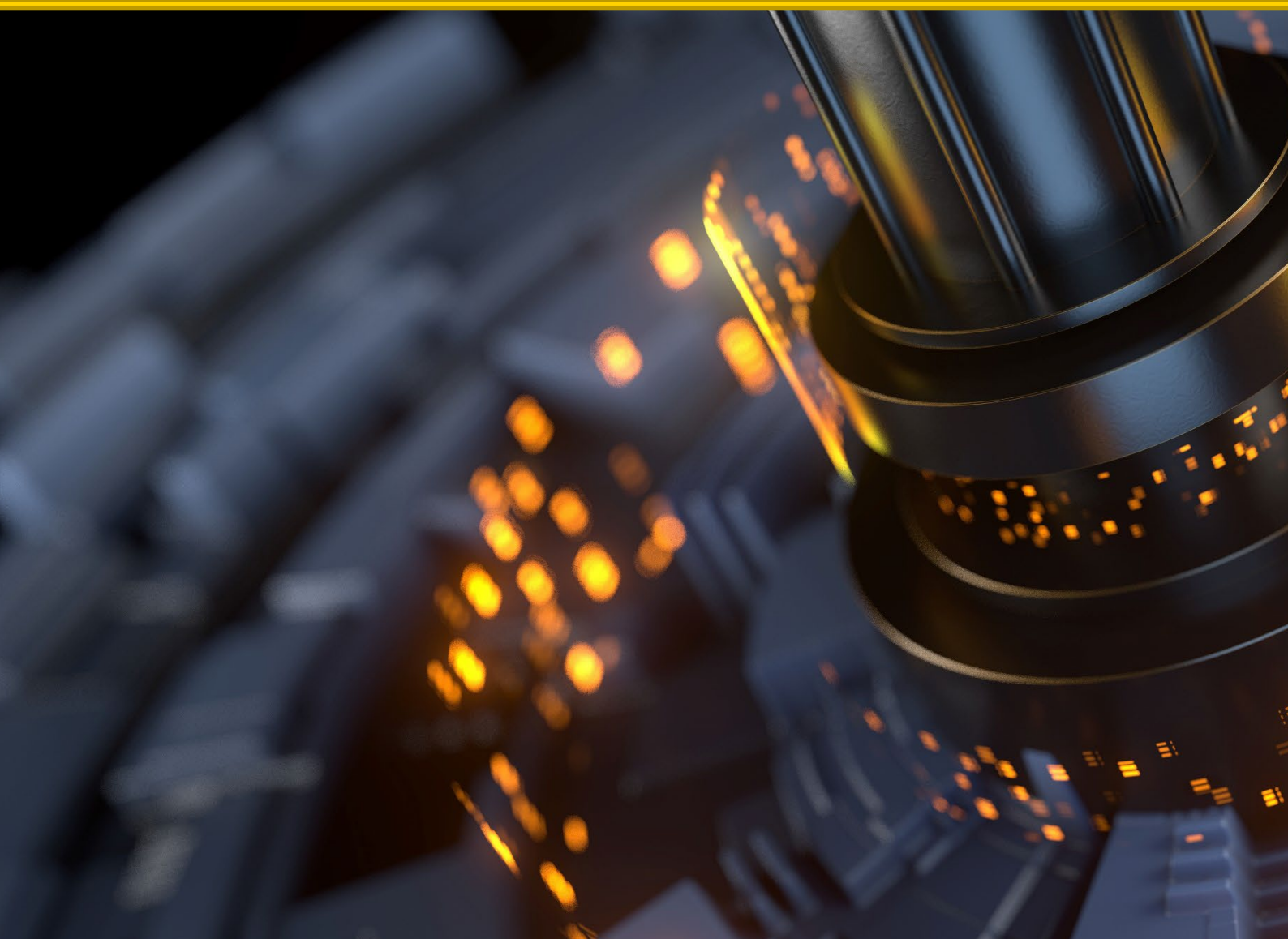


# Making Western Sydney Greater

*Your Guide to Revive and Thrive*



# Revive and Thrive Guide

---

## About Making Western Sydney Greater

Making Western Sydney Greater (MWSG) is a collaborative study between **William Buck**, **Western Sydney University, St. George**, and **Western Sydney Business Connection**. 2021 marked the 7th edition of the survey.

Conducted in July and August 2021, MWSG surveyed the experiences of business owners and senior managers to identify key issues affecting the region.

During the survey period, Greater Western Sydney experienced a high number of COVID-19 cases and was subject to a prolonged lockdown of over 100 days. In this unique period, key areas of focus for the study included:

- The impact of COVID -19 (and its associated lockdowns) on SMEs
- The Federal and State government COVID-19 support packages including uptake by SMEs and their effectiveness
- Business sentiment and confidence
- Business resilience.

## About this Guide

The MWSG Revive and Thrive Guide has been developed by William Buck as a practical tool to assist SMEs dealing with a range of issues identified by the MSWG research.

Working through the checklist will assist you to secure financial sustainability and develop immediate actions to recover, re-tool and become stronger than your competitors.

STRATEGY & PLANNING.....	3
CASH FLOW.....	7
BANKING & FINANCE.....	11
EMPLOYEES.....	12
SUPPLIERS & LANDLORDS.....	13

**John Spender**

[John.Spender@williambuck.com](mailto:John.Spender@williambuck.com)

02 8263 4000

# Strategy & Planning

## ✓ 1. MARKET ANALYSIS

What position will your business occupy after the pandemic? Will you be able to regain lost ground? Have new opportunities arisen due to the current environment? Understanding your position in the market relative to competitors and customer demand, will be crucial to post-pandemic success.

Analyse your current business environment and reflect on what it might look like as the economy opens up. Consider using a framework like Porter's Five Forces which helps you evaluate your industry or market according to five elements:

- New Entrants
- Buyers
- Suppliers
- Substitutes
- Competitive Rivalry.

## ✓ 2. STRENGTHS & WEAKNESSES

Prepare a current SWOT analysis for your business, taking into account key changes that have occurred this year.

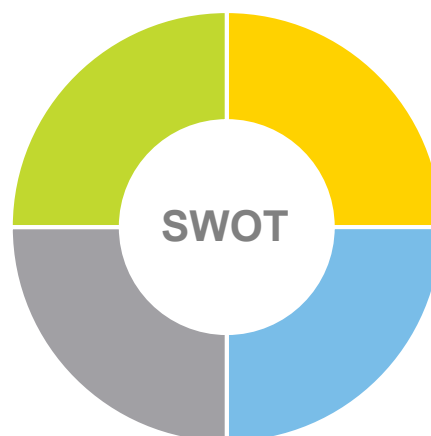
A SWOT analysis requires you to identify the strengths, weaknesses, opportunities and threats of the business. It is often used in strategic planning to help identify any potential competitive advantages that can be exploited.

### STRENGTHS

- Advantages
- Capabilities
- Assets, people
- Experience
- Financial reserves
- Value proposition
- Price, value, quality

### OPPORTUNITIES

- Areas to improve
- New segments
- Industry trends
- New products
- New innovations
- Key partnerships



### WEAKNESSES

- Disadvantages
- Gap in capabilities
- Cash flow
- Suppliers
- Experience
- Areas to improve
- Causes of lost sales

### THREATS

- Economic movement
- Obstacles faced
- Competitor actions
- Political impacts
- Environmental effects
- Loss of key staff
- Market demand

# Strategy & Planning

---

## ✓ 3. TOWS ANALYSIS

A TOWS analysis is an extension of the classic SWOT analysis. In a TOWS analysis, you use the outputs from your SWOT analysis to identify specific, actionable strategic alternatives.

To apply a TOWS analysis, you need to ask yourself the following additional questions:

- Strengths & Opportunities – How can we make use of our strengths to take advantage of opportunities?
- Strengths & Threats – How can we make use of our strengths to avoid potential threats?
- Weaknesses & Opportunities – How can we use our opportunities to address our weaknesses?
- Weaknesses & Threats – How can we minimise our weaknesses and avoid our threats?

---

## ✓ 4. INNOVATION

Has the pandemic forced you to do things differently? Now is the time to decide whether you're willing to return to 'business as usual' or if there are innovations that should be adopted as part of your business's future? Perhaps you've developed new products and services, or have discovered ways to minimise the cost of logistics? Have opportunities arisen for new strategic alliances?

A considered approach is needed when assessing which innovations to retain and solidify, and which are temporary. Questions to ask yourself might include:

- Are all senior leaders on board with innovations proposed?
- What is the impact of this change on my employees, customers and other stakeholders (positive or negative)?
- What are the financial implications of this change?
- Are these innovations sustainable? What resources might be required to make them permanent?
- Which innovations are a top priority? Taking on too many projects during a recovery phase can become disorientating and detract from core focus.

# Strategy & Planning

---

## 5. OPERATIONAL EFFICIENCY

The current environment also creates an opportunity to reset and reorganise the way that you do things to drive operational efficiency.

- How is your business organised?
- Is your organisational structure still appropriate?
- Are you happy with how your functional areas are organised?
- How do different departments work together?
- How are projects organised within the organisation?
- Is there scope to streamline or automate workflows?
- Have you considered the merits of offshoring some work processes to lower cost countries?

---

## 6. CUSTOMER PROFITABILITY & RISK ANALYSIS

It's never been more important to understand where your revenue comes from. While you may enjoy a large customer base, the truth is that not all customers are profitable, and in fact some customers may be costing you money. Understanding the profitability of core customer groups will help you to determine where time and resources should be focussed.

There a number of ways of calculating customer profitability. The best method will depend on your business and current circumstances. Some key areas of measurement include:

- Marketing costs to generate business
- Labour and fulfillment costs to deliver your product or service
- Customer service and account management costs
- Operational costs
- Rate of return.

In hand with a profitability analysis is a key customer risk analysis. What percentage of your revenue is dependent on a small number of key customers? Are your key customers still in business? Do they have the ability to pay for your products or services? What would happen if you lost a key customer?

# Strategy & Planning

---

## ✓ 7. BUSINESS RESTRUCTURING

Your legal structure may have been adequate to get you to this point, but are you satisfied that your structure is adequate in helping you achieve your future goals? Has your business declined in value as a result of the global pandemic? If so, now may be a tax effective time to consider restructuring your business to a more efficient legal model. Reasons you may consider a restructure include:

- Asset protection
- Estate planning
- Succession planning
- Tax effectiveness.

## ✓ 8. MARKETING

Now is the time to start planning your marketing campaigns and ramping up business development activities to fill your funnel post-pandemic.

- Market research is key. Has the pandemic created a shift in customer behaviours or opened new markets? Understanding your target market and developing niche campaigns for specific segments will help you maximise your budget at a time when cash flows are likely to be very tight.
- Ensure you leverage current assets such as your brand, relationships with key customers and referrers, and any existing content and materials.
- Even the most stoic laggards have become skilled at consuming content online and networking digitally. Use this to your advantage by using digital marketing tactics to help your customers navigate through the decision-making process and draw leads to your business.

## ✓ 9. CONTINGENCY PLANNING

Not all businesses and industries have been impacted by COVID-19 equally. While some industries have been directly hit by the current crisis, others are still waiting to experience the full impact of a potential recession.

It's important that your strategy and operations are flexible enough to respond to unpredictable variables in the future.

- Ensure you have the systems and structure in place to support future disruptions
- Flex all of your existing plans and conduct a 'what if' analysis to remain flexible.
- Consider worst case scenarios such as a second wave of the virus and successive waves of recession or a longer than anticipated recovery

Prepare a disaster recovery plan and use recent learnings to calculate recovery times and develop action plans to maintain operational functions.

# Cash Flow

---

## 1. FORECASTING CAPITAL REQUIREMENTS

If you've been in hibernation mode, or have been running at less than 100% capacity, you'll need to forecast the upfront cost of re-opening the doors.

- Prepare an upfront budget of the cost to restart your business. This might include replenishing or replacing damaged stock, wages, rent, extra measures required to accommodate social distancing and marketing launch campaigns.
  - Prepare a cash flow forecast for the next six to 18 months, doing both best case and worst-case scenarios.
  - Review any planned discretionary spending. For example, does your fleet of laptops need to be replaced this year or can you hold off until next year? How might this impact business operations? Can you take advantage of the instant asset-write off? (see more below)
  - Continuously update your cashflow forecast as changes to assumptions occur.
  - Consider the need for a rolling quarterly cash flow forecast.
  - Identify whether you are likely to run short of cash and if so, when, and by how much.
- 

## 2. KEEP TRACK OF DEFERRED EXPENSES

Several relief measures (such a deferral of taxes) were put in place to assist businesses through the worst of the pandemic. However, you'll need to plan for the payment of these expenses towards the end of the year. If you don't believe you'll be able to make payments by the due date, act early and contact the relevant body to implement a repayment plan.

Payments you may have deferred include:

- Payroll tax
  - Mortgage repayments
  - Income tax
  - Contractual obligations such as supplier payments and rent (see more in our Suppliers & Landlords section below).
-

# Cash Flow

---

## ✓ 3. DEBTORS & CREDITORS

Throughout the pandemic, we've seen businesses work with both their debtors and creditors to reach mutually beneficial payment arrangements. However, the uncertainty as to how long businesses will be impacted by the Government's restrictions has meant most of these arrangements are reasonably short term.

- Re-opening your business does not necessarily equate to instant cashflow to meet debts. You should consider:
- Extending any existing deferred payment arrangements.
- Paying creditors by instalments where possible.
- Following up outstanding trade debtors where possible.
- Consider whether inventory financing might be an option.

The new Small Business Restructuring and Streamlined Liquidation options available for businesses with less than \$1m debt mean that SME's with unmanageable debt can more easily access the relief offered by formal restructuring and insolvency options. Businesses with increasing debtor ledgers should also be aware that they have rights to control the outcome when debtors enter these formal restructuring processes.

---

## ✓ 4. INVENTORY

You may find yourself returning to a warehouse or retail units full of unmoved inventory. It's important to quickly assess the cost of storing inventory versus moving it on.

- If you have large inventory holdings, consider offering sales discounts to convert some of these to cash.
  - Closely monitor inventory turnover days. Are certain lines moving slower in the post-pandemic climate than pre-COVID-19?
- 

## ✓ 5. GOVERNMENT INCENTIVES

Have you taken advantage of some of the Federal and State Governments' support packages to sustain your business through the pandemic? If so, it's important to understand how your business will operate when the support is no longer available. Moreover, as the end of the financial year draws near, you'll need to ensure all decisions and applications are well documented.

---



# Cash Flow

---

## **NSW Small Business Support Program**

The NSW Government introduced the 2022 Small Business Support Program to help with businesses impacted by the Omicron outbreak in January and the first two weeks of February 2022. For more information, visit the [William Buck website](#) or speak to your William Buck advisor.

## **Other State Government Grants**

Most State Governments have business support grant programs to assist businesses impacted by the Omicron outbreak. These are different in each state and you should review which grants may be available in the states your business operates in.

## **Temporary Full Expensing**

The Federal Government's temporary full expensing measure allows businesses with aggregated annual turnover of less than \$5 billion to claim an immediate deduction for all new assets that are acquired and first used/installed between 7:30PM AEDT on 6 October 2020 and 30 June 2022 (the Federal Government has proposed extending this to 30 June 2023). The cost of these new assets can be written off in full in the year that the asset is first used (or installed ready for use) in a business. For more information visit [the ATO website](#).

Businesses with aggregated annual turnover of less than \$50 million can also write off second-hand assets they acquire and first use/install between 7:30PM AEDT on 6 October 2020 and 30 June 2022.

- Before planning any large purchases, consider whether you will be eligible for temporary full expensing and whether the purchase falls into the temporary full expensing period.
- Consider the impact that any large purchases may have on your cash flow.

## **Payroll tax concessions**

Payroll tax is a state-based tax, so each State has different measures and requirements ranging from reductions to deferrals.

You should review the concessions available in all states where you employ staff.

## **Stay abreast of Federal Budget outcomes, other government incentives & grants**

The Federal Government is expected to hand down its Federal Budget on 29 March 2022. You should keep an eye out for any Federal Government initiatives that may assist you and provide incentives to encourage business investment as the economy emerges from the pandemic. William Buck will have more information and key actions to assist your business benefit from any incentives announced after the Federal Budget.

# Cash Flow

---

## 6. INCOME TAX

In order to further assist businesses affected by COVID-19, the ATO is accommodating a range of additional measures on a case-by-case basis including:

- Payment deferrals.
- Payment arrangements.
- Remitting interest and penalties incurred after 23 January 2020.

If you are paying PAYG instalments, you can also vary your PAYG instalments on your next activity statement for the 2021/22 financial year as long as reasonable care is taken to estimate your end of year tax liability.

# Banking & Finance

---

## ✓ 1. EXISTING LOANS

We've seen a number of banks freeze loan repayments in recent months. If you've taken a holiday on existing loans, ensure that you've budgeted for repayments in future forecasts.

- Are you still meeting your covenants? Do you need to renegotiate them with the bank? Breaches of bank covenants can cause non-current liabilities to be reclassified as current.
  - Consider if existing debt can be re-financed while rates are low.
- 

## ✓ 2. FUTURE FINANCING

The best time to secure financing is before you need it. While Australia is beginning to emerge from lockdown, it may take some time for business and certain industries to bounce back. In fact, some industries are only now beginning to see the impact of the lockdown flow through to their bottom line. Securing finance upfront can help you to maintain financial sustainability through uncertain times.

