



# The Square Orange

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## ZESTY Marketing

OTS Management has unveiled a new and revised Marketing Plan product aimed specifically at Small-Medium Enterprises (SME's).

It is based around 6 half day workshops working one-to-one with the business leaders.

The workshops are built around practical exercises to move you along your marketing strategies in the following stages:-

1. Identify your real product - not the features, but the benefits and what needs does it satisfy
2. Your Target Market - through analysis and a priority-based



- graph, identify the target
3. Matching Customer Requirements with your resources - identify customer requirements and what resources you have or need to get

4. Identify Marketing Activities - advertise or market?
5. Develop Your Action Plan - schedule your plan
6. Finalise & Implement - Monitoring performance and set up reviews.

The Plan is constantly measured against "ZESTY" which stands for

- Zesty enough to excite and motivate?
- Explored all ideas?
- Specific Goals & Objectives?
- Time-deadlined?
- Yardsticks & measurements in place?

### Inside this issue:

Corporate Culture - Part 2	3
Super Simplification	2
Distributing Shares	2
What is a redundancy?	2
GST & Credit Cards	2
Service Trusts	2
The Juice	4

## ATO Compliance Program

The Commissioner has announced the Tax Office's compliance program for 2006/07 income year, identifying the following key risk areas:

- Tax scheme promoters: The focus will be on more than 100 people who may be operating illegally as tax agents, and those who design, market, sell or implement aggressive tax planning arrangements.
- Serious fraud and evasion: The Tax Office aims to detect and deter evasion before it occurs. The focus will be on promoters of arrangements involving tax havens, countries with bank secrecy, and organised attempts to defraud the system.
- International tax: Review will involve Australian resident individuals who fail to disclose gains made overseas or income from employment, pensions, dividends, interest or rent.
- Aggressive tax planning: The focus will be on capital protected products and prepaid service warrants.
- High income individuals: The Tax Office will review the affairs of some senior company executives where total remuneration is in excess of \$1 million.

### Tax Diary

- ♦ 21 October - September Activity Statements to be lodged & paid; Annual PAYG Instalments to be paid
- ♦ 28 October - final date for Activity Statement elections, final date to pay superannuation for September quarter
- ♦ 31 October - Final date to lodge PAYG withholding annual summary

## Superannuation Simplification

In a recent announcement, the Treasurer and Assistant Treasurer confirmed that the Government will proceed with its superannuation simplification proposal addressed in the 2006 Budget.



The original proposal announced in the Budget included the removal of end benefits tax for individuals over age 60 from 1 July 2007 and the abolition of RBLs and age-based contribution limits.

In addition to these proposals, the Government has indicated transitional concessions will apply to ensure the change-over to the new system will be easier and includes the following:

- Individuals will be allowed up to \$1 million of post-tax undeducted contributions between 10 May 2006 and 30 June 2007.
- The \$150,000 annual limit on post-tax contributions will

commence on 1 July 2007.

- Individuals under the age of 65 will be entitled to bring forward two years of contributions, enabling individuals to contribute \$450,000 in one year.
- In addition to the annual \$150,000 cap, individuals will be able to contribute a lifetime limit of \$1 million from the sale of small business assets held for 15 years and settlements for injuries resulting from permanent disablement.

## Distributing Shares Is a Dividend

In a recent test case, the Federal Court held that a distribution of shares paid to the taxpayer was out of company profits, and therefore, was assessable as a dividend.

The taxpayer received shares in the company's subsidiary as a result of a corporate restructure. This distribu-



tion of shares resulted in a reduction of the company's retained earnings, which was disclosed in the company's financial statements. It was found that the 'stock dividend' was funded by profits out of retained earnings and that there was no evidence to suggest otherwise.

**TIP:** A dividend can include a distribution of both income and prop-

## GST & Credit Cards

A very useful Tax Office ruling that many GST registered entities may not be familiar with is the ruling on corporate credit card statements.

In GSTR 2000/26, the Tax Office sets out the circumstances where a GST registered entity that holds a corporate credit card statement issued by certain credit providers can claim an input tax credit for a creditable acquisition without holding a tax invoice for that acquisition.

## What is a Redundancy?

In a recent decision, the Administrative Appeals Tribunal (AAT) has concluded that a payment of \$353,000 for a termination of employment was not considered a bona fide redundancy payment.

The taxpayer held the position of Chief Executive Officer of the NSW Rail Access Corporation (RAC). The taxpayer argued that his position became redundant due to the RAC's restructure plans.

On his termination, his role was immediately filled by another em-

ployee of the organisation, albeit temporarily, until the restructure was completed at which stage the role was made redundant.

The AAT concluded that the payment was not in the form of a bona fide redundancy as the role was not made redundant at the time of his termination.

As a result, the AAT held that the payment made to the taxpayer on his termination was an eligible termination payment and not eligible for concessional treatment.

## Service Trusts

The Tax Office has announced that, where service trust arrangements exist, there will be less risk of an audit, provided taxpayers adhere to the guidelines in Taxation Ruling 2006/2. TR 2006/2 considers the operation of service arrangements and their direct relationship to allowable deductions. Broadly, where the benefits conferred by a service trust arrangement provide an objective commercial explanation of the expenditure made under the arrangement, this alone will suffice to ensure deductibility.

