



**Small businesses  
vs the cost of  
living crisis:  
a practical  
support guide**



# What you can find in this guide:

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- [The current economic climate for Australian businesses](#)
- [How your business can save money - including ideas on energy-saving tips](#)
- [How your business can make more profit](#)
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All information in this guide is factually correct as of June 2023.





## Introduction

It's tough being a small business right now. The last few years have seen both large and small businesses struggle against a tide of economic uncertainty. Supply chain shortages, labour gaps, and rising costs have all contributed to a general feeling of unease about the future.

With small businesses representing 41% of employment, and 98% of all Australian businesses, more needs to be done to help business owners as inflation and energy costs remain high.

In February 2023, we asked our customers around the world how they felt about their economic prospects. **51.8% of respondents to our survey said they did not feel they had enough information on sustainable measures to reduce their energy costs.**

For this reason, we have created this guide to give you as much information as possible to help your business. Here at Epos Now, we believe in your business, and we'll do everything in our power to ensure you see success.



# The current economic climate for Australian businesses

In this section, we'll cover the current challenges facing Aussie small and medium-sized businesses (SMBs), and the current economic climate at the beginning of the new financial year (2023 - 2024).

## What are the top 5 challenges facing SMBs today?

After looking at our current climate and your survey responses, we've narrowed down the following as the key challenges facing Australian businesses in 2023:



- 1 **Economic uncertainty** (including worries about rising energy costs)



- 2 **Retaining staff**



- 3 **Access to capital**



- 4 **Supply chain disruption and delays**



- 5 **Increasing customer expectations**





## THE CURRENT ECONOMIC CLIMATE FOR AUSTRALIAN BUSINESSES



### Economic outlook

A survey carried out by the Commonwealth Bank in March 2023 found that [36% of Australian small businesses](#) were primarily concerned with a drop in consumer demand as belts tighten. Since then, it seems this fear has only increased.

In the same Commbank survey, 33% of small businesses have reduced spending on non-essential items and services. This is also affecting business owners' personal lives, as 32% of surveyed owners have reported cutting back on personal spending.

In more recent months, Treasurer Jim Chalmers' 2023 [Budget Speech](#) shared highs and lows for what businesses could expect for the coming months.

The highs include:

- A \$20,000 instant asset write-off.
- A new Small Business Energy Incentive.
- A government-backed push for an introduction of more digital technology.

However, in March 2023, the [Australian Bureau of Statistics](#) reported that Consumer Price Index inflation would continue to rise by 1.4% in the first quarter of the year and 7% annually.

With the end of the financial year (EOFY) being such an important time to complete bookkeeping and tax returns, it's been difficult to plan for the new financial year. For small and growing businesses, the economic outlook has painted a confusing picture!

## How does this impact your business?

### 1 \$20,000 instant asset write-off

[The increase in instant asset write-offs](#) is designed to help small businesses hang on to more of their money after taxes. The Government plans to do this by improving cash flow and reducing compliance for small businesses by temporarily increasing the instant asset write-off threshold to \$20,000.

This measure is not law, so there is some uncertainty over the future of the measure. But here's the breakdown:

**Who it affects:** Small businesses with aggregated turnover of less than \$10 million.

**What is the impact:** These small businesses will be able to immediately deduct the full cost of eligible assets costing less than \$20,000 that are first used or installed during the time period. The \$20,000 threshold will apply on a per asset basis, so small businesses can instantly write off multiple assets.

**Timeframe:** Eligible assets must be first used or installed between 1 July 2023 - 30 June 2024.

**Extra info:** Assets valued at \$20,000 or more (which cannot be immediately deducted) can continue to be placed into the small business simplified depreciation pool and depreciated at 15% in the first income year and 30% each income year after that.







## 2 Small Business Energy Incentive

The announced [Small Business Energy Incentive](#) is a welcome addition to the government's plan for small businesses. However, again, this measure is not yet law.

