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THE BUSINESS NEWSLETTER FROM AUSWILD & CO
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WHAT ARE YOU GOING TO DO DIFFERENTLY IN 2021?

2020 – What a year that has been – and aren't we all glad to see the end of it.

The COVID-19 pandemic has resulted in not only a global health crisis but also the most severe global economic crisis since the Great Depression – and Australia's first recession in almost 30 years.

However, the recent Mid-Year Economic and Fiscal (MYEFO) figures released before Christmas show that the Australian economy is in a much better position than expected when the 2020/21 Federal Budget was released. This appears to be mainly because of the faster than expected labour market recovery and Australian businesses having bounced back at a stronger rate than expected with substantially less reliance on JobKeeper than as originally forecasted in the Budget.

And whilst the 2020/21 MYEFO figures paint a better picture than was in the 2020/21 Budget, the Government's MYEFO commentary indicates no one will be organising a street parade yet to celebrate how good it has been as there is still much uncertainty in the Australian economy and, particularly in the global economy.

But 2020 has now come and gone and as we welcome a new year, what are you, as a business owner, going to do in 2021 that is different to 2020?

Although many businesses struggled initially, 2020 actually ended up being a good year for most of our clients. They not only made money – in some cases, they made more money than they did in previous years (although some, with the assistance of the JobKeeper scheme and other grants).

So, what are these businesses doing differently? Do they have a magic potion?

The reality is that there will always be businesses that will do well and trade profitability irrespective of market conditions or the shape of the economy. History has shown that during tough times, only the strong and determined businesses survived. These are the businesses that reduced expenses, rediscovered and redesigned current products, eliminated products which were not profitable and came up with new methods of marketing all their products.

As a business owner, you cannot control the market you are in or the economy in general – so stop complaining about it and stop feeding into the negativity! Most of you have already reduced your expenses. However, what you can do is take a good hard look at your business and figure out what is working for you. Sit down with your people and review the last 12 months. What did you do well in 2020? What worked for you last year? What can you do to increase your sales and gross profits in 2021?

Think outside the box. Explore what makes other similar businesses in your market with similar customers profitable. Review not only what advertising and marketing your competitors are doing in your selling

area, but also what similar businesses are doing outside your market or in other states or even overseas. Look at other industries to find out what may be working for other businesses. Can you adapt their ideas and methods to suit your business?

Take a look at your various departments. Review your historical sales over the past two to three years. What products or service have increased in sales and what has decreased? Review each one in detail with your managers and team and discuss ways to increase all areas of your sales.

Construct a way to market to your competitors' customers. If you have lost customers, find out why they used to do business with you and have now decided to do business with your competitors. Call them and offer them a bonus or incentive to entice them to come back to your business.

Call your existing customers to say hi, thank them for their business and ask them if you can assist them with anything.

Take the offensive. You have already tried the defensive by reducing costs. Realise that you cannot save your way to a profit if your sales and gross profits are insufficient to cover your reduced expenses structure. To obtain profitability you will need to sell your way there.

Look at your business as if you were buying it today. What would you do differently? What would you improve? What would you change cosmetically? What training do you need to have in place for your team? What personnel changes do you need to make? What expense structure would you set up? What would your budget look like?

If you do not have a budget, now is as good as any time to put one in place, with the help of your managers and your external accountant. Work out the number of units you will need to sell and the minimum gross profit it will take for you to cover all your expenses to break even. Once you know this break even number of units and gross profit, work out a plan on how you are going to increase your sales and with what type of product.

More importantly, go back to the basics of just good operational procedures and policies.

Remember the old saying: "If you do nothing differently, you will end up getting the same old result."

Happy New Year and may 2021 be a success for you and your business.