- Has the crisis changed your financing needs? Do you require additional short-term funding?
  - Conduct worst case scenario planning and ensure you have facilities in place to protect your business.
  - Forecast increases to wage costs and consider if finance will be required (see more in the Cash Flow section above).
- 

## ✓ 3. THE FOUR C'S OF CREDIT

When considering your business for a loan, banks and other financial institutions will typically look at four key factors known as the 'Four C's of Credit'. Events in recent months have had a substantial impact on how banks view these factors.

- Character** - This is essentially your reputation as a borrower. Banks will look into your history and past financial stability to assess how responsible you are likely to be in the future.
  - Collateral** – Banks have traditionally lent against a wide range of assets. However, in the current environment, assessing the value of collateral is becoming increasingly challenging. Property, equipment and goodwill have all seen values fall in recent months. It's important to provide a clear picture of your assets' values and their potential recoverability.
  - Capacity** – While ordinarily banks would look at historical performance as an indicator of your ability to repay a loan, this is becoming increasingly less important. During volatile times, banks are looking more closely at current cash flows as an indicator of capacity.
  - Capital** – Banks are more willing to lend to business owners who have invested their own capital in the business. Not only does this show that you have some 'skin in the game', but also that the business will be able to support short term losses and absorb unexpected shocks.
-

# Employees

---

## ✓ 1. RETURN TO WORK

As Australia emerges from lockdown, now is the time to consider how you'll bring your employees back into the office. Areas to consider include:

- Practical changes required to accommodate social distancing and a safe working environment.
  - Remote working – will some employees need to continue working remotely? Is this practical? How long is it sustainable? Does this align with your operational needs and business culture?
  - Are there vulnerable employees that require special consideration?
  - Some employees may feel challenged with issues around returning to work (from the safety and comfort of their home), dealing with the risk of catching the disease, facing change and managing general anxiety. Providing mental health support and guidance for these employees is key.
- 

## ✓ 2. ANALYSE EMPLOYEE ROLES & PERFORMANCE

How have changes in working practices impacted your employees' roles and performance? You may have seen increased fluidity around employee roles, and the tasks they are willing or capable of fulfilling. You may also find opportunities to revise your business's operational structure (see more in the Strategy & Planning section above).

- Consider whether employees could be redeployed into higher performing areas of the business.
  - Consider whether there are departments that could be consolidated.
  - Take the opportunity during the revival phase to re-set employee goals to align with your organisational strategy.
  - Identify employees with performance issues and develop a plan for remediation or terminate.
  - Identify your high performing employees and develop a retention plan.
  - Keep an eye on the specific development needs of your employees. Consider targeted training for key roles. Take advantage of the multitude of free training resources available at present.
- 

## ✓ 3. MINIMISE ONGOING EMPLOYEE EXPENSES & LIABILITIES

If your cashflow remains tight, you may need to find ways to minimise ongoing employee expenses and liabilities.

- Consider reducing staff hours e.g. move to a three or four-day week to reduce employment costs.
  - Consider head count and wage freezes.
  - Review employee leave balances and ask employees to take leave where possible.
  - Where changes are made, ensure you're calculating new sick pay and leave entitlements at the correct rate.
-

# Suppliers & Landlords

---

## ✓ 1. SUPPLY CHAIN

Has the pandemic upset your supply chain? As businesses ramp up trade, it's important to understand both the immediate and long-term status of your supply chain.

- Are your suppliers back in business? Are there any particular products or services that you need to source elsewhere?
- Engage with major suppliers to request price reductions, extended payment terms and/or to renegotiate other key contract terms
- Will any delays impact your service delivery?
- Can you access new efficiencies?
- Can links in your supply chain be delivered digitally?
- Are there opportunities to align with strategic partners to access or share critical resources?
- Do any international trade restrictions impact your business?
- Is there an opportunity to access emerging markets?

---

## ✓ 2. LANDLORDS & LEASES

You may have successfully negotiated a rent reduction or deferral with your landlord in line with the Commercial Tenancies Code of Conduct. If so, you will need to reassess your needs and take another look at the terms of your contract.

- Have your rents been deferred? Under the Tenancies Code of Conduct repayment should not commence until the earlier of the COVID-19 pandemic ending (as defined by the Australian Government) or the existing lease expiring. You should begin accounting for rental repayments in your future forecasts.
- What are your floor space requirements? Do you require additional space to accommodate social distancing? Or perhaps your employees will continue working remotely and you require less space. Consider leasing or sub-leasing unused space to a tenant.
- Can you negotiate favourable return to work deals with new or existing landlords?
- If you have an upcoming need for more space, then now might be a good time to negotiate a new lease as more stock becomes available and landlords may become less patient

[williambuck.com](http://williambuck.com)