

# Back to the future

Where a dream started

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## Back to the future

In 1993 the accounting firm HRV (Havenga Rossouw Viljoen) was founded in Bloemfontein in the Free State. Through humble beginnings, hard work, determination and a vision to add value to each client, the firm grew at a steady pace.

As with any enterprise, changes in client needs necessitate organisations to reinvent themselves. Arguably, running a business has changed more dramatically over the last two decades than during any other similar period in history. Some of the major changes to the way we do business on a daily basis include virtual offices, the Cloud, new communication mediums and mobile life.

At HRV, this rapidly changing environment sparked a futuristic vision for South African accounting firms; a dream so radical that some said it was impossible to achieve in one lifetime. The HRV team envisioned a firm that had the ability to address most, if not all, of the financial services and advisory needs of individuals and businesses, and to increase their stakeholders' profits, their businesses' value and personal wealth by grouping various professionals under one proverbial roof. Now, 23 years later, the dream has become reality.

In 2013, HRV underwent a strategic re-alignment and was rebranded as The Core Group, an association of legally independent professionals. The group consists of 16 service divisions and can render short-term insurance, accounting, tax services, internal and external auditing, training, brand management, business coaching, BBBEE services, and financial planning, to name but a few. Each division has its own director, quality control systems and dedicated specialists that are registered at the relevant governing bodies.

On 2 November this year, the first member firms joined The Core Group. Member firms are traditionally small to medium-sized accounting and auditing firms that not only want to grow their business, but also improve their variety of service offerings. These firms have direct access to the aforementioned 16 service divisions. Currently five firms from across the country form part of the association, namely SP3 (Roodepoort), Nel and Partners (Upington), Azima Accountants (Bloemfontein), Christi Wagenaar Accountants & Auditors (Bloemfontein) and Core Bloemfontein.

In December this year, five more firms will become integrated, two from Kimberley, one from Knysna, one from Vanderbijlpark and one from Bloemfontein. In January 2016, another Bloemfontein firm will join the team.

To all our member firms, service divisions and our clients, thank you for becoming part of the future of professional services in South Africa, and for allowing us to take you "back to where the future started".

Prepared by CORE Marketing and Public Relations  
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## Collaborative innovation: growth through synergy

It is the end of the year and it is a natural process where business owners revisit the year's high and low points. Difficult questions are asked and plans are made for a better future. Did we reach our full potential this year and are we ready for the next round of business opportunities? A question that goes hand-in-hand with this, is the one of innovation, says Werner Landman, Director of Marketing and Public Relations at CORE. Were we innovative enough? Should we wait for an opportunity to arise from the market, or should we be pro-active and be the market leader?

According to the World Economic Forum's (WEF) 2015/16 Global Competitiveness Index, South Africa is ranked 49th out of 140 countries. For "innovation", one of the 12 criteria that the WEF uses in this ranking, South Africa is ranked 60th out of 141.

Innovation, defined as "the successful commercialization of novel ideas, including products, services, processes and business models", is a critical element for economic growth in an era where change is taking place more rapidly than ever before. But why should we innovate? What monetary value does it add to our businesses and/or personal wealth?

Innovation drives growth on three levels. It introduces new or improved products and services that can tap into existing or latent market demand, increases productivity and lowers cost. However, being innovative is difficult, especially when you do not have the time, the industry insights, availability of innovative staff and metrics for measuring innovation. Does this mean that small to medium companies are doomed for stagnation? No, not if they embrace the concept of collaborative innovation.

Collaboration is the principle on which The Core Group is built; a concept that motivates diverse and dynamic firms to collaborate. It leverages the resources of these diverse firms to create value that spills over from firms to customers and to entire local economies, an approach that adds value to the ever changing needs of our clients. Academic literature is riddled with the benefits of increasing the number and quality of cross-firm and cross-sector collaborations aimed at innovative products, processes, services and business models. When coupled with a range of concrete, low-cost steps that firms can take to improve their probability of success, the collaborative approach adds substantial future rewards. And not only financial rewards, but also sustainability, market relevance, resilience, versatility and adaptability.

According to the 2015 WEF report on Collaborative Innovation, when asked about their investment plans for the next decade, CEOs indicated that they will be moving towards riskier initiatives and breakthrough innovations. The CEOs also indicated that due to a lack of internal capacity in this regard, firms are increasingly collaborating with external parties, leveraging their business partners' ideas and commercialising innovations with firms that are better suited to bring the innovations to the market.

This change to a more collaborative approach makes business sense – we are at the forefront of professional collaborations in our industry and we are already experiencing an acceleration in innovation at our member firms. These innovative ideas are impacting on processes, systems, services and products, all to the benefit of our clients, whether it is cost savings, improved service delivery or more offerings.

The Core Group's wish for 2016 is that we continue to ask the difficult questions. To plan for a better future for us all. To be collaborative and innovative. To evolve.

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## Ring-fencing of tax losses from a trade

The question regularly arises whether a natural person carrying on more than one trade, and making losses from one of the trades, can off-set the loss from the one trade against the taxable income from the other trade. The answer to this question is hidden in a number of sections of the Income Tax Act that needs to be considered as a whole, explains Wessel Smit, Director of CORE Tax.

The starting point is the general deduction formula in section 11(a) read with section 23(g) that provides the general rules for determining the deductibility of expenditure and losses for income tax purposes. Assessed losses are dealt with in section 20. Section 20A specifically deals with ring-fencing.

An assessed loss from a trade carried on by a taxpayer for a specific year of assessment refers to the amount by which the allowable deductions attributable to that trade exceeds income derived by that taxpayer from that trade for that year of assessment.

Ring-fencing in section 20A is an anti-avoidance measure under which the expenditure incurred in conducting a trade is limited to the income of that trade. Any excess expenditure (assessed loss from a trade) is then carried forward and is only set off against any income derived from that trade in a subsequent year of assessment. A “ring-fenced” loss is not “lost” or “disallowed” but merely carried forward to the next year of assessment and is available for set-off against any income derived from that specific trade in that year. However, there is one exception where a balance of assessed loss would not be allowed to be set off. No person whose estate has been voluntarily or compulsorily sequestrated may, unless the order of sequestration has been set aside, be entitled to carry forward any assessed loss incurred prior to the date of sequestration.

### **To whom does ring-fencing apply?**

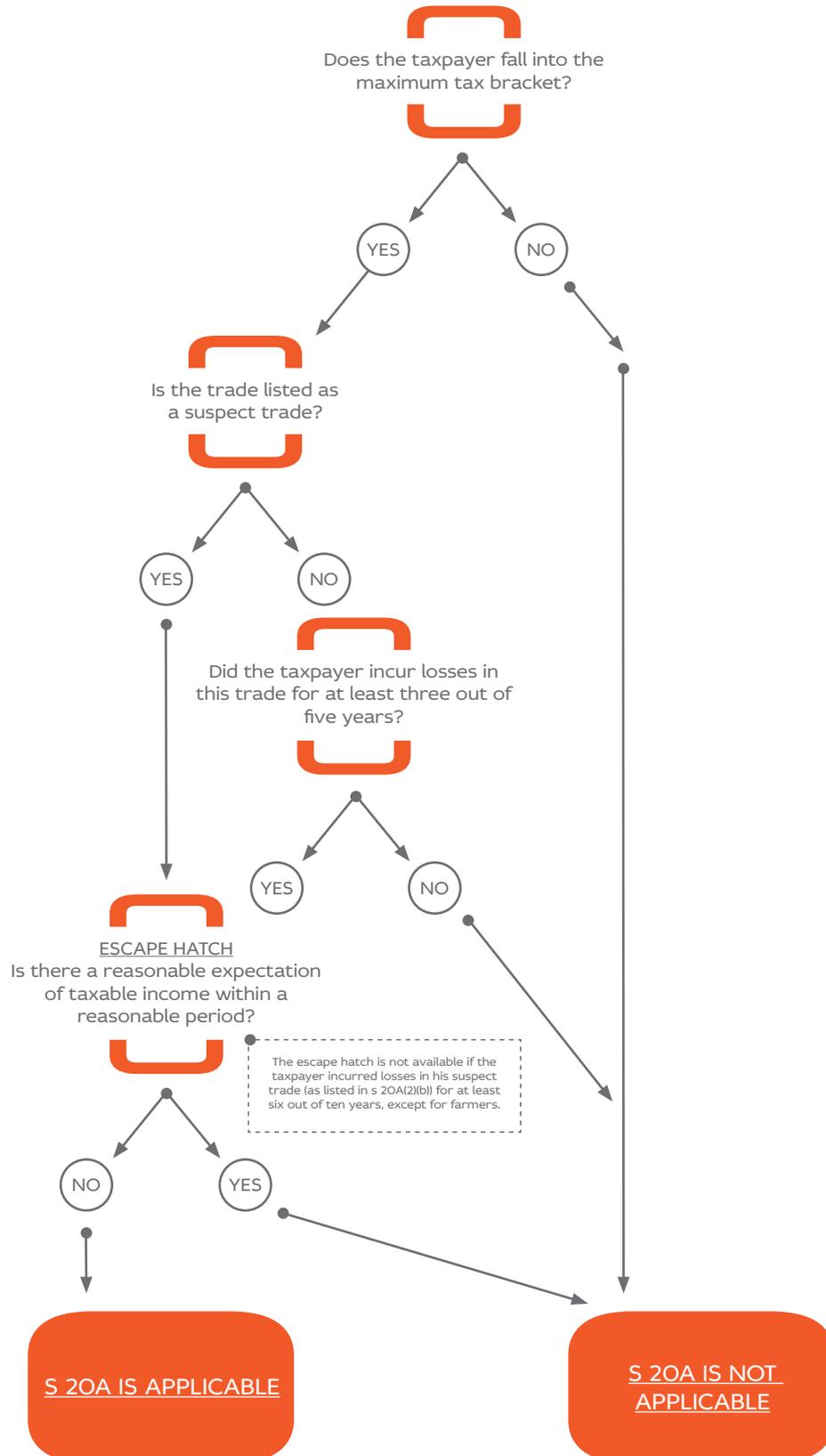
The ring-fencing provisions only apply to an assessed loss from a trade carried on by a taxpayer who is a natural person. As such other taxpayers such as companies and trusts are not affected by it. Natural persons trading in a partnership are thus subject to the ring-fencing limitations.

### **The four steps to ring-fencing**

Section 20A contains four steps which determine whether an assessed loss can be ring-fenced. Steps 1 and 2 are pre-requisites to potential ring-fencing. Step 3 is an escape clause. In other words, an assessed loss that qualified for potential ring-fencing under steps 1 and 2 can escape ring-fencing under step 3. Step 4 is a “catch all” provision that applies even if a taxpayer has escaped ring-fencing under step 3. It does, however, not apply to farming operations.

Firstly, the taxpayer will have to fall in the maximum marginal rate in the tax table applicable for natural persons before taking the loss making trade into account. Secondly, the “three-out-of-five-years” requirement or alternatively, the “listed suspect trade” requirement has to be met. Thirdly, there is an “escape clause” available if the fact and circumstances test is applied and met. And lastly, the “catch-all” provision or alternatively speaking the “six-out-of-ten-years” requirement which has to be met.

The following diagram illustrates the working of section 20A:



From: Silke: South African Income Tax 2015

### **Step 1 – The “maximum marginal rate” requirement**

Under this step it is first necessary to adjust taxable income by adding back any assessed loss and balance of assessed loss carried forward from the previous year of assessment. If the amount so determined falls within the highest tax bracket for individuals, the taxpayer will have met the first step in the potential ring-fencing process. Alternatively stated, if the adjusted taxable income is below the level at which the marginal rate of tax becomes payable, the assessed loss may not be ring-fenced, regardless of the number of years in which losses have been incurred and the nature of the trade being carried on. In such an event there is thus no need to proceed to steps 2 to 4.

### **Step 2 – Potential ring-fencing pre-requisites**

A taxpayer will be subject to potential ring-fencing if either the “three-out-of-five-years” pre-requisite or section 20A(2)(b) the suspect trade requirement applies. An assessed loss will be subject to potential ring-fencing if assessed losses have been incurred in at least three out of the last five years of assessment. The five year period includes the current and four previous years of assessment.

The “three-out-of-five-years” pre-requisite only triggers potential ring-fencing in the current year of assessment in which the requirements are met. Assessed losses allowed against other income in earlier years thus remain unaffected and the assessments for those years will not be revised as a result of a taxpayer being subject to ring-fencing in future years of assessment. Under the alternative to the “three-out-of-five-years” pre-requisite in step 2, an assessed loss that arises from any one of the eight suspect trades listed in section 20A(2)(b) will be subject to automatic potential ring-fencing.

#### **The eight suspect trades are:**

- Any sport practised by the taxpayer or any relative of the taxpayer
- Dealing in collectibles by the taxpayer or any relative of the taxpayer
- Rental of residential accommodation
- Rental of vehicles, aircraft or boats
- Animal showing by the taxpayer or any relative of the taxpayer
- Farming or animal-breeding, unless the person carries on farming, animal breeding or activities of a similar nature on a full-time basis
- Any form of performing or creative arts practised by the taxpayer or a relative of the taxpayer
- Gambling or betting practised by the taxpayer or any relative of the taxpayer

### **Step 3 – The “facts and circumstances” test**

The “facts and circumstances” test is an escape clause by means of which an individual can prevent an assessed loss from a trade to be ring-fenced. Various facts and circumstances are taken into account in considering whether that trade is a business, in respect of which there is a reasonable prospect of deriving a taxable income within a reasonable period.

In determining whether a trade constitutes a business, it is necessary to look at the activities conducted as a whole. A general impression of the activities should indicate whether they would normally be regarded as a “business” in ordinary commercial life. The basic features of an activity which may indicate that a business is being conducted are, amongst other things, the size or scale of the activities, whether the activities are planned and organised, whether they are regular and continuous, whether the object is to make a profit and whether property (movable or fixed) was acquired. The aforementioned features are, however, not the only aspects indicative of a business activity being conducted, and it is therefore not possible to generalise and

indicate which aspect should carry more or the most weight as each case will depend on its own particular facts and circumstances.

Furthermore, it has to be determined whether there is a reasonable prospect of deriving a taxable income within a reasonable period. The facts and circumstances of a trade in one category such as rental will differ from the facts and circumstances of a trade in another, such as farming. Whether there is a reasonable prospect of deriving taxable income within a reasonable period will, therefore, depend on the facts and circumstances of each specific trade.

A general impression of the activities as a whole should be obtained and no single listed fact or circumstance will be decisive in determining whether the trade constitutes a business with a reasonable prospect of deriving taxable income within a reasonable period.

The special factors to be taken into account in considering whether a trade constitutes a business in respect of which there is a reasonable prospect of deriving taxable income within a reasonable period, do not contain any elements relating to the “intention of the taxpayer”. This objective test comprises the following special factors that have to be taken into account:

- The proportion of gross income derived from a specific activity in relation to the allowable deductions incurred. The claiming of large amounts for deductions despite the deriving of a relatively small amount of gross income highlights a disproportional risk to the fiscus.
- The nature of the expenditure claimed will also be taken into account, for example, the fact that certain deductions such as accelerated depreciation allowances may have resulted in the creation of an assessed loss, that is, the trade would, but for the specific allowances, have generated a profit, will be viewed in a positive light.
- The incurral of continuous assessed losses because the taxpayer, for example, receives minimal income, but on a yearly basis incurs expenditure such as general administrative costs, which on their own cannot produce income as they are merely incidental to the carrying on of the trade, may result in the trade, in all likelihood, not being regarded as a business with a reasonable prospect of deriving taxable income.
- The level of activities carried on by the taxpayer or the amount of expenses incurred in respect of advertising, promoting or selling in carrying on the specific trade. Minimal sales and the advertising of a relevant product done mostly on a word-of-mouth basis will tend to indicate that the activity is more in the nature of a hobby as there is no serious intention to conduct a trade. Profits do not come by chance, but have to be actively pursued. Taxpayers must, where applicable, be able to demonstrate their efforts in promoting the relevant trade.
- The trade must be carried on in a commercial manner. Circumstances such as the number of full-time employees appointed for the purposes of the trade, the commercial setting of the premises where the trade is carried on, the extent of the equipment used exclusively for the purposes of carrying on that trade and the time that the person spends at the premises conducting the specific trade, will all be considered.

Factors which may indicate that the trade is carried on in a commercial includes:

- The taxpayer has a business plan
- The main purpose is making a profit
- The taxpayer seeks the best prices or commercial markets for services or products
- The size and scale of the activity is sufficient for the specific trade and exceeds any personal needs by far
- The activity is organised and records of all transactions are kept
- There is repetition and regularity of activities

#### **Step 4 – The “six-out-of-ten-years” rule**

The “facts and circumstances” escape clause is not available where the taxpayer has incurred an assessed loss in at least six out of the last ten years of assessment, including the current year of assessment. This rule does not apply to farming.

In the year of assessment in which the rule applies the assessed loss will be permanently ring-fenced. The “facts and circumstances” test can, therefore, no longer be used to avoid ring-fencing, despite it having been avoided in earlier years of assessment. The ring-fenced assessed loss must be carried forward and will only be available for set-off against future income from the same trade.

#### **Conclusion**

When completing the annual income tax return (ITR12) of a natural person taxpayer, the tax return asks the question for a loss making trade of whether the loss should be ring-fenced or not. This is not a question to be taken lightly by the taxpayer and the person answering the question, as the above requirements of section 20A needs to be carefully considered, before arriving at an answer. As SARS might challenge the answer of the taxpayer not to ring-fence the loss from a trade it is also recommended that the taxpayer document the thought process followed on the application of section 20A and the subsequent conclusion reached.

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## Labour costs in agriculture

Minimum wage determination is a controversial measure and its impact has not been delved into sufficiently. Currently there is a lot of discussion around determining minimum wages for the entire South African economy, and there are clear and conflicting opinions on both sides of the spectrum. Some of the contentious issues that should be addressed before this matter could reach the level of law, include minimum wages that are not in line with recognised productivity measures as well as the strive towards more job opportunities in a growing economy, says Dr Kobus Laubscher, Director of CORE Business Development.

In 2013 agriculture in South Africa was forced to accept a dispensation in which minimum wages were increased by more than 50%. Warnings of the loss of job opportunities due to the unaffordability of expensive labour were in sharp contrast with the strategic goal of the National Development Plan (NDP) according to which the agricultural sector had to create a significant number of new jobs in order to provide impetus to the NDP. On the other side there was the convincing argument that farm workers were not paid living wages and that an increasing number of families dependent on jobs in agriculture were living below the poverty line. In terms of agriculture the debate around minimum wages is characterised by conflicting arguments and the recent protests in the Western Cape could be an indication of what awaits as we proceed towards the next wage determination in 2016.

In September this year, the Bureau for Food and Agricultural Policy (BFAP) released an authoritative report that addressed a number of important aspects regarding farm wages. This report highlights the negative impact of the determination of minimum wages for agriculture in 2003 as well as the 51.2% increase in 2013. Employment and increased remuneration are clearly in conflict. Although the empirical research indicates that the 2013 increase did not have a statistically significant impact on employment, that working hours did not decrease and that fringe benefits did improve, information from Statistics South Africa indicates the contrary, with some 60 000 job opportunities lost after the 2013 increase. This is a clear indication that adaptations requires time to work through the system, given that it took approximately seven years for the determination of minimum wages in 2003 to work through the system. On the other hand there is a significant number of workers (in some provinces as high as 75%) that earn more than even the increased minimum wage. Producers or employers have also managed to decrease working hours, which makes it difficult to compare different years.

