

# BusinessPlus+ Newsletter



**CBSW**  
TAX & BUSINESS ADVISORS

Level 2, 49 Oxford Close  
West Leederville WA 6007  
PO Box 1475, West Leederville WA 6901  
T: +61 8 9363 7300  
E: [admin@cbswtax.com.au](mailto:admin@cbswtax.com.au)  
W: [cbswtax.com.au](http://cbswtax.com.au)

## INDEX

SME Banking & Business Insights 2021 .....	1
Fair Work Act: Amendments to Casual Employment .....	6
Measuring & Improving Business Adaptability – “AQ” .....	7
Linking Your Marketing Strategy with Your Operations .....	9
Business Scams are on the Rise .....	11
Making Sense of Strategy .....	12

## Issue – April 2021

### SME Banking & Business Insights 2021

The 2021 SME Banking Insights Report is the third in a series undertaken by Judo Bank, and highlights once again, ongoing gaps in lending, relationship quality, and ultimately the low levels of trust that SME’s are experiencing from the major banks in Australia.

In a year when they needed support the most, Australian **SME’s with a turnover of \$1 million-\$20 million faced a widening gap in their lending needs of \$94.3 billion**, up \$4.6 billion from 2019.

Whilst those **SME’s with a turnover of \$20 million - \$50 million**, but the data told a similar story, revealing a **\$119.2 billion lending gap**.

Some of the key findings from this survey are shown below.

### Biggest Challenges Faced - Currently

% of Total

	A\$1 - 10m (N: 1051)	A\$10 - 50m (N: 702)	Total Market (N: 1753)
None specifically	9.0	29.5	17.2
Not being able to plan/forecast where our business environment will be	39.1	31.8	36.2
Cash flow management	22.6	18.7	21.0
Dealing with the coming reductions in support measures	9.2	6.3	8.0
Lack of certainty around our revenues and customers	8.1	4.6	6.7
Sheer survival	6.0	1.6	4.2
Accessing debt funding on acceptable terms	5.9	7.7	6.6
TOTAL	100.0	100.0	100.0

Note: no statistical variation by state, sector or lender

## Most Important Factor in Companies COVID-19 Recovery

% of Total

	A\$1 - 10m (N: 1051)	A\$10 - 50m (N: 702)	Total Market (N: 1753)
Certainty around intra-state and inter-state border restrictions	24.7	18.9	22.4
Strong cash flow	24.6	20.2	22.9
Getting our revenues back up again	17.6	18.9	18.1
Cash in the bank	13.2	16.7	14.6
Being able to get our people back into the business	4.9	6.3	5.5
Accessing debt funding on acceptable terms	5.3	6.3	5.7
Unsure/no view	9.5	12.7	10.8
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Number One Post-Crisis Business Focus

% of Total

	A\$1-10m (N: 1051)	A\$10-20m (N: 702)	Total Market (N: 1753)
Innovate - invest in new product/service development	9.8	12.7	11.0
Expand - domestic/international new markets and segments	8.6	12.5	10.2
Consolidate - holding pattern	27.8	40.9	33.0
Succession planning - bring forward handover plans	15.8	7.0	12.3
Exit - sell or wind down the business	9.3	4.7	7.5
Other	0.3	0.1	0.2
Unsure/don't know yet	28.4	22.1	25.9
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Some other interesting insights from the survey on banking relationships were as follows, ranking the top five items for each category of SME based upon business turnover, are shown in the table below.

### **Banking Relationship Requirements:**

<b>SME Preferred Requirements</b>	<b>\$1M to \$10M Turnover</b>	<b>\$10M to \$50M Turnover</b>	<b>Total Market</b>
<b><i>(1) Removal of personal covenants/ assets as Loan security</i></b>	75.0%	48.1%	64.2%
<b><i>(2) Understanding that historical business performance is less relevant now</i></b>	39.8%	44.6%	41.7%
<b><i>(3) Business Insight/Understanding</i></b>	38.4%	46.6%	41.7%
<b><i>(4) Flexibility/Agility in Funding</i></b>	28.5%	26.8%	27.8%
<b><i>(5) Industry insights/Sector- based advice/ Peer analysis/Benchmarking performance</i></b>	31.0%	34.8%	32.5%

