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"When the best leader's work is done the people say 'We did it ourselves'" (Lao Tzu)

Management is probably more of an art than a science – sometimes you need to get actively involved in an issue and other times you need to stand aside and let your staff get on with it.

Significantly, if you do not get it right, your staff can become demotivated and few companies perform well when their staff is unhappy.

First, recognise that you are not always right

It is natural to think that as the leader you have been put there because you make the correct decisions. Research shows that this is not always true.

Currently, one of the big fads is "Management By Walking Around" (MBWA) whereby you spend a lot of time observing your staff at work. Whilst doing this you usually engage in a running commentary on the best way of doing their tasks.

When the matter is relatively simple, your instructions are normally correct (but ask yourself do you really need to intervene here?) but when the matter is complex, you are just as often wrong with the advice you are dispensing. Complicated issues take plenty of thought and study before the optimal solution is discovered.

Spontaneous orders should not be issued in these cases unless you have dealt with this problem before. When you give your staff an incorrect instruction, it undermines your credibility apart from the cost of setting your remedy aside.

In a recent study of 56 managers, it was found that performance improvement was higher with managers who do not practice MBWA.

How do you know when not to intervene?

One example in a case study is a manager who deliberately spends time with hostile employees. She believes that even if they don't openly confront her, she will get a good idea of whether they think she is interfering too much.

Another method is to actively cultivate frank dialogue with your staff. This is not always easy to do but if you make a point of accepting their criticisms, they will be encouraged to speak their mind. We always speak about being open and transparent in our day to day interrelations with employees, so try to practise it.

A good leader makes every effort to understand his or staff so that they respect and work for the good of the business. Look for the little signals your staff send out when they have doubts about your management.

Being attuned to your staff and knowing when to step in decisively

(e.g. in a crisis) or when to take a step back (unlocking a multi-faceted problem) will yield better results and will make your business a place where your employees are happy and positive.

How to Prepare Your Business Plan

"If you fail to plan, you are planning to fail!" (Benjamin Franklin)

Previously we discussed why a business plan is so important, this month we look at the mechanics of compiling it.

There are many templates available (most banks have pretty good ones), and by using one you can ensure you cover all the relevant topics involved -

1. **Plan and research**

   A business plan involves a considerable amount of work and is a structured process.

   This phase of the business plan, typically, takes about 65-70% of the time in putting together the document. The better your planning and research, the better will be the business plan.

2. **Do a company overview**

   When you visit a new website, you look for a "who we are", and a "what we do" section, so you can quickly ascertain if it is worth looking at the rest of the website. Then you look at products and/or services, then the management of the business, followed by financial history (if available). A good website will have captured the essence of the business and will give you a good idea of it and more importantly how focused and how well it is run.

   Doing an analogous exercise for your business puts it into clear focus. By now you have carried out your research and preparing the company overview establishes just how well you know your business and can also show up any potential flaws in your venture that you will need to address.

3. **Document your business**

This is the detail part of the plan. Having completed research and done a high-level overview now you drill down into the various aspects of the company, such as production, sales, marketing, finance, human resources plus other areas unique to the business.

Don't forget you will need to show investors, bankers or whoever the business plan is aimed at just how well you know your venture.

4. **Prepare your Strategic Marketing Plan**

   This is important to investors and stakeholders – what products/services you intend to launch and in what areas (Africa or Europe etc), how you will promote them, how you will make use of social media, your pricing strategy, how you will stretch your brands by line extensions etc, what market segments you are in and plan to get into, what customers you plan to attract and how you plan to grow your business through them.

   As all this will cost money, show how you plan to invest this money into making your business profitable.

5. **Prepare your Financial Plan**

   This is really the summary of the business plan. You will need to do income statements, balance sheets and cash flows. Set out key data such as margins, detailed cost breakdowns and so on. It is important to demonstrate your mastery of your business by showing a well thought out financial plan.

   Finally, your commitment and passion for the business should come through; if you know your own business, explain it in your own words.

The CIPC to Intensify Compliance Enforcement from January

The Companies and Intellectual Property Commission (CIPC) has announced new requirements for companies and close corporations when completing their Annual

Returns.

From 1 January 2020 it will be mandatory to complete a compliance questionnaire when submitting the Annual Return.

The rationale for the questionnaire

The CIPC will use this questionnaire to assess areas of non-compliance with the Companies Act ("the Act") and will take action where it sees the need to address any weaknesses.

It also serves to ensure that directors and officers of companies know and understand the mandatory compliance aspects of the Act.

If you don't complete the questionnaire, then you won't be able to file the Annual Return.

What is in the questionnaire?

You are asked to state whether you comply with a list of important areas of the Companies Act (for smaller companies, you can mark quite a few of these as non-applicable).

The main areas covered are:

- Have you satisfied yourself that the company meets liquidity and solvency requirements?
- Does your Memorandum of Incorporation, a new shareholders' agreement or changes to one, or changes to company rules comply with the Act?
- Have you compiled Annual Financial Statements in line with the Act's requirements?
- Do you handle financial assistance to directors correctly?
- Is your shareholder register compliant?
- Do directors run the company along the stipulations set out in the Act?
- Do you have a company secretary?

It is an offence to make a false declaration to the CIPC, so when doing this for the first time, **make use of your accountant's services**.

When to submit the Annual Return

Companies are required to submit their Annual Return in the thirty business days after the anniversary of their date of incorporation – i.e. if the company was incorporated on 10 June then you have

thirty business days from 11 June to complete the return.

Close Corporations have the two months from the first day of their month of incorporation to submit their returns i.e. if your date of incorporation is 10 June, then the Annual Return needs to be in on or by 31 July.

Don't forget Annual Financial Statements (AFS) must be submitted, in XBRL format, with the Annual Return. If the date for your Annual Return falls before you have finalised your current AFS, then submit last year's AFS.

If you fail to submit an Annual Return, the CIPC will take this to mean your company is no longer active and will begin company deregistration proceedings – **the last thing you need is to find your company effectively doesn't exist so make sure you acquaint yourself with these new requirements and ask your accountant for advice in any doubt.**

Important: SA's Rankings on the Ease of Doing Business Index, and an Exciting New Business Registration Platform

In his recent State of the Nation Addresses, President Ramaphosa vowed to speed up economic growth. He has set several key milestones to measure how effectively he is putting South Africa back on a positive economic path, such as attracting R1.2 trillion in investment in five years (in less than two years well over half of this has been raised).

One of these milestones is to improve South Africa's position in the "Doing Business Index" (often referred to as the "Ease of Doing Business Index") which ranks 190 countries around the world – the higher up you are on this World Bank scale, the easier it is to trade in your country which will attract businesses to enter the local market.

Where South Africa stands

The President has set the goal of South Africa climbing into the top fifty of the Index in the next three years. Currently we sit at number eighty-four and unfortunately slipped two places in the 2019 survey. In Sub-Saharan Africa we rank fourth behind Mauritius, Rwanda and Kenya.

How the Index works

It compiles several measurements for businesses like:

- Ease of getting a construction permit. Here our ranking is 98.
- Getting electricity where we are number 114.
- Registering property – ranked 108.
- Obtaining credit. South Africa is just in the top half at number 80.
- Protecting minority investors – in this field we are ranked 13th mainly due to the excellence of our Companies Act.
- Paying taxes which sees us at number 54.
- Enforcing contracts, number 102.
- Resolving insolvency which is not too bad at 68.
- Cross border transactions where we are down at 145. This is something we are working on with our trading partners.
- Starting a business which is disappointing as we are number 139.

A new online one-stop business registration platform

Clearly, there is quite a bit of work to do and one recent initiative launched by the President is the creation of CIPC's "**Biz Portal**". This is a one-stop online platform whereby you as an entrepreneur can register a business, can register for tax, UIF and the Compensation Fund, register a domain name, open a bank account and get a BEE certificate. All for R175. **The aim of the Biz Portal is that all these tasks can be completed in one day whereas it otherwise takes forty days to open a business in South Africa.**

This will be a significant step forward in moving South Africa up in the Doing Business Index.

Your Tax Deadlines for December 2019

- 4 December - Tax Season 2019 eFiling closes for Individuals (if you are a provisional taxpayer, you have until end January 2020 to submit your tax return)
- 6 December – Monthly PAYE submissions and payments
- 24 December - VAT manual submissions and payments
- 30 December - Excise Duty payments
- 31 December - VAT electronic submissions and payments
- 31 December - CIT Provisional Tax Payments where applicable.

Thank you for your support in 2019.

Have a Wonderful Festive Season, and a Happy and Prosperous 2020.

Enjoy the Break!

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