**Who it affects:** Small businesses with an annual turnover of less than \$50 million.

**What is the impact:** These small businesses will be provided with an additional 20% deduction on spending that supports electrifications and more efficient energy use. Up to \$100,000 of total expenditure will be eligible for the incentive, with the maximum bonus tax deduction being \$20,000 per business.

**Timeframe:** Eligible assets and upgrades must first be used or installed between 1 July 2023 - 30 June 2024.

## 3 Managing tax instalments

As part of the 2023-24 budget, the Australian Government included how they would help [small businesses manage tax instalments and improve cash flow](#). As a result, they've amended the tax law for goods and services tax (GST) and Pay As You Go (PAYG) instalments with a significant reduction! This is a great note for startups that may be burning through their cash fast. However, this is now yet law.

**Who it affects:** Small businesses and individuals who are eligible to use the relevant instalment methods:

- Up to \$10 million aggregated annual turnover for GST instalments.
- Up to \$50 million annual aggregate turnover for PAYG instalments.

**What is the impact:** The GDP adjustment factor for PAYG and GST instalments will be temporarily halved, and set to 6% (previously 12%). This means your business will have more freedom to use your cash how you want, when you want, before the annual income tax return is due.

**Timeframe:** This only relates to instalments for the 2023-24 income year that are due after the enabling legislation receives royal assent.

[Read more about these adjusted tax instalment rates from the SmartCompany here](#)

## Additional highlights

### [Industry Growth Program](#)

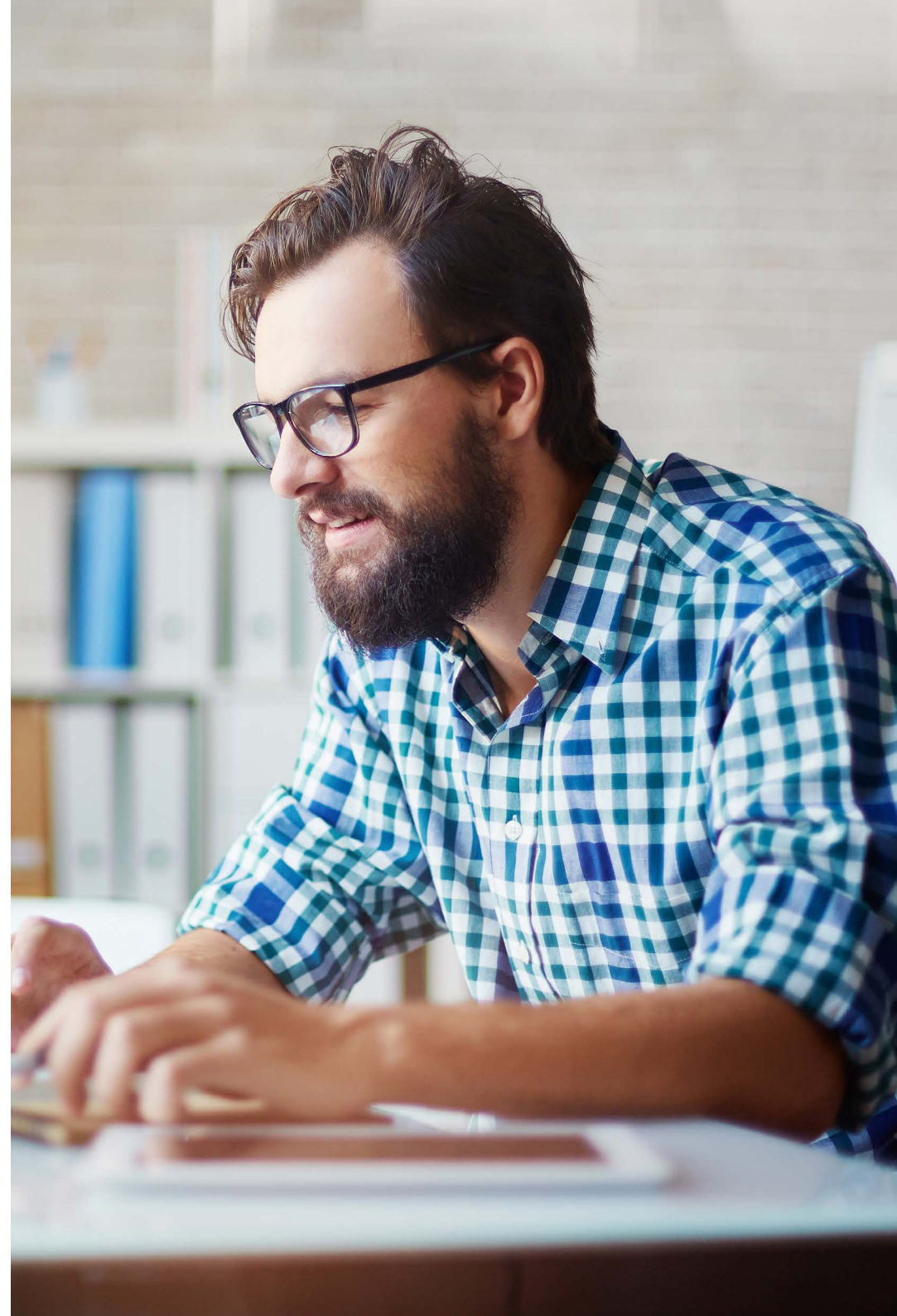
As part of the 2023-24 Budget, the Australian Government announced a new \$392 million Industry Growth Program to support Australian small-to-medium enterprises (SMEs) and startups. This should help them to commercialise their ideas, products and process and grow their operations. It also includes financial assistance, expert guidance and resources. However, it's only available to specific business industries.

### [Small businesses to adopt AI](#)

The 2023 May budget revealed that \$101.2 million will be going to support businesses to integrate AI and quantum tech in their operations over the next five years. \$17 million of that is going to launch the Responsible AI Adopt Program. This program will fund eligible businesses to run a centre, to then support SMEs without AI expertise to adopt AI technology. This should help SMEs remain competitive in interstate and international markets.

There is still a great level of economic uncertainty for smaller businesses across the country. We hope this guide will help you know you are not alone if you feel you are struggling with the current economic climate. In the next sections, we'll cover some actionable steps you can take to help increase profits, and cut your costs.

All information on the current Australian economic climate was correct at the time of writing. Please check the relevant sources for the most up-to-date information.







## Tips on how your business can save money

Businesses up and down the country have spent the last few years tightening their belts as product and fuel costs rise. While the latest budget may have helped in some areas, you may still feel the need to save money where you can. Especially with the EOFY for 2022-2023, and the demand for higher fuel bills to keep your business warm and running over winter. Below, we've included some of our top money-saving tips.



### Improve your energy efficiency

Ultimately, the rising price of energy has left many feeling the squeeze. By improving your energy efficiency, you can make crucial savings.

Simple ways to improve your energy efficiency include:

- Turning off appliances when they're not in use.
- Switching to newer devices.
- Shopping around energy providers for the best deal.

Here are 5 practical ideas on how to reduce your energy bills that suit any budget:

#### Idea 1: Seal up drafts

Check the seals on your windows and doors and use cheap draft excluders if needed. If you've got the budget, consider fitting self-closing doors, or PVC strip curtains if doors are being left open.

A great tip is that if you have roller shutter doors, you could look to interlock the controls for the doors with your heating controls. This way, your heating will automatically turn off when the door is opened.

## TIPS ON HOW YOUR BUSINESS CAN SAVE MONEY

### Idea 2: Upgrade to LEDs

We see this tip everywhere nowadays, but it can make a big difference for businesses to change from halogen light bulbs to energy-efficient LEDs. LEDs use significantly less energy than regular bulbs and can have a surprisingly large impact on your costs.

### Idea 3: Add insulation

Insulate your pipework and hot cylinders with foam lagging to reduce your energy costs. This is an easy fix that you can fit yourself, and one that you can see the payback within weeks.

Try not to use portable electric heaters unless absolutely necessary - they are very expensive to run compared to standard central heating!

### Idea 4: Service your boiler

Definitely more on the expensive side, but if you have a non-condensing boiler in your business, consider getting it upgraded to a modern condensing boiler.

It's also important to keep your boiler serviced regularly to keep it in optimal working condition. This will greatly improve your energy efficiency.

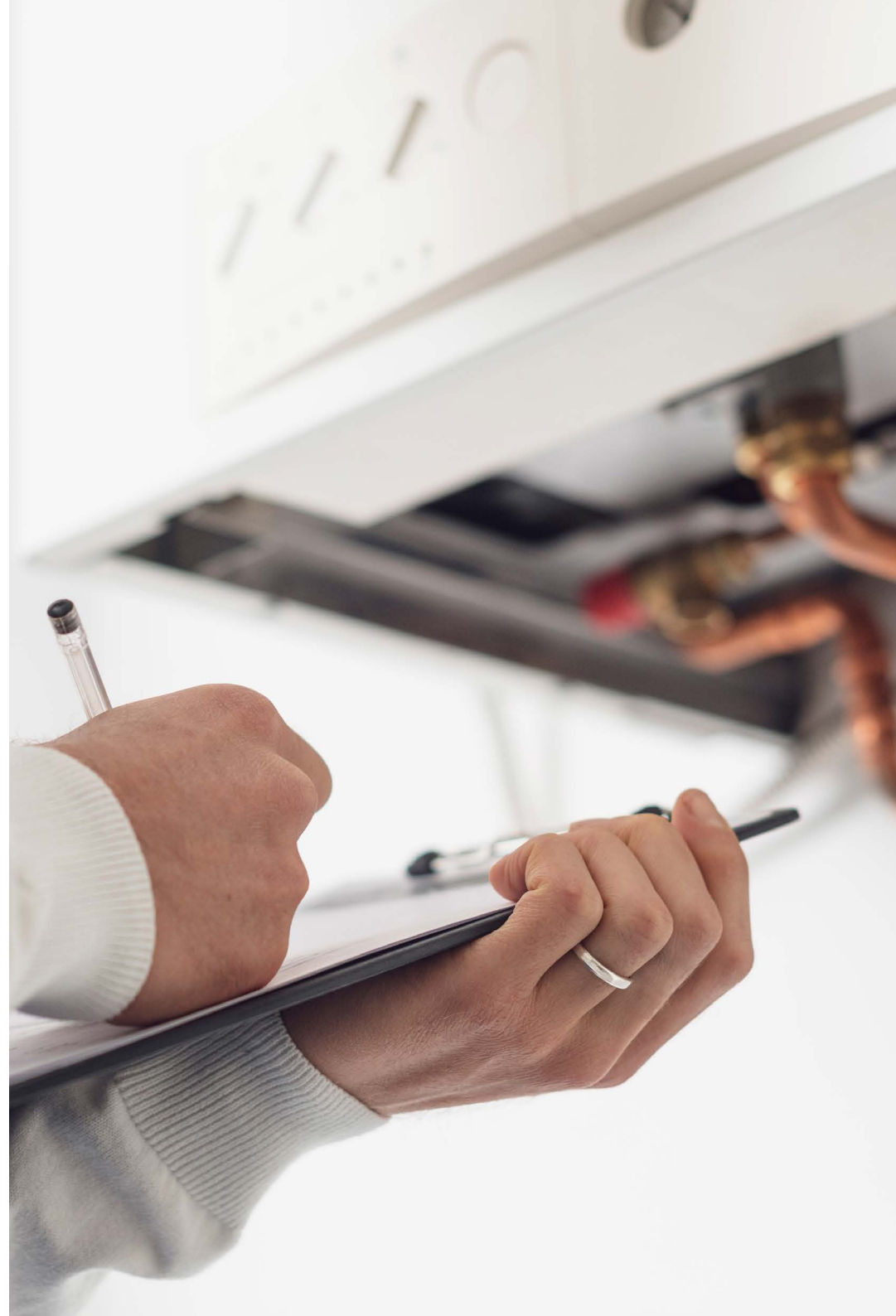
Alternatively, you could replace your boiler with a heat pump or install radiant heating technology. If you have high ceilings, you could consider installing destratification fans. Look into the costs to find out what is most practical for you and your business.

### Idea 5: Use data and turn off unused machines

Using data, such as with a smart metre, can help you make adjustments to save energy. It can show you where you may have a machine on when it's not needed and help you get accurate energy bills.

Turning off equipment at the end of the day, and not keeping them in standby mode, is one of the easiest ways to make a small but significant difference. Tell all your staff to do their part in turning off lights, computers, printers, coffee machines and other appliances when it's time to lock up as part of their routine.

We know these ideas are small in the grand scheme of cutting energy costs, but a little can go a long way.





## TIPS ON HOW YOUR BUSINESS CAN SAVE MONEY



### Financial planning

As the old saying goes, if you fail to plan, you're planning to fail. This is especially true when it comes to your business finances. With proper planning, you can get a full view of your financial health and identify areas where you could cut costs (and we appreciate you may have done the hard work here already with the EOFY!).

Tips for small businesses to plan for the new financial year:

#### **Review your previous years' successes and failures, strengths and weaknesses.**

Knowing your key drivers of growth will provide you with invaluable insights on where to focus your efforts for the upcoming year. Look for where you spent the most money, your recurring subscriptions, and how much you paid in fees or interest. You may spot ways you can save money.

#### **Set SMART financial goals.**

(Specific, Measurable, Achievable, Relevant and Time-bound) - this will help you with accountability to reach those goals and track progress.

#### **Find ways to save time.**

Set deadlines for projects or tasks. Create templates for emails, letters or invoices. Automate as much as you can to free yourself up to spend more time on growing your business.

#### **Forecast your cash flow and set a budget.**

We all know that a profitable business needs a healthy cash flow to cover everyday expenses. Invest time in different ways to manage your cash flow.

#### **Set out key times where you will monitor your progress.**

Regular check-ins, measured against your business goals, will help you adapt your plan quickly.

#### **Keep your records organised.**

Get into good organisation now by keeping your business finances separate from your personal finances and automating reports - and save yourself a headache for the next EOFY!

#### **Get in touch with professionals.**

It's always wise to seek independent, professional advice, tailored to your business' unique situation - from tax to business growth, marketing to finances. Get it sooner, rather than later, while businesses are slowing down for the winter.

Your Epos Now system automatically creates to-the-minute financial reports that can help you quickly assess your business. With these reports, you can plan for the future and ensure that excess costs are kept to a minimum while you optimise profits.

For instance, list your best and worst selling products, and evaluate any offerings that may be costing you more than they return profit-wise.



## TIPS ON HOW YOUR BUSINESS CAN SAVE MONEY



### Optimise your team

Labour is one of the most expensive costs in any business. By optimising the way your team operates, you'll be able to save money without having to let anyone go. When optimising your team, you should focus on two areas.

Firstly, you must train your team to be the best they can be. A well-trained workforce is an efficient workforce, and they'll be able to get more done in less time.

Secondly, you must optimise your shifts so that you're getting the most out of your team without overworking them. Finding a balance will help staff remain motivated and happy, meaning they're more likely to stay at your business.



### Grow your network

When times are tough, the camaraderie of our fellow businesses can be a lifesaver. Professional relationships have a reputation of cynical transactionality, but at the end of the day, our business relationships can see us through storms.

Take the time to build relationships with your suppliers and other local businesses. If your suppliers know you as a trustworthy client, they'll be more open to price negotiations. Similarly, a good relationship with other local businesses means that they'll be more inclined to collaborate and share information with you.