The second goal of the BFAB study was to analyse the affordability of the increase in the minimum wage. Although there are significant differences between industries and sub-sectors, the BFAP could come to the conclusion that it has a negative impact on sustainability, unless the impact of increased wages could be offset against increased productivity and structural adaptations such as larger farming units.

In the third instance the spending power of minimum wages was investigated, in other words whether employees, with 40% of their wages (the current minimum wage is R120.30 per day), could afford the balanced, starch-rich diet as required by the Department of Health. Only single employees were able to adhere to this, with the outlook far less positive in the case of families of between four and six members. This group of employees has to depend on other sources of income, including grants, in order to eat sufficiently of the prescribed diet.

This study clearly shows the vulnerability of both employers and employees. Unless a wage increase is accompanied by a significant increase in productivity, a growing number of farming units will not be able to afford the required number of workers. Unemployment will increase, with the related social impact that the economy can hardly afford.

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## Can employers and employees contract out of the LRA?

The field of labour law has changed significantly over the past ten years. In particular, recent amendments to the Labour Relations Act have regulated the use of fixed-term contracts and have imposed certain additional requirements on employers, which influence standard fixed-term contracts. It is important that employers are up to date with new developments in order to avoid costly legal action, says Dr Kulu Ferreira, Director of CORE Labour. The following article by Neil Coetzer, senior associate at Cowan-Harper Attorneys, illustrates this point:

In the recent case of *Mwelase & Others v Enforce Security Group* (Case no. D358/12, 31 July 2015), the Labour Court was faced with a review application brought by 47 former employees who believed that the termination of their contracts of employment by their former employer, Enforce Security Group (“Enforce”), amounted to an unfair dismissal.

The employees were employed by Enforce, a security services provider, in terms of a written contract of employment. The terms of those contracts of employment provided for, inter alia, the automatic termination of their employment in circumstances where the contractual arrangement between Enforce and its client were terminated either through expiry of the commercial agreement or by the client, for whatever reason. The relevant clause also recorded specifically that such automatic terminations would not constitute retrenchments but rather the “completion of [the] contract”.

In executing its contractual obligation to provide security services to one of its clients, namely the Boardwalk Shopping Centre, Enforce placed the employees at the shopping centre as security guards. On or about 30 September 2011 the shopping centre gave notice of the cancellation of the commercial agreement with effect from 1 October 2011. On 4 October 2011, Enforce advised the 47 employees in writing that the shopping centre had cancelled the agreement and that, in accordance with their contracts of employment, their employment would terminate on 30 October 2011.

The employees then referred a dispute to the CCMA where the Commissioner found that the employees had been employed on indefinite contracts of employment and that those could be terminated by the employer by giving reasonable notice, such as that provided for in the contract of employment. The Commissioner also found that the cancellation of the commercial agreement between the shopping centre and Enforce resulted in the automatic termination of the employees’ contracts and accordingly the employees were not entitled to any form of compensation.

The Labour Court, on review, found that the central issue to be determined was whether the automatic termination clauses were in conflict with the provisions of the Labour Relations Act (“the LRA”). It found, with reference to the case of *South African Post Office v Mamepele* (2009) 30 ILJ 664 (LC), that automatic termination clauses were impermissible in terms of the LRA and, possibly, the Constitutional right to fair labour practices. The Court also held that such clauses were contrary to public policy. The Court noted that the South African Post Office judgment had been confirmed by the Labour Appeal Court as correct.

To that extent, the Court found that the automatic termination clauses were not valid and accordingly the Court found that the employees had been dismissed and that their dismissal was both substantially and procedurally unfair. The Court considered an appropriate remedy and awarded each employee six months' compensation.

Employers should review their contracts of employment on a regular basis to ensure that they comply with the LRA and other statutes. The field of employment law has evolved dramatically over the last decade and several other statutes now have a bearing on clauses which usually form part of employment contracts. In particular, recent amendments to the LRA have regulated the use of fixed-term contracts and have imposed certain additional requirements on employers. Employers should therefore obtain legal advice on this issue, as a failure to do so may prove costly in the long run.

CORE Labour provides flexible Human Resources services to companies on an outsourced or permanent basis, which allows companies to improve on mandatory legislative necessities, HR administration, clarification and enforcement of employer expectations through appropriate policies and procedures, and ultimately improve employee performance and job satisfaction.

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## Why you should consider cloud accounting for your business

You've heard about the cloud – that invisible network of information – but how it applies to your business has not always been that clear. Cloud accounting is a relatively new term in the South African business environment, but this new way of managing the accounting function of a business can have a huge impact on the time and money normally spent on accounting, explains Dirk van Velden, Director of CORE Cloud Accounting.

### **What is this thing called the cloud?**

Most of us have used the cloud without being aware of it. Think of internet banking: Every time you access this data, you're using the cloud. The cloud is a platform to make data and software accessible online anytime, anywhere, from any device. The hard drive of your computer is no longer the central hub.

### **What is cloud accounting?**

Basically, cloud accounting is online accounting. Cloud accounting refers to the use of online platforms to process and capture accounting information. The implementation of cloud accounting systems had a huge impact on the reduction or elimination of redundant time-consuming work that most businesses are faced with. Cloud accounting systems allow greater access to real-time data, which increases engagement with businesses financials and assist in financial decision-making. Traditionally, small business accounting software can suck up a lot of your business' time and effort. It doesn't add value, and takes the fun out of being in business. Cloud software can save your company time and money.

Traditional accounting software poses a number of challenges:

- The data in the system isn't up to date and neither is the software.
- It only works on one computer and data bounces from place to place, for example on a USB drive. This is not secure or reliable.
- Only one person has user access. Key people can't access financial and customer details.
- It's costly and complicated to keep backups.
- It's expensive, difficult and time consuming to upgrade the software.
- Customer support is expensive and slow.

Online accounting means small business owners can stay connected to their data and their accountants from any device with an internet connection. In the cloud, there's no need to install and run applications over a desktop computer. Instead, you pay for the software by monthly subscription.

### **How safe is cloud accounting?**

As a small business owner, you might be concerned about a cloud service provider storing your data. But the cloud is one of the most secure ways to store information. For example, using cloud software, if your laptop is stolen, no one can access your data unless they have a login to the online account. With cloud software, this is where the data lives – as opposed to on your hard drive.

In the event of a natural disaster or fire, being in the cloud means business productivity doesn't need to be affected because there's no downtime. All of your information is safely and securely stored off-site. As long as you have access to any computer or mobile device connected to the internet, you're back up and running.

In addition, if you invite users to view your data, you can control the level of access. This is much more secure than the old-fashioned way of emailing your files or sending out a USB stick with your data on it.

### **How can cloud software benefit your business?**

- You have a clear overview of your current financial position, in real-time.
- Multi-user access makes it easy to collaborate online with your team and advisors.
- Automatic updates mean you can spend more time doing what you love.
- Everything is run online, so there's nothing to install and everything is backed up automatically.
- Upfront business costs are reduced – version upgrades, maintenance, system administration costs and server failures are no longer issues. Instead, they are managed by the cloud service provider.
- The beauty of cloud software is the flexibility it gives you to run your business from work, home, or on the go. You can be confident that you have an up-to-date picture of how your business is doing, no matter where you are.

Adapted from: <https://www.xero.com/small-business-guides/cloud-accounting/cloud-accounting-business/>

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## Storm season is upon us

Summer is here, and with it rain and hail storms. Insurers are urging clients to prepare for weather-related incidents, as prevention is better than repair. Although it is not possible to predict when storms will take place, clients can be prepared and take measures to protect property against hail and thunder storms. Jaco Wiehman and Wickus Pelser from CORE Short-Term have compiled some tips from leading insurers that clients can use to plan around possible weather conditions.

- Drive cautiously to minimise damage to your vehicle. When driving in the rain, increase your following distance by a minimum of a three-car length, decrease your speed and also turn on your headlights.
- Keep fleecy blankets in your vehicle. When a hail storm hits, layer the blankets on top of your vehicle to minimise the impact of hail stones.
- Try to avoid driving in hail storms. If you get caught in a hail storm, try to find cover in an undercover facility. If possible, try to pull over in a safe location and cover your vehicle with blankets. If no blankets are available, use the floor mats and put these on the roof and hood of the vehicle. This solution has limitations, but it will assist in minimising paint and glass damage.
- Maintain your trees to prevent broken branches or debris causing damage to your home during a storm.
- During a storm, close your drapes, blinds or shades to prevent broken window glass and hail stones from entering your house or building and injuring people.
- Ensure that your house's gutters are clear from leaves and other debris and that your roof is in good condition. This may help to prevent more serious damage should flooding occur. Hail takes longer to melt and an overflowing gutter could lead to a leaking roof and further damage.
- When a storm hits, try to unplug as many electronic devices as possible, including Wi-Fi routers, cellphone chargers, computers, televisions, etc.
- It is not always possible to avoid storm damage or accidents. Be prepared and make sure to add the contact number of your insurer's home and roadside assist on your cellphone.

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## Social media: Are you listening?

Using social media as part of your brand communication is about more than the occasional update, post or retweet. Social media is a very powerful tool and if utilised to its full capacity it can help even small businesses to monitor their existing and new target markets. Irrespective of how big or small your business is, knowing what people are saying about you is of vital importance. Social media offers an easy, effective and affordable way to keep an ear to the ground.

Social media and branding experts agree that most businesses use social media platforms like Facebook or Twitter primarily to talk, in other words as a channel to get information to customers. What is often overlooked is how social media can be used to create interaction with customers, in other words to listen to what they are saying. Keeping an ear to ground can help you improve customer service to existing clients, but it can also provide leads that can help you to identify potential new customers or target markets.

Interaction is established by creating a conversation. Establishing your brand as the preferred brand in your industry or field means that you should provide valuable information, or be seen as a source of trustworthy, credible information. You should not only be a provider of a service or product, you should strive to become an opinion leader in your industry.

Of course social media also makes it easy to spread negative information. Ignoring this will be to your own detriment. By addressing any concerns or complaints in a direct and positive manner is what will set you apart, not only in terms of your primary business but also in how you conduct your business.

Having a social media strategy, either as separate strategy or as part of your larger communication strategy, is important in order to make sure that information about your brand, whether created by you or generated by existing or potential customers, speaks to your brand personality. Having a consistent identity allows customers to build a relationship of trust with your brand. This means that everyone in your company (all employees are brand ambassadors) should know what your brand messages are and how you prefer to communicate these.

Keeping an ear to the ground through social media should not be a challenge. There are a variety of apps and software available that will make this task not only manageable but will also provide you with information that you can use to improve your brand image as well as your profit margin. Brand New can advise clients on these tools as well as the skills necessary to interpret this information.

Source: <http://blog.digitalrepublic.co.za/2015/10/06/how-to-monitor-social-media-and-its-impact-on-your-brand/>

Prepared by CORE Brand Management.  
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powered by **BRAND**<sup>NEW</sup>

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For God so loved the world that He gave his one and only Son,  
that whoever believes in Him shall not perish but have eternal life.

John 3:16

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Christmas is not about  
how much you have,  
but how much you **give...**

**Give Time**  
**Share Joy**  
**Experience Love**



the **CORE**  
group

Our wish for you and your loved ones this festive season is  
to experience His love through sharing with others.  
Thank you for your continued support.  
We wish you a prosperous new year.

the **CORE**  
group



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