkbox"/>
Are all promotions based on an employee's performance?	<input type="checkbox"/>
Would we consider it appropriate to grant a younger employee a position of authority, or to offer IT training to an older employee?	<input type="checkbox"/>
<b>Employee benefits</b>	
Do all long service benefits relate to rewarding loyalty and experience, rather than age?	<input type="checkbox"/>
Are all employees offered the same benefits, such as flexitime?	<input type="checkbox"/>
<b>Redundancy and retirement</b>	
Are decisions regarding redundancy based objectively on the needs of the business?	<input type="checkbox"/>
Do existing retirement and pension schemes properly reflect the needs of the business, or could they benefit from greater flexibility?	<input type="checkbox"/>

Adopting a policy of diversity and equality of opportunity will help improve staff morale, boost productivity, and give your business the competitive edge.

# What is your business worth?

One of the first and most important steps to take when you consider selling your business is to determine the value of your business and its assets to potential buyers. It is a sad fact, but less than half of business owners in Australia are aware of how much their business is worth in monetary terms.

There is no quick and easy formula for determining the financial worth of your business, but there are a few key factors to consider when making an estimation, as well as a few ways of increasing the value of your business in the eyes of potential buyers; putting in a little bit of extra effort now could yield a greater sale price and more money in your pocket at the end of the day.

To help determine the most appropriate sale price for your business, consider the following factors:

**Size** – The size of your business is dependant not only on the number of employees you have on staff, but also on your client base and the reach of your products and/or services. Remember, while larger business tend to be deemed as less risky investments as they are seen to be more stable, smaller business can often be more attractive to potential buyers because of a lower asking price, smaller commitment and greater potential for growth.

**Growth Potential** – A realistic estimation of your business's potential for growth will help you determine its future profitability, and assist in determining its current value. Consider the rate of growth that you have experienced thus far, as well as the financial climate and market trends to ascertain your business's potential for growth. A high growth rate, proven or potential, will add attractiveness for potential buyers as it would enable them to pay off their investment quickly so that they could focus on making a profit.

**Customer Base** – While the size of your customer base is obviously an important factor to consider when valuing your business, the quality of your individual clients will perhaps add more weight to your bottom line. Think about your key clients, their reputations, their standing in the marketplace, and the amount of business and revenue they generate for you. A reliable base of key clients will be worth more to a potential buyer than a high number of small clients that cannot necessarily be depended upon for future sales.

**Cashflow and Financial Management** – Prospective buyers will focus much of their attention on your business's bottom line and current profitability. They will be looking to make sure that your cashflow is steady and reliable, that your balance sheet is properly managed and that your finances are in order. Complete and up to date financial documentation and a well structured financial department will make your business appear more reliable and will help to increase its value.

Valuing your business accurately is vital when determining your asking price; if you set too high a price you may dissuade prospective buyers or make you appear as though you are not serious about selling. Too low a price will decrease the perceived value of your business and its assets and make buyers less likely to believe in its worth.



## OUR SERVICES

### Are you driving your business or is it driving you?

Are you at a point where so much time and energy is taken up dealing with the day-to-day running of your business that you have little or no time to think ahead?

If you are, you are no different from the many other successful business owners we have helped. Richmond Sinnott & Delahunty has developed a sophisticated strategic planning service specially designed for businesses just like yours.

If you want to get your business back on track and lay the foundation for sustained growth and improvement, call us today on (03) 5443 1177 to arrange a FREE strategic planning review.



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