

MONTHLY AUDIO PROGRAM

B **BUSINESS** **ESSENTIALS**

FEBRUARY 2008



THE EXTRAS

Introduction



During the last 12 months we've seen and heard huge campaigns on all sides of politics about the future of industrial relations. We now have a new Federal Government but do we really know what that will mean in terms of our own businesses? What will happen – and when? A close observer is David Miller of the Australian Industry Group who gives us his expert analysis on this month's CD. He gives us an indication of what we can expect in the year ahead.

As we all, refreshed from an end of year break, look ahead to 2008 we must consider various options about where our businesses should be heading. We know we can't stand still but we need to determine which way forward. DC Strategy, a strong supporter of these programs, has helped many companies reach substantial success, both here and overseas. DC Strategy's Managing Director Adrian McFedries gives us some valuable thought-starters this month with many tips – and warnings. Growth, he says, has many benefits but

not handled correctly can lead to disaster.

And, one of the fundamentals of growth and success is of course successful selling. It's a topic that so many in business choose to shy away from, almost with a certain amount of embarrassment. Tony Gattari of Achievers Group has done it well over the years and is proud to discuss it. This month, how to ensure you close the sale.

Once again I hope you'll find plenty of value in this month's program and in this Extras booklet. And I wish you a successful 2008.

A handwritten signature in cursive script that reads "Michael Schildberger".

Michael Schildberger
Managing Director

WEBSITE: www.be.com.au

CHIEF EDITOR: John Hounslow

PRODUCTION MANAGER: Heather Dawson

STUDIO MANAGER: Peter Letts

ADVERTISING/SPONSORSHIP: Nick Schildberger nschildberger@be.com.au

MANAGING DIRECTOR: Michael Schildberger

PUBLISHER: Business Essentials Pty Ltd ABN: 98 006 144 449

405 Riversdale Road, Hawthorn East Vic 3123

Phone: (03) 9882 8333 Fax: (03) 9882 8017

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Track 2

YOUR EXPANSION IN 2008

Adrian McFedries, DC Strategy

- People spend less than 2% of their time working on the business
- Working on the business means a change of mindset
- Every business comes back to three simple principles: A clearly defined value, a clear target market and a sustainable & profitable business model
- It's one thing to be a market leader, another thing to be profitable
- Some very successful small businesses become ordinary medium businesses because they got their structure and their scaling wrong

Track 3

ECONOMIC FORECAST 2008

Professor Neville Norman, Melbourne University

- No business can avoid looking ahead
- Look backwards – learn from history, then extrapolate
- Learn from others – e.g. fellow forecasters (e.g. Age Team 5.1.08)
- Do multiple scenarios
- Focus on relevant risks that might matter

Applications to early 2008:

- A. Subprime crisis/housing slump - hits US/finance scene but not necessarily to cause US recession or damage real activity in Australia.
- B. Forecaster variance: Only 1 out of 28 of the Melbourne Age Forecasting Team expects a US recession in 2008/9.

The team is close on growth predictions for Australia in 2008/9 at 3%-3.5%. Inflation: all close to 3%. More varied on wage growth: 3.8% – 5.5% (I'm near the top, as already warned in my BE January forecasts). Wildly varied on Budget Surplus. Only 3 of us expect interest rates to fall in 2008 but all rate forecasts are close with no huge hikes expected. \$A forecasts range from 78c – 95c (mine is 83c., a little lower than the average).

Quiz Question: How many of the Age team expects the RBA cash rate to be over 7% at December 2008. Answer: only 4 of the 28 – and they're all just 7.25%. (Ref: The Age 5/1/2008, Business page 16)

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Track 4

LABOR GOVERNMENT'S IR PLANS

David Miller, Australian Industry Group

- WorkChoices will remain under Labor's proposals
- The Transition Bill early this year will provide for the demise of future AWAs
- Agreements properly lodged will be allowed to continue for their nominal term
- There will be an interim arrangement for employers who already have AWAs
- Enterprises with a unionised workforce are likely to see significant change
- Workplaces which are not unionised will see very little difference
- Labor will make significant changes to the unfair dismissal process

Track 5

POSITIONED FOR MAJOR GROWTH

Val Harding, International Interior Images

- We set out to raise the quality bar in the industry
- We didn't compete on price – customers were prepared to pay for quality
- I'm a great believer in asking for business
- From importing from the UK, we're now exporting to the UK and the Middle East
- Finding a trustworthy local distributor is important to exporting success
- I'm proud to be running an Australian company, importing and creating jobs
- Philanthropy is important – try to give something back

Track 6

CLOSING THE SALE

Tony Gattari, Achievers Group

- Closing the sale is opening an opportunity
- 50% of sales people don't close once. 80% of "closes" come after the fifth attempt
- Look for buying signals from the prospect such as "how much is it?"
- Find the line between confidence and arrogance
- Fear of rejection haunts some sales people who take it personally

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Track 7

KNOW YOUR ENEMIES

Graham Haines, bpi consultants

- You need in-depth knowledge about your competitors to gain an advantage
- Even small tidbits of information help fill in the jigsaw picture
- The more information gatherers you have, the better
- Follow the 6-point plan. Have lots of collectors but only one analyser
- Encourage and reward your gatherers
- A market intelligence system will help align your company

Track 8

OH&S & STAFF SECURITY

Luke Harris, Monitored Alarms

- Business owners can't ignore responsibility for the safety of their staff
- Consider 4 areas of risk:
 - Physical attacks on a staff member before or after business hours
 - A staff member who works alone
 - Dangerous equipment, chemicals or wet floors
 - Knowing who's in the building in the event of fire, a gas leak, chemical spill
- Workplace safety can be significantly improved with well-designed security solutions

Track 9

SMALL BUSINESS CGT: KNOW WHERE YOU STAND

Michael Jones, Cummings Flavel McCormack

Small Business CGT concessions provide tax relief on business asset sales, help restructure ownership and can enable extra super contributions.

- The 15 year concession: if you've held an active business asset for 15 years or more you can ignore tax on the sale of that asset
- 50% reduction: you can reduce the gain on the sale of an active business asset by 50% and use that concession in tandem with other concessions
- There are significant retirement exemptions
- Asset rollover concession: allows you to defer the capital gain by investing in the next business.

Track 9 (continued...)

Basic conditions:

- The transaction must be subject to CGT
- Property developers won't be taxed under the CGT rules
- The taxpayer must be either a small business entity (turnover of less than \$2 million a year) or satisfy the \$6 million net asset test
- The asset sold must be an active asset – with special rules applying to shares and units.

Track 10

SHAREMARKET UPDATