

# **Winning the Money Game**

Make a positive impact on your business's bottom line

**George Germanos**

## CONTENTS

### **Introduction, 3**



### **The Money Game Basics, 4 - 5**

Read the Rules | Spend Less Than You Earn



### **Play Smarter, Not Harder, 6 - 10**

Expenses: Get a Grip | Income: Understand Margins |  
Find a Mentor



### **The Missing Piece: Your Accountant, 11 - 13**

Correct Structures | Budget & Record Keeping |  
Tax Planning & Savings | Long Term Goals



### **End Game: Success, 14**



### **About George Germanos, 15**

**Alliance Accounting**

# Introduction

---

There are a lot of people who view the idea going into business as rolling the dice with their money because they're uncertain of whether the venture will pan out financially. They think the odds of success in business are completely happenstance and outside of their control. But what they don't realise is how quickly their chances for victory increase when they implement a few key – and simple – steps, which I outline in this book.

I know what you're thinking: If achieving success is really that easy, then why aren't all businesses rolling in massive profits? Simple: because most business owners are so focused on their business, they forget to take the necessary steps or just overlook (or ignore) them when playing the money game.

Whether your business is just starting up, new or well established, the tips you're about to learn on the following pages - when used correctly - will lead you to the winner's circle faster than you might have ever realised before.

Are you ready to win the money game?

Game on.

---

# The Money Game Basics

Aside from its many benefits, operating a business can be one of the most challenging things you will ever do in your life. Whether you're a sole trader, a business partner, a share holder in a company or unit holder in a trust – cash flow issues, decision making, paperwork, staff, and a whole lot more can take you off course and lead you towards a life of frustration, anxiety and stress.

But the whole reason you got involved in business in the first place was to achieve a better lifestyle – and possibly financial freedom – so it's important to learn the rules of this game before you start playing.

## Read the Rules

You've probably known people who've purchased a new gadget and start using it without actually reading the instructions first. More often than not, they end up wondering why that gadget doesn't work properly or has broken; what's more, most of them will use the item, but not to its full potential because ultimately, they "don't know what they don't know"! These same 'skip the rules' behaviour can happen to those wanting to start up a business, too.

I understand when first starting a business, it's really exciting. Most owners are so focused on the potential surrounding their new venture, they forget to do the simple stuff that can make or break them down the track.

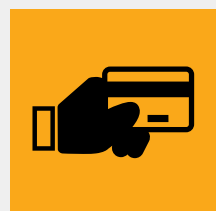


Instead of taking the time to get a game plan in place first, they jump in and make a mad dash for the finish line without learning the game rules; then they later find they spent too much money on this, leaked money on that, and can't take advantage of benefits because their business isn't set up correctly for them. Before they know it, they become stuck and discouraged; and have to spend more time and a lot of money 'back tracking' to fix what they should have done in the first place.

## Spend Less Than You Earn

The core rule of the Money Game is essentially very easy: spend less than you earn. I realise this is a ridiculously easy concept to read about, but trust me - with a vast majority of businesses going under within the first five years of operation - it's clearly a harder concept to grasp in reality.

So how do you ensure your outgoings are always less than your incomings? You have to play smarter, not harder.



# Play Smarter, Not Harder

Before you even open your doors for the first time, there are some fundamental pieces you need to know so well that they're like the back of your hand. Sit down with a pen and paper and start mapping out how your business is going to win this money game you're about to play.

## Expenses: Get a Grip

The first thing to tackle is your expense list – write it out as fully as possible. Whether this is your first business or you're a serial entrepreneur, this exercise will save you many aggravations down the track. Let's start off with the basics; will you:



Need a retail space, office or warehouse?



Hire contractors or permanent staff?



Require vehicles or machinery?



Manufacture or hold stock or both?



Need to obtain finance or borrow to operate?

After you answer those questions, now consider if you'll:

- Be paying a mortgage or rent?
- Need building, contents and liability insurance?
- Cleaning, staff and office supplies?
- Have to cover wages, sick pay and superannuation?
- Require car insurance and/or work cover?
- Acquire transit, import duties or taxes, and holding costs related to stock?
- Have loan repayments and other debts to service?
- Need advertising and marketing campaigns?

Of course the above isn't exhaustive and depending on your industry, this list can be quite long so take your time to not miss anything that applies to you. Ensure you list out everything you can possibly consider that will be an expense for your business – the more extensive your list, the better.

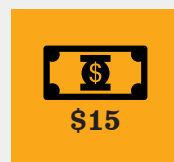
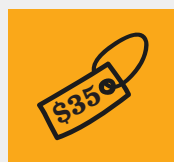
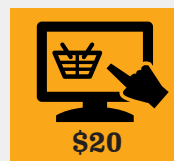
Now with your long list of expenses in front of you, go through and work out what you really need on that list to operate your business. When I say 'really need', I'm referring to those items which are fundamentally necessary for you to operate your business successfully.

For example, do you really need a cleaning company to vacuum and tidy your office space in order to be successful in your business? Or can you vacuum the office the first year you're open instead? Can this expense wait until later? If not, can you and your team work out a roster to do it among yourselves for a little while? If you have a break room, do you really need to stock it with lollies and chocolate bars, when all you really need to provide is basic tea and coffee supplies? Do you need a personalised door mat with your logo in an office no one's going to visit?

These may seem like small expenses at first glance, so you might think it's no big deal if you have a little fun and get balloons with your logo on them so you can have a weekly Friday office party; but over the course of a year, these non-necessary expenses add up and come off your bottom line. And where would you prefer that money be; in your back pocket or someone else's?

Of course, this doesn't mean that as your business grows, to ignore the need to hire a cleaning crew or stock up the break room if and when that time comes. This step is all about ensuring your business operates properly, but on the leanest expense list it can until the profits are so voluminous and regular that you can afford to increase it.

## Income: Understand Margins



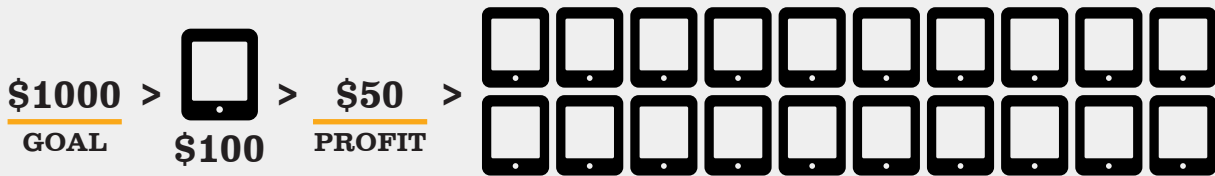
Now that you have a firm grip on what your expenses will be (or are) for your business, we need to look at your product or service's profit margin. What is a profit margin? It's basically the portion of money that sits in between the price tag and your costs.

For example, if you have a product that cost you \$20 to get, and your price tag to the customer is \$35, your profit isn't what goes through the register – it's \$15 – the difference between the cost to acquire and what you sold it for. Naturally, the bigger the margin, the better for you!

Now that you know what your profit margin is, it's important to work out how many products or services you need to sell in order to achieve your financial goals. If you have a small margin that means your sales must tick over at a higher rate than if you had a bigger margin.

For example, if you want to pocket \$1,000 per week from your business's profits, you can't just look at your gross turnover to see if your business can afford you that money. You need to look at your net profit – that's the profit after all the expenses are deducted out.





What's more, you need to work out how many products or services you need to sell in order to get to your financial goal. Let's say you sell a \$100 widget and the profit for each sale is \$50; then you need to sell 20 widgets for the week to get the thousand dollars. But if your \$100 widget's margin is only \$5, then you have to offload 200 of them for the week to get to your goal.

Knowing what your profit margin is and how many items or services you need to sell to get to your target, it's important to assess the reality of how easy or hard it's going to be to sell 20 or 200 widgets in a week – is it achievable? If not, will you implement an advertising campaign to achieve it? If yes, remember – you'll need to take that new expense off your profit margin, too!



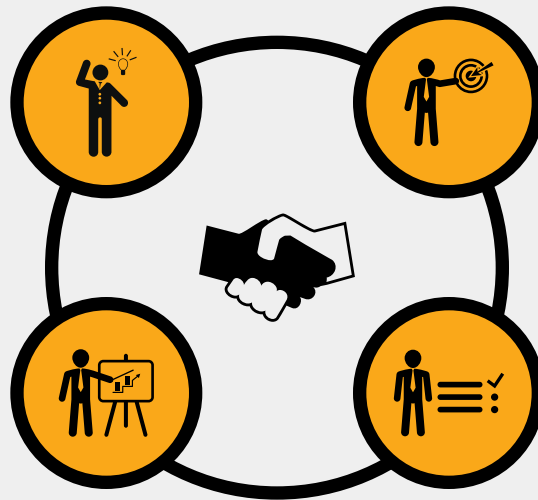
### Complementary Products & Services

Another important factor is to always review your sales cycle to ensure you've maximised the sale to its fullest – which adds more onto that profit margin! When the customer made the purchase, did you ensure you mentioned any other complementary products or services they could benefit from? Are add-on products mentioned at the point of sale or followed up later on? Can you implement a loyalty or repeat customer program to encourage regular spend? Was there anything else that could have been done to help the customer as well as increase the sales value?

Lastly, but definitely not least, after looking at all these factors, ask yourself: will your business income cover its expenses? Will the price tag of your widget ensure your long list of expenses gets paid on time, every time? What's more, will the profit be able to reach your personal goals for this business? By this point you might be thinking 'wow, this business thing is looking pretty hard', but there is a piece to this game we haven't introduced just yet, which can make a world of difference to the success of any business. (You'll need to read into the next chapter

# Find a Mentor

Businesses open and close every single day! Yet one of the keys to a successful business (those are the ones keeping the doors open!) is its ability to adapt to change and listen to criticism. Finding a business mentor who's worked day in and day out with a variety of businesses will help you leap ahead of your competition - and save you from making costly mistakes.



More often than not, a mentor is a friend, family member or even your accountant. Whoever you end up choosing to be your mentor, just be sure they have two vital pieces of experience under their belt (otherwise the advice they give might not be as helpful you think):

1. They've worked with businesses on a daily basis
2. They've ran a successful business themselves

When looking at your accountant as a business mentor in particular, be sure to ask whether they specialise in working with successful businesses, or whether they merely complete those business's tax returns.

# The Missing Piece: Your Accountant

Having a knowledgeable and reliable accountant as part of your team is one of the most overlooked aspects of starting and operating a profitable business. Just like any good team, there are players who have key positions and are better in some areas than others – and unless you're an accountant yourself – getting a reputable and experienced one on your team is vital for your business's overall well-being.

It's imperative you understand that a professional accountant isn't just there to record your profits and losses and lodge your tax return. If engaged from the very beginning, he or she will be able to guide you and your business along the right path – increasing your chances of winning the money game which so many others lose at.

# Correct Structures

Once you have your list of expenses and worked out your profit margin, the next most important step is to go to your accountant so he or she can assess the best structure to set up for your business. If you're already in business, it's important to still go and get a review on whether or not your existing structure is benefitting or hurting your goals.

There are a lot of different structures you can choose from; however, I'll list the four main types used by small businesses here in Australia:



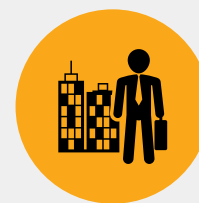
Sole Trader



Partnership



Trust



Proprietary  
Limited Company

## Sole trader

An individual person trading on their own, often in their own name

## Partnership

A group of people or entities running a business together, but not as a company

## Trust

A more complex entity that holds property or income for the benefit of others

## Proprietary Limited Company

A legal entity which is held separate from its shareholders

So, which structure is best for you? Where are you right now in the life cycle of your business?

- Are you just starting out? Then maybe a sole trader is best for you.
- Or perhaps your business has grown and you need to take on a partner. Will you go into partnership with another sole trader or will you create a trust or Proprietary Limited Company?
- Or are you now at a point where you'd like to exit your business or need to raise capital – so is it time to sell your company shares to do so?

These are all crucial questions which must be thought about thoroughly before going through with them, and – yes you guessed it – your accountant will be able to tell you all the pros and cons of each structure as it pertains to your situation.

## Budget & Record Keeping

Budgeting and record keeping is another simple, yet often overlooked, aspect of efficiently running a business. I think a lot of people just don't do these two administrative tasks because it can be a little time consuming at first, especially if you don't get a system into place. But not doing a budget and maintaining good records can be more stressful down the line, so it's important to get them into place now.

Whether you're going to do this on your own, or you want your accountant to do it for you, it's easy to make a start by simply listing out all your:

- Expenses and their due dates
- Income and the anticipated receipt of monies

Furthermore, maintaining good records and keeping all receipts is one of the fundamental steps in ensuring all opportunities for savings and exemptions are maximised every financial year.

## Tax Planning & Savings

Through knowing your expenses and profit margins, having the right business structure set up, operating from a budget and maintaining good records, your accountant will be able to make the most out of any tax savings opportunity there is. Some of the benefits can be:

- Minimise taxes payable
- Maximise protection of assets
- Acquisition of assets pre-tax dollars

Of course, each business's situation is different and taxation regulations are complicated, so getting the right plan into place for your business should be created and managed by an experienced accountant.

## Long Term Goals

What's more, an experienced accountant will be able to look at your personal situation and know if there are additional advantages available to your business. For example, if you have a Self Managed Super Fund (SMSF) and need to purchase a warehouse for your business; your accountant may be able to organize a way for your SMSF to purchase the warehouse so it mutually benefits your long term goals as well as your business right now.

There are a lot of long term scenarios that can work smarter for you, so be sure to engage an accountant who has experience in both business and personal accounting.

# End Game: Success

As you can see, this plan to financial success through business isn't a complicated one – and anyone who follows it correctly will achieve their goals. Of course, there are certain times when curbing expenses is the most sensible thing to do, such as reviewing if you need that cleaner once a week, once a month or whether or not you need them at all.

But it should be clear to you by now that one of the expenses you should not cut short is engaging a reputable accountant on a regular basis so he or she can help guide your business to success. By coming up with a plan, budgeting and adding an accountant as part of your team, you'll be headed in the right direction in no time!

I know, talk of taxation, regulations, and structures might daunt you, but don't worry. Tapping into the minds of accountants who have extensive experience in helping small businesses grow isn't scary (like you might have first thought). Professional practices such as Alliance Accounting offer free, no-obligation discussions with their clients about their own unique situations – all in plain English.

Alliance Accounting specialise in Company Accounting, Partnership and Business Structure Advice, Trust Set UP, Tax Planning, SMSF, Business Plans and Business Mentoring; so whether it's complex company taxation or guidance in your first business venture, Alliance Accounting have the depth and breadth of knowledge you need to win the money game.



---

ABOUT

---

# George Germanos

---

George is an enthusiastic, motivated and client-focused business owner. He understands the complexities business owners go through in balancing a business, family and social needs. After successfully balancing his own business, George was keen to share with others the importance of working smarter and not harder – hence, the creation of this book.

George studied a Bachelor of Business at the University of Western Sydney, majoring in accounting (B.Bus (Acc)), with sub majors in Finance Law, Public Practice Accounting, and Commercial law.

He's a fully accredited a Chartered Accountant (CA) at the Institute of Chartered Accountants in Australia; and now holds a Chartered Tax Adviser (CTA) and is a Fellow at the Taxation Institute of Australia (FTIA), as well as professional memberships with MYOB and Reckon.

Furthermore, George is a Justice of the Peace (JP) who adheres to the highest standards of ethics and professionalism. He's also actively involved in the local business community, a past mentor with the Women in Business program, and previously served as a board member for the Business Advisory Services Inc. His current and previous roles include:

- South West Networking Group Treasurer
- 4Networking Liverpool Leadership Team
- Member of the Liverpool Chamber of Commerce and the Liverpool Business Enterprise Centre
- The Georges River Club (TGRC) President — A business network targeted at large, high-end businesses.

George also donates his time to community causes; and is a member of the Rotary Club of Liverpool West, Deir Boula Charitable Association Treasurer and former Vice President of Liverpool Action Group. George also ran as a candidate in the 2012 Local Council elections in Liverpool.

Currently, George is the Director and Principal Accountant at the respectable Alliance Accounting practice in Liverpool, Norwest and Mona Vale in the Sydney area of Australia.

---