# Corporate Culture - What's Right for You?

## Part 2

### From Part 1:

- **Culture is the organisation's shared values - messages about how people are to behave**
- **These messages come from many sources - they all need to align**
- **Shared values lead to efficiency**
- **Corporate culture enhances teamworking**

Last month we explored what made "Corporate Culture" and the improvements a strong corporate culture can make to a business.

This month we look at what type of corporate culture is right for your business.

Although we might like to develop a corporate culture that has "the best of all worlds" and in the end we may have a culture that assimilates several types, it is important to understand the three main culture drivers. This is because studies have shown that all corporate cultures are based firmly on one of them and your opportunity is to focus on one with the greatest impact on your organisation.

The three drivers are:-

- **Team-Centric** - emphasises the internal customers, collaboration and teamwork to get the best results;
- **Outcome-Centric** - emphasises performance, accountability, process & efficiency, and accountability;
- **Customer-Centric** - emphasises the external customer, service and speed of response.

To use corporate culture successfully, you need to use, not only the

desired end-result derived from your Vision, but also your current strengths in your existing culture.

### The Team-Centric Culture

This culture places the outcomes of the whole team ahead of the outcomes of the individual. It emphasises internal customers and relationships, teamwork, collaborating towards a common goal all the time.

This is not necessarily an inward-looking culture, as long as the leaders set clear customer related goals and the Vision is clear about the organisation's *purpose*.

Creating a Team-Centric culture is not easy - it needs the Leaders to meld the identities of small groups and individuals (eg departments) into one global identity.

For example recent political debate has raised the idea of "Australian values". But which Australian values do you subscribe to more - Aboriginal Australia, immigrant Australia, the Diggers' Australia, Australia represented by your state?

A Team-Centric culture may suit you if currently your business:-

- Experiences delays caused by one group not collaborating;
- Finds information is not being shared across the organisation;
- Duplicates efforts along the delivery process;
- Suffers poor performance in one area while achieving good performance in another.

### The Outcome-Centric Culture

In the Outcome-Centric Culture, everything is focused on the "right" outcome as defined by the Vision.

To do this emphasis is placed on performance and achievement, accountability, speed of delivery, en-

ergy and discipline in achieving outcomes. In this culture promotion and rewards are purely by merit.

An Out-

come-Centric culture may suit your business if you:-

- Lack focus, doing too many things that are not followed through;
- Have unmeasured goals that are never achieved;
- Have individuals and groups under-performing all the time with no consequences;
- Are continually reassigning people to new tasks to make up for those under-performing;
- Are continually reinventing the wheel through lack of procedures.

### The Customer-Centric Culture

In this culture the "customer is king" and everyone "kills for the customer".

To instill this culture you need to look from the view of the customer, and believe that customer satisfaction is the key driver of sales (as opposed to say, the quality of your product).

You may benefit from this culture if your business:-

- Finds it hard to retain customers;
- Is trying to be all things to all people and cannot define your core business.



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*OTS Management is a quality and value driven boutique consulting and accounting company that provides organisational development services to commercial, growth-oriented Small and Medium Enterprises who require business services, advice and coaching.*

*We give our clients comfort in their decision-making by providing them with our experience and independent advice that saves them time and helps them grow. Unlike other accounting services companies, our clients have significant contact with our senior people.*

*We meet our own high expectations in order to exceed the expectations of clients.*

*Our services include:*

- *Change Management consulting*
- *The Zest Factor - find the zest in your organisation*
- *Strategic & Business Planning*
- *ZESTY Marketing workshops*
- *Team Development workshops*
- *Performance Management Systems*
- *Zest Tests - Business Diagnostics on your organisation*

## The Juice

I love tormenting sales people - the bad ones, that is.

Bad sales people are the Arthur Daley's of the world - they take all the "should's" of sales training and turn them into turn-offs.

We've all seen them - they are dressed well, hair gelled, open neck shirt to show you they are "one of the people", and they look down their nose at you because you don't know their product.

I recently had to source a mid-level accounting and information package for a client and met with several software sales people.

One of them arrived (15 minutes late and showed annoyance I kept him waiting while I was on the phone, but that's another matter) and promptly set up his demonstration wares and started telling

me about his system. He spoke of how it would benefit "my" business and how all the graphics and other whizz bangs would help in decision-making.

After 5 minutes of this I cut him short and asked him what he knew of my client's business.

He was flustered and double-talked and I sat in silence unwilling to help him out, until he finally admitted he had no idea what my client did.

Then he made his greatest mistake - he said that if my client bought his system "his people" would get



*Where did I go wrong?*

to know all their requirements. In other words, they should pay first before he bothered to let "his people" earn what they wanted.

At that point I showed him the door.

So if you are one of the good sales people, what is the lesson?

1. It is a privilege to sell your product to me, so know all you can know about me;

2. Plan your visit and know my objectives so you can talk to them, not to your product.

Remember, I'm the one asking "what's in it for me?"