## Most Important Banking Relationship Attributes – Post COVID-19 Recovery

% of Total

	A\$1-10m (N: 1051)	A\$10-50m (N: 702)	Total Market (N: 1753)
Deep understanding of my business	47.4	50.0	48.4
Reduce compliance burden/red tape/documentation issues	35.1	35.6	35.3
Understanding my real time cash position/100% cash visibility	30.5	37.9	33.5
Flexibility with debt funding (term adjustments, higher limit, alternative facilities)	30.3	27.5	29.2
Navigating regulatory changes/qualifying for Government stimulus measures	19.7	17.1	18.7
Accessibility to my banker	29.1	34.8	31.4
Speed of decision making	16.6	15.0	15.9
Other			
Understanding/knowing the sector we work in	37.1	38.0	37.5
Deploying risk management and cyber solutions	16.8	19.8	18.0
Digitising the bank connections with our ERP	2.6	7.0	4.3
Networking with peers and customers	30.0	17.0	24.8
Unsure/no real view	4.9	0.4	3.1

Note: no statistical variation by state, sector or lender

Note: sums to over N count due to multiple responding enabled

Scottish Pacific Finance also undertook a survey of SME's in November 2020 and some of the key outcomes from that survey are shown below:

Percent of positive growth, negative growth and no change by state					
	NSW	VIC	QLD	WA	SA/NT
Positive growth	57.0%	4.6%	42.7%	80.7%	76.3%
Negative growth	13.5%	69.1%	8.9%	3.5%	11.3%
No change	29.5%	26.3%	48.4%	15.8%	12.5%

## Revenue forecasts – optimism varies by industry

Transport sector staying positive

**60%**

in the transport sector are expecting growth

Retailers expect revenue decline

**39%**

of retailers expect revenue decline compared to 33.5% expecting growth

Mining the most resilient

**88%**

in the mining industry forecast positive growth

Manufacture and Wholesale SMEs are optimistic

**37%**

in the Manufacture and Wholesale industry expecting growth

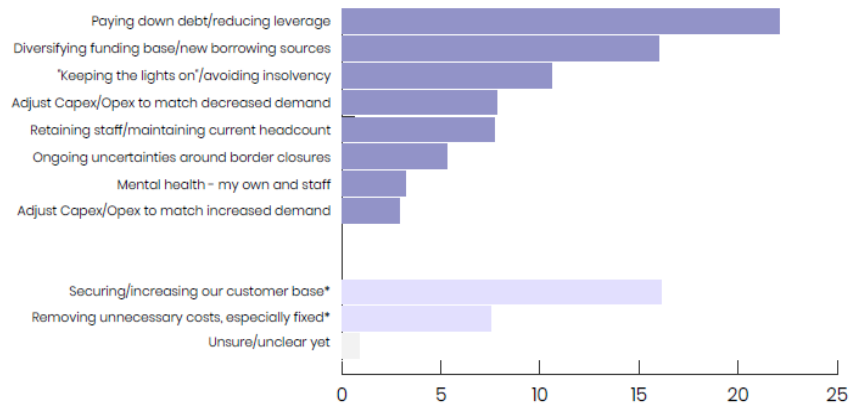


### Percent of revenue growth and decline by sector

	Mining	Transport	Manufact.	Wholesale	Retail
Revenue growth	87.9%	60.2%	37.1%	37.0%	33.5%
Average growth	8.0%	3.4%	1.2%	2.0%	1.7%
Revenue decline	7.7%	12.2%	29.3%	31.5%	38.7%
Average decline	-0.6%	-2.1%	-3.8%	-2.5%	-4.9%

### Main Challenge for 2021

% of SMEs – Total Market (N:1252)



## Pandemic puts spotlight on new ways to fund SMEs

**1 in 12**

SMEs now twice as likely to fund their new investment using a non-bank than bank

**1 in 8**  
plan to in the near future



only **17%**

of SMEs would approach their main bank to help fund business growth

**84%**

of SMEs indicated conditions of loan remains a pain point

Source: ScotPac [www.scotpac.com.au](http://www.scotpac.com.au)

## Closing, selling, looking beyond Job Keeper – impact on SMEs

SMEs looking to close or sell

**1/3**

SMEs plan to sell or close their business if no significant improvement

**Smaller SMEs hit hardest**

SMEs in \$1-5m turnover range are almost double as likely to look to close or sell within 6 months than those in \$5-20m range



SMEs looking for new funding options

**2/3**

planning to adjust business funding method to deal with pandemic aftermath

Source: ScotPac [www.scotpac.com.au](http://www.scotpac.com.au)

If you would like to access a full copy of either or both the [SME Banking Insights](#) report for 2021 issued by Judo Bank and/or the [Scottish Pacific Survey](#) results report, please click on the links [HERE](#) and [HERE](#).

### Key Business Takeaways

- **Business forward planning** (operating budgets, cashflow, understanding your working capital requirements) are more important than ever;
- **Having a strong banking relationship and collaboration** for your business funding requirements and growth plans, is pivotal to ensuring you have a better chance of having suitably structured finance facilities in place, for when the business needs them;
- **Strategic planning** (combined with scenario projections) should be a strong on-going process in your business. This strategic process must be effectively executed – not just treated as an annual event that does not result in real positive changes to the business growth & profitability;
- **If you are thinking of exiting your business**, early planning and preparation is critical to ensuring the best outcomes on sale price, taxation and other matters, so you have the best chance of meeting your business exit objectives;

**For assistance with any of these matters for your business, please speak to your CBSW Director or Business Advisory Consultant Lyall Bear.**

## Fair Work Act: Amendments to Casual Employment

Amended legislation has recently been passed that will make changes to the Fair Work Act 2009 to include changes governing casual employment. Any business must now review their employment arrangements if they employ casual staff.

**This is a landmark development as it aims to reform casual work. It now includes a definition of casual employment and for the first time allows long term casual employees the right to request being converted to permanent employment.**

### Casual Employment Defined

Under the amended Fair Work Act, **if a person is:**

- (a) *offered employment without a "firm advanced commitment to continuing and indefinite work", and*
- (b) *the person accepts that offer,*

**then the person is a casual employee, regardless of any changes in the employment relationship.**

**The considerations for determining whether a firm advance commitment to continuing and indefinite work exists include:**

- whether the employer can elect to offer work and whether the employee can elect to accept or reject work
- whether the employee will work as required according to the needs of the employer
- whether the employment is described as casual employment
- whether the employee will be entitled to a casual loading or a specific rate of pay for casual employees under the terms of the offer or fair work.

### When to Offer a Conversion from Casual to Permanent

The second key change is offering a conversion from casual to permanent employment.

Following lobbying by business groups, the initial casual conversion proposed provisions have been amended so the **obligation to offer conversion to casual employees does not apply to small businesses with a headcount of less than 15 employees.**

### Businesses with More Than 15 Employees

**Employers must offer to convert a casual employee to permanent employment if the employee:**

1. *has been employed for 12 months, and*
2. *during the last six months has worked a regular and systematic pattern of hours without significant adjustment.*

**The offer to convert must be to either:**

- full-time employment (where the casual has worked the equivalent of full-time hours)
- part-time employment consistent with the casual's regular pattern of hours (where the casual worker has worked the equivalent of part-time hours).

**You are not obliged to make an offer if there are "reasonable business grounds".** These include: -

- where the conversion would require a significant adjustment to the employee's hours of work in order for the employee to be employed permanently;
- where the employee's position will not exist in the 12 months after the conversion right arises;
- where the hours of work which the employee is required to perform will be significantly reduced in the 12 months after the conversion right arises;
- if there will be a significant change in either the days or times which the employee's work hours are required to be performed in the 12 months after the conversion right arises.

### What If You Don't Offer Conversion

Under the amended Fair Work Act, **unless there are reasonable business grounds**, employers have an obligation to offer conversion regardless of an employee request.

If you don't offer conversion, you must give notice of the decision to your employee within 21 days of when the right to be offered conversion arose. If not the employee has a right to request conversion at a later date.

### Conversion Right Can Be Lost Temporarily

If an employee refuses an offer to convert, they lose the right to convert for the next six months.

If you determine there are reasonable business grounds to not make an offer of conversion and you notify the employee in accordance with the amended Fair Work Act, the employee will have no right to request conversion for the next six months.

### New Casual Employment Information Statement

A new Casual Employment Information Statement is to be provided to each casual employee when they start their employment. This Statement is in addition to the Fair Work Information Statement that you already need to provide to all employees.

### Casual Loading Offset Created

The amended Fair Work Act also deals with historical problems such as misclassifying employees as casuals which results in leave entitlements not being accrued.

In the situation whereby an employee is found to be incorrectly engaged as a casual (that is, by law they are a permanent employee), employers can offset any leave entitlements owed to the employee against the casual loading that is often paid to the casual employees. **To benefit from this offset arrangement, the loading paid must have had components that can be identified as being paid to the employee instead of one or more leave entitlements.**

### What You Should Do Next

For most employers, it will be time to 'clean the house' in terms of the arrangements you have in place governing casual employment.

Your next steps:

- introduce new casual contracts that align with the amendments;
- introduce processes for dealing with casual conversion ensuring your operational requirements are considered whilst maintaining compliance with the amended Fair Work Act;
- seek appropriate specialist legal advice from an employment lawyer as required;

**It may also be time to reassess your workforce mix and labour strategies to determine whether your existing arrangements can be optimised given the changed regulatory landscape.**

***It is important to note that the information provided in this article does not represent legal advice and you should seek specific legal advice for your business employment circumstances.***

## Measuring & Improving Business Adaptability – “AQ”

What is now really important to assess in a business today and it's not complicated. **It is adaptability: how well a business and the leaders & team react to the inevitability of change, and lots of it. Adaptability itself is a form of intelligence, and our adaptability quotient, or AQ is something that can be measured, tested and improved.**

AQ isn't just useful for businesses per se, however. It is increasingly important for all of us - because the world is speeding up. We know that the rate of technological change is accelerating, which is forcing our brains to react quickly and often. This is so, whether you're navigating changing job conditions brought on by automation, shifting geopolitics in a more globalised world, or simply confronting changing family business dynamics and personal relationships. All of us, as individuals, groups, corporations and even governments are being forced to grapple with more change than ever before in human history.

### So, How Do We Assess Business Adaptability?

**To assess for adaptability, firstly ask "what if" questions.** What if your main revenue stream were to dry up overnight? What if a heat wave or flood prevented every single customer from being able to visit your store? **Asking "what if," instead of asking about the past, forces the brain to simulate - to picture multiple possible versions of the future. The strength of that vision, as well as how many distinct scenarios someone can conjure, tells you a lot.**

Practicing simulations is a sort of safe testing ground for improving adaptability. Instead of testing how you take in and retain information, like an IQ test might, it tests how you manipulate information, given a constraint, in order to achieve a specific goal.

**The second step to assess adaptability in a business is to look for signs of unlearning.** Active unlearners seek to challenge what they presume to already know, and instead, override that data with new information. Kind of like a computer running a disc clean-up. Take the example of Destin Sandlin, who programmed his bicycle to turn left when he steered it right and vice versa. He called this his Backwards Brain Bike, and it took him nearly eight months just to learn how to ride it kind of, sort of normally. The fact that Destin was able to unlearn his regular bike in favour of a new one, though, signals something awesome about our adaptability. It's not fixed. Instead, each of us has the capacity to improve it, through dedication and hard work.

On the last page of Gandhi's autobiography, he wrote, "*I must reduce myself to zero.*" At many points in his very full life, he was still seeking to return to a beginner's mindset, to zero - to unlearn. It's pretty safe to say Gandhi had a high AQ score.

**The third and final step to use to assess a business's AQ is to look for people who infuse exploration into their life and their business.** There's a sort of natural tension between exploration and exploitation and collectively, all of us tend to overvalue exploitation. Here's a business example you may have heard before. In the year 2000, a man had a meeting with John Antioco, the CEO of Blockbuster, and proposed a partnership to manage Blockbuster's fledgling online business. The CEO John laughed him out of the room, saying, "*I have millions of existing customers and thousands of successful retail stores. I really need to focus on the money.*"

The other man in the meeting, however, turned out to be Reed Hastings, the CEO of Netflix. In 2018, Netflix brought in 15.8 billion dollars, while Blockbuster filed for bankruptcy in 2010, directly 10 years after that meeting. **The Blockbuster CEO was too focused on exploiting his already successful business model, so much so that he couldn't see around the next corner. In that way, his previous success became the enemy of his adaptability potential.**

**Frame exploration as a state of constantly seeking a new and better way to take advantage of your business opportunities that are constantly presented because of the state of change in today's fast-paced world.** To never fall too far in love with your wins but rather continue to proactively seek out what might kill you next. Each of us has the capacity to become more adaptable. But think of it like a muscle: it's got to be exercised. And don't get discouraged if it takes a while. Remember Destin Sandlin? It took him eight months just to re-learn how to ride a differently configured bike.

**Over time, adopt the following processes in your business to increase its AQ:-**

- *asking more "what if" questions;*
- *actively unlearning; and*
- *prioritising exploration over exploitation;*

**These approaches can put you and your business in the driver's seat, so that the next time something big changes, you're already prepared and ahead of your competitors.**

## **How to Build Employee Adaptability**

### **1) Embrace the Inevitability of Change**

The first step in preparing your workforce for future uncertainties is to empower them to accept the inevitability of change. Even during periods of normality, change can occur suddenly and without warning.

For example, where job roles were once predominantly static concerning tasks and outcomes, expert predictions show that the most successful professionals are those who are happy to blur the lines, branch out and bring new value to the business in new ways.

You can coach teams to become more flexible by encouraging them to explore different ways of working, by facilitating upskilling, and by testing them with unfamiliar challenges.

### **2) Step outside Proven Success Metrics**

**Adaptability is based on assessing a situation and seeing the potential for new solutions.** Encourage your team to explore new ways of hitting their KPIs, using experimental initiatives or new software. How else might the same result be achieved? Not only will this help to increase employee adaptability, but it also ensures continued business innovation.



### 3) Ask Hypothetical Questions

One of the most effective ways to boost AQ is to urge employees to continually challenge themselves with a series of hypothetical 'what if' questions. When they make a proposition or present a plan, ask them what they'd do if X, Y or Z happened. Do they have an alternative solution?

This gives them a safe way to prepare for possible outcomes and helps exercise the ability to assess a situation and postulate new options quickly.

### 4) Find a New 'Business as Usual'

The ability to learn, remember, and unlearn behaviours is a key factor in adaptability. Until recently, remote working was an activity undertaken at leisure and the convenience of an office space was relatively underappreciated. Now remote working has become the new 'business as usual'.

Using this as an example, workforce adaptability could be increased by allowing employees to change their working environment more regularly or by facilitating flexible hours as standard. This provides a regular state of change which makes extreme circumstances easier to assimilate if they occur in the future.

The world's workforce is now being presented with the biggest challenge of all. Business endurance will depend on the strong relationships we all have with our colleagues and our teams — together we can rise to the challenge and prevail.

## Linking Your Marketing Strategy with Your Operations

A strategy that is both profitable and defensible is only achievable through a differentiated value proposition or through a distinctive value chain.

Simply put, that means that your products and services should be different AND valuable to your target consumers, or to some extent they should have something that is difficult for your competitors to imitate.

**Strategic positioning** therefore demands clear decisions about the value that your products and services will offer, and how those products and services will be made and delivered by your company *profitably*.

So in essence, you need a **market strategy** to identify and define market opportunities, and an **operations strategy** that makes decisions about how you will configure your value chain (assets, processes and human resources) to capture that opportunity profitably.

#### Strategic Positioning

Strategic positioning makes decisions about the value that a company's products will offer, and how that value will be created by the organization.

To occupy a market position that is both profitable and defensible, a business must make decisions to differentiate its products and services from other solutions, or make products differently from competitors.

#### Market Strategy

Defines how a business plans to position its products and services in the minds of target consumers, making decisions about product design and pricing models as well as sales, distribution and promotion efforts.

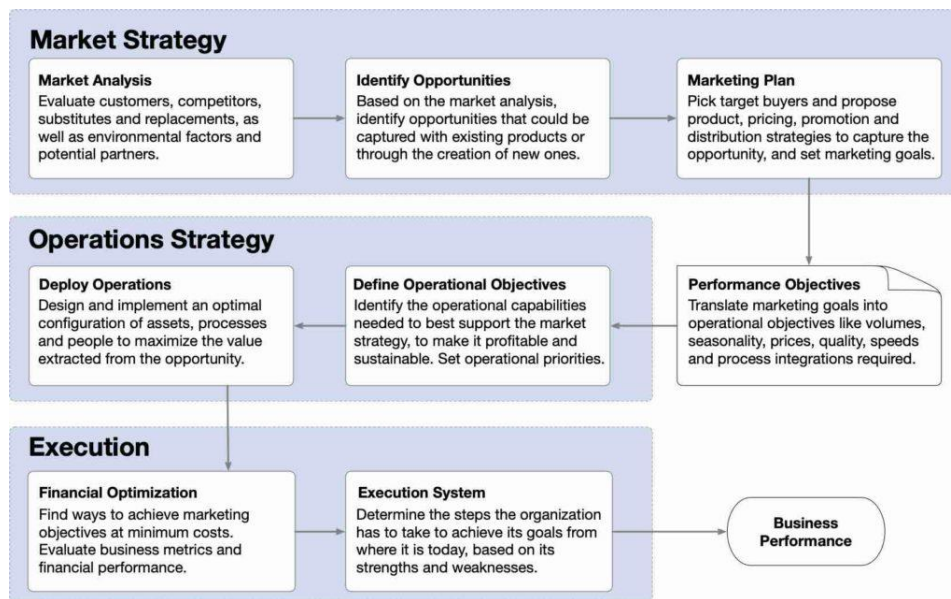
#### Operations Strategy

Makes decisions about how the business will align its resources (people, assets and processes) to deliver the products' value propositions and support its market strategy profitably.

**Effective strategic positioning requires alignment between a company's strategy and its operations**

Although each case is unique and depends on the specific type of company and industry where you operate, we could say that *in general* the strategy process follows a sequence which usually starts at the market level, through some kind of market research or discovery process, which then leads on to the definition of a target market, value propositions and business models, and from there it keeps moving upstream to the optimisation and streamlining of the activities in the business's value chain that will support the capture of those opportunities.

Although many rightly argue that a “forward” approach is also feasible, where an organisation analyses its capabilities and then goes out to find opportunities that fit its strengths, it doesn’t seem to be the norm, and we consider those as *sales* efforts rather than strategy formulation. **Ideally, the process should flow from market opportunities to operations as shown in the diagram below.**



*Simplified sequence of a typical strategy planning process*

Once you understand your market positioning intentions clearly, you can then move on to define the metrics that will measure your performance and the constraints of your operations.

Things like demand forecasts, seasonality and prices must be translated from your market strategy into capacity needs, dependability, flexibility and maximum costs allowed for your operations.

With those metrics at hand, you can then set your *operational priorities*, that is, the factors that your operation teams must focus on to support your market strategy. If your strategy is based on differentiation, for example, you may have to put more emphasis on the factors that make your products different.

You need to have a clear understanding of your operational priorities, and put the corresponding plans in place to support, develop and invest in those capabilities. With those priorities well established, you can do a better job at configuring and optimising the activities in your value chain and defining more specific things like project capacity and making location decisions.

You must be extremely careful when evaluating capacity investments, since hard (capital) assets could eventually become stranded costs if your business doesn’t succeed as expected. You should also consider how your proposed capacity plans might play out against the capacity plans of other companies attacking the same segments.

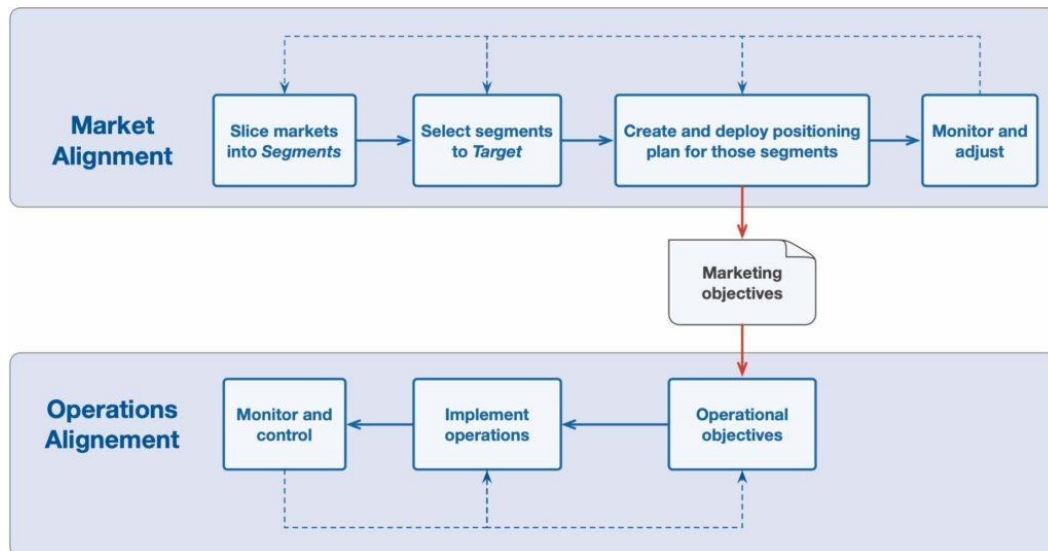
If too much capacity accumulates in a particular market, its players may be forced to start price wars as a way to stay in business. Boeing and Airbus have several times engaged in races to produce the largest planes, but they both know there is not enough of a market for two aggressive players producing huge planes.