# Tips on how your business can make more profit

Even in this period of economic uncertainty, there are many things you can do to ensure your business thrives. In this section, we'll be sharing some helpful tips that will boost your profits despite these trying times.



## Expand your customer base

You can't make a profit without customers and the more customers you have, the more chance for profit. By expanding your customer base, you open up new revenue streams that your business can take advantage of.

It is essential that you still provide excellent customer service even as you focus on reaching new customers. This can help you retain existing customers as you attract new ones. Respond to customer enquiries, complaints, and concerns promptly and address their needs to ensure their satisfaction.

Now, there are many different ways you can expand your customer base without breaking the bank. Here are a few examples:

### Social media

Social media marketing is largely free (unless you decide to pay for ads) and can quickly grow your local audience.

**Step 1:** Find the right social media platform to match your business. For instance, if you have a business that has a lot of visual products, Instagram or TikTok may be the best channels for you to highlight photos and videos. Above all, pick the platform you know that your customers are using, rather than the one you like the most!

**TOP TIP:** Start with one platform and master it, before starting a new platform - or you may quickly feel overwhelmed and not have time to analyse what works.



## TIPS ON HOW YOUR BUSINESS CAN MAKE MORE PROFIT

**Step 2:** Be consistent! You're not going to go viral instantly. Instead, you need to post regularly, so that your audience comes to rely on you. For many businesses, this means posting at least once a day, or adding to their stories on social channels like Instagram, Facebook and LinkedIn.

**Step 3:** Experiment and find what works. You'll need to start off trying out a range of different content to find what sticks with your audience - it will need regular reviewing! This is where many businesses get stuck. Here are a few ideas to inspire you:

- Photos of your products
- Behind-the-scenes videos, photos or live streams of you making products or setting up your service
- Share relevant news or announcements about your business (such as job opportunities, new staff, new products)
- Explain the story of setting up your business or some of your favourite stories about customers
- Use trending music, memes or sound clips and create videos
- Social media contests
- Seasonal/themed content
- Advertising promotions, discounts and loyalty programmes
- Promote local events, charities or companies you support, or collaborate with them
- Share great recent reviews you business has received
- Give out expert tips related to your business
- Reshare customer content when they tag you in their posts

**TOP TIP:** We know not everyone loves being in front of the camera, so always ask permission first. However, your social media audience will enjoy seeing the face behind the business, and your content is likely to perform better if you add voice overs or show you and your staff.







## TIPS ON HOW YOUR BUSINESS CAN MAKE MORE PROFIT

### Utilise discounts, promotions and referral programmes

During an economic crisis, customers are often looking for ways to save money. Offering discounts and promotions can entice new customers to try your products or services and helps you retain existing customers.

Word of mouth is still the most effective marketing tool out there. So encourage existing customers to refer new customers by offering incentives such as discounts or free products. Referral programmes can help expand your customer base quickly and effectively.

We have several apps that sync with your Epos Now point of sale system where you can develop loyalty programmes. Plus, our newsletter is often full of ideas for marketing promotions you could run around timely events.

### Make sure your business can be found

Customers turn to search engines and apps to find places to eat, drink or stay. That's why it's essential your business is listed on online directories, such as Google, Yelp for Business, Yahoo Business Listings, Facebook, and Bing Places for Business.

- **Claim your online profile.** This is really easy to do, and lots of businesses miss this trick! For instance, your Google Business Profile is free and lets you manage your business' online presence across Google, including updating opening and closing times, contact information, address (you can appear on Google Maps!), website, photos and more.
- **Encourage customers to leave reviews.** Again - this is a great way to show your quality of service to potential customers who may be scoping out your business. Remember to respond to reviews, both positive and negative, to show that you value customer feedback.

### Collaborate with other businesses

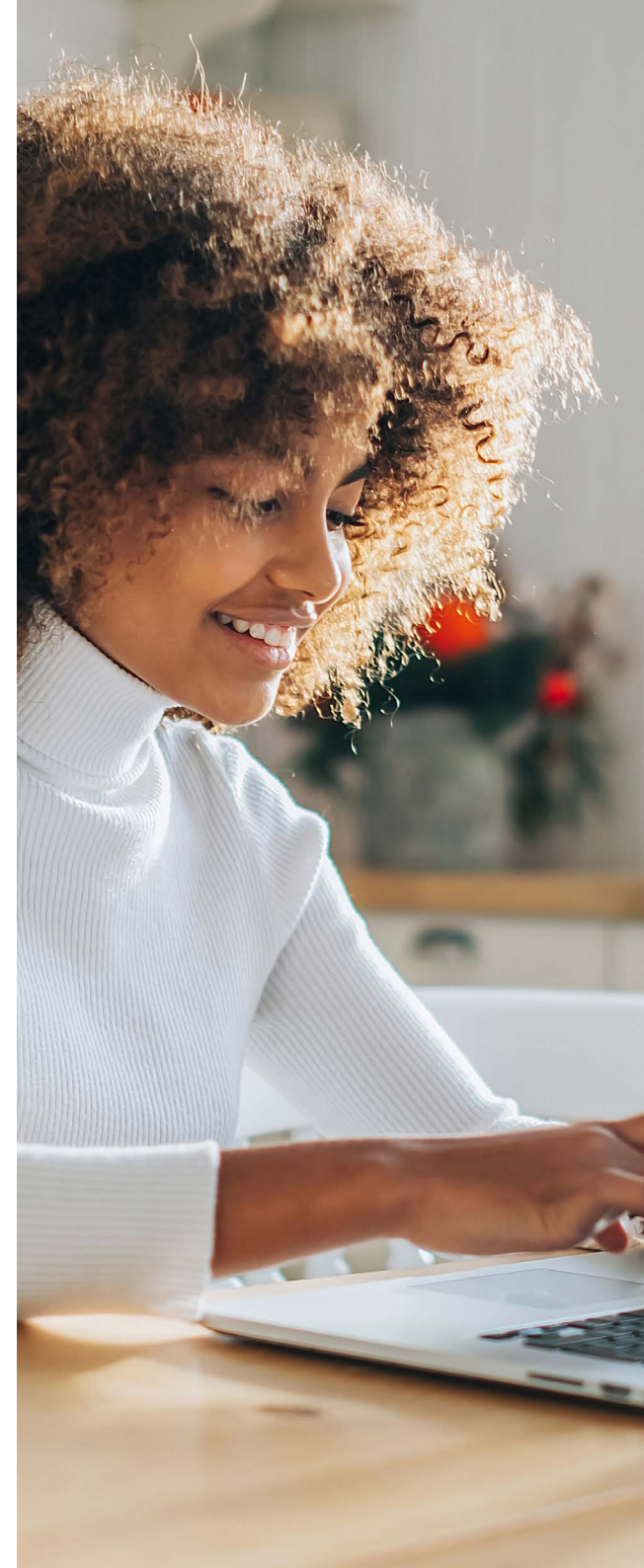
Collaborating with other businesses can help expand your customer base by tapping into their existing customer network. Consider partnering with businesses that complement your products or services. See if you could host an event together, or find ways you can promote each other's business to your customers. This may open up a new niche customer base for you.

## TIPS ON HOW YOUR BUSINESS CAN MAKE MORE PROFIT

### Open an online store

Making it easy for customers to place orders can, quite simply, also help increase sales. Haven't taken the plunge yet, or looking for some ideas to better your online store? Start here:

- **Choose the right ecommerce platform.** Make sure it matches your business needs, budget and technical expertise.
- **Your website needs to be user-friendly.** Use clear, concise language, make navigation simple, and check your website is mobile friendly, as many people use their smartphones to shop online.
- **Use high-quality, accurate photos of your products.** Product photos make or break purchasing decisions!
- **Offer a variety of payment options to accommodate your customers.**
- **Provide excellent customer service.** This means sending automatic emails to confirm orders and deliveries, responding to questions in a timely manner, and offering exchanges or refunds when necessary.
- **Remember to promote your store using your other marketing mediums, like social media and emails.** (Especially if you're running a discount or promotion).
- **Monitor your data.** Use analytic tools to monitor your sales data and make informed decisions about pricing, inventory and marketing strategies.
- **Look into how you can implement some simple SEO techniques.** This will help your website be found on search engines.







## TIPS ON HOW YOUR BUSINESS CAN MAKE MORE PROFIT



### Diversify your offering

Whether you're in the retail or the hospitality industry, offering a wider range of products and services is a great way to boost profits. Your customers have a unique set of needs and wants. By offering a wider selection of products, you can meet and monetise these needs.

Take some time to think about your customers, and ask yourself the following questions:

- What extra products or services could you offer **current** customers?
- What products are **new** customers looking for?
- What **seasonal** or **themed** products could you introduce?
- Could you offer or use **locally-sourced** or unique products? (Something that can't be found in competitor businesses)
- How could you integrate these extra products and services into your business' existing stock?

Thinking outside the box here could lead to a completely untapped group of customers.

Once you've found a new offering, don't forget to use a range of your marketing channels to promote it. Depending on your budget for advertisements, you could use a combination of the following:

- Emails to current customers
- Add your new offering on the front page of your website
- Social media posts

- Social media ads
- Collaborate with influencers
- Printed media, such as posters and displays in your store
- Host an event to start selling your new offering
- Place an ad in local newspapers
- Direct mail

**TOP TIP:** Don't have a customer email list yet? Consider offering a discount or freebie to customers who sign up in store. You can collect their email information in your Epos Now POS too, which can then be exported to spreadsheets or marketing apps found in the Epos Now AppStore.

If you're struggling for ways to improve your customer emails, try looking at examples on sites like [Really Good Emails](#) or research how to write compelling emails using free sites like [HubSpot](#).



## TIPS ON HOW YOUR BUSINESS CAN MAKE MORE PROFIT



### Cut down on waste

For many businesses, particularly those in the hospitality industry, unchecked wastage can be a huge drain on profits and resources. By minimising wastage, you can save money that can then be counted towards your profits. After all, we all know the idiom *waste not, want not!*

There are all sorts of waste you can target:

- Appliances left on when they're not needed waste energy
- Unused ingredients rot and drive up food costs
- Printers can be expensive with paper and ink costs
- Excessive packaging can be an extra cost
- Leaks and using water-inefficient fixtures can lead to a lot of water waste and high bills

Go through every aspect of your business and identify areas where waste is occurring. After that, it's a case of eliminating any inefficiencies. For instance, you could reduce printing waste by offering email receipts to customers and using digital communication among staff.

These small changes can add up over weeks and months, and some also contribute to being more eco-friendly too - a win-win!



### Raise your prices

As the price of energy, supplies, and labour has risen, it is completely justifiable for you to raise your prices. If you price your offering in line with your own raising costs, you can stay above water and even increase your profits. Evaluate your current profit margins and raise your prices on appropriate items.

While raising prices may seem like an obvious way to boost profits, it should be done with the utmost caution. If you suddenly raise prices without informing your customers, it could backfire and lead to lost business.

Being transparent and open about needing to increase your prices will help customers understand the choices you're having to make. Some businesses have done this by talking to customers individually when they visit their store, or sharing videos on social media explaining the reasoning behind the price changes.





## Further resources

Below, we've included some helpful links that offer business owners additional help in saving money and boosting profits.

- [The Australian Budget 2023-24](#) - from the Australian Government
- [Adapt and thrive as a small business](#) - from Epos Now
- [Energy management for businesses](#) - from the Department of Climate Change, Energy and Environment and Water

If your business is looking for ways your point of sale and payments systems can help to increase customer loyalty, expand your offerings, and identify cost-cutting opportunities, [please contact us](#).