Sometimes the numbers would suggest that very large scales are needed to turn a profit, but the larger these numbers are, the higher the risks of dragging out large fixed costs for a long time (or even forever) if demand never catches up as you expect.

Other important value chain decisions involve the labour needed, in both quantity and quality. Highly skilled labour is sometimes hard to find, and so is cheap labour in high quantities, so those considerations must also be seriously pondered.

Business Operations is usually seen as a technical subject, but it should not be. It is a fundamental component of strategic positioning and is all about making your marketing plans, hence your strategy, happen. **Without a good operations strategy, there would be no such things as competitive advantages, superior profitability or sustainability.**

In a dynamic environment, operations and marketing must be always aligned to ensure that your organisation is efficiently using its resources and that profitability is always maximised.



*Keeping alignment between marketing and operations is critical to making your strategy both profitable and defensible over time.*

## Business Scams are on the Rise

The ACCC has just reported that Australian businesses reported over \$14 million in losses to Scamwatch due to payment redirection scams in 2020, **and average losses so far in 2021 are more than five times higher compared to average losses in the same period last year.** Also note that total scam losses are much higher, as these scams are reported to a range of different organisations.

### How Scams Work

Scams targeting businesses come in all sorts of guises and are likely to strike at the busiest times, like the end of the financial year.

- **A false billing scam** is the most common trick scammers use against businesses. Scammers issue fake bills for unwanted or unauthorised listings, advertisements, products or services.
- **The business directory scam** is a well-known example, where you receive a bill for a listing in a supposedly well-known directory. Scammers trick you to sign up by disguising the offer as an outstanding invoice or a free listing, but with a hidden subscription agreement in the fine print.
- **The domain name scam** is another ploy used by scammers, where you are deceived into signing up for an unsolicited internet domain registration very similar to your own. You may also receive a fake renewal notice for your actual domain name and pay without realising.
- **An office supply scam** involves you receiving and being charged for products that you did not order. These scams often involve products or services that you regularly order such as stationery and cleaning supplies. Scammers typically call your business pretending that a service or product has already been ordered.
- **Payment redirection scams** involve a scammer using information they have obtained by hacking your computer systems. They then pose as one of your regular suppliers and tell you that their banking details have changed. They may tell you they have recently changed banks, and may use copied letterhead and branding to convince you they are legitimate. They will provide you with a new bank account number and ask that all future payments are processed accordingly. The scam is often only detected when your regular supplier asks why they have not been paid.

**Ransomware** can be extremely damaging for any business and is also significantly increasing. The best defence is to back up your data regularly and store your back-ups offsite and offline.

### Cyber Checklist

- Don't agree to offers or deals straight away—always ask for an offer in writing and seek independent advice if the deal involves money, time or a long-term commitment.

- Never provide your business' banking, financial and accounting details to someone that contacts you unexpectedly and that you don't know and trust.
- Effective management procedures can go a long way towards preventing scams—have clearly defined processes for verifying and paying accounts and invoices and look very carefully at requests to change banking details.
- Train your staff to recognise scams.
- Back up your business data offsite and offline.
- Beware of emails requesting changes to payment details. Always verify changes to payment details directly with the business or individual - preferably by direct phone communication.

### Reporting Business Scams

To report a cyber-crime, visit the business reporting page at [cyber.gov.au](http://cyber.gov.au).  
More information on scams is available on the Scamwatch website [scamwatch.gov.au](http://scamwatch.gov.au)

*A useful reference on business scams ("the little book of Scams") can be accessed [HERE](#).*

## Making Sense of Strategy

Effectively communicating strategy can be one of the trickier challenges facing the leaders of an organisation. Go into too much detail and audiences glaze over pretty quickly as "death-by-PowerPoint" is inflicted upon them. Or pitch it at too high a level and no-one is any the wiser about what it means for them.

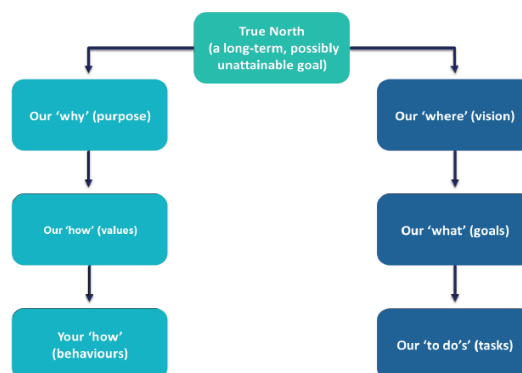
**Great strategy communication needs three functional elements:**

1. A clear framework
2. A great story
3. Leaders who interpret for their teams

### 1. A Clear Framework

It's easy to confuse colleagues with mission statements, visions, values, behaviours and some "management speak" before you even get to the actual strategy piece. Then it can be completely confounding to the business team, when there's no apparent relationship between these key components and the strategy simply appears as if it's in from some kind of parallel universe.

**To address this problem, try using the simple framework shown in the diagram below, to help make greater sense of the various elements, based on the work of Kevin Murray, author of "Communicate to Inspire".**



*The left-hand side of this diagram is the more emotive side of the framework that shapes beliefs and attitudes, whilst the right-hand side is the more tangible and rational side - where strategy neatly sits. Together they will help the business on its journey towards the "True North" objective.*

Sometimes all of these elements are in place, so the job is one of articulation rather than definition. Or it may be that you want to enlist the help of the organisation to fill in some missing pieces which can be great for building ownership. Or you may have a blank canvas that you need the leadership team to begin to complete...What matters is that all of it needs to be in place if the wider organisation is to make sense of what they're being asked to do.

## 2. A Great Story

No matter how clear the strategy, without a story to carry it forward it will appear dry and remote. **A great way around this is to find a story device that allows you to ‘unpack’ the strategy in terms that people in the business can relate to.**

As an example, you could take a typical family and show how different members of it interact with your products or services. What are their frustrations? Which products do they love? Which other brands do they love and why? And how will their interactions change in the coming years thanks to your new strategy? Or it could be a year-in-the-life of a customer, or a prospect or even a competitor.

The point is such a device makes it easier to communicate the strategy, but also a whole lot easier to understand. And it means the story can be told consistently across the organisation.

## 3. Leaders Who Interpret for Their Teams

*‘This is all great, but what does it mean for me?’* is THE question that people want answered whenever there is a strategy announcement, but usually the announcement can’t answer that question. So, it’s over to function and line leaders to make sense of it all.

This is about equipping them with the content (the story device, Q&A’s, etc.), the skills and the materials they need to land the strategy with their teams. But this should only be the start of a conversation, one that will continue beyond the initial briefing and become a productive and engaging dialogue for all.

This approach can be enormously valuable in helping the business team, (even in some of the world's largest and most complex organisations) get their heads around the strategic direction of the company. **But it also works for those leading divisions or functions, as it helps to create a sense of connection and contribution, and brings the intangible to life.** Without it, leadership becomes an exercise in explaining what we need to do. Get this right, and it gives leaders the license to empower and unlock.

To do that, you must have a clear understanding of the markets and opportunities you are going after and ensure that your value chain is optimised to capture them. Any changes in the market or in your operations that require modifications in who you target or how you target them must be properly addressed by your tactical teams and looped back in.

### *Disclaimer:*

*Business Plus is distributed monthly by CBSW Tax & Business Advisors to provide information of general interest to our clients. The content of this newsletter does not constitute specific advice. Readers are encouraged to consult their CBSW advisor for advice on any specific business matters.*

Providing you  
professional  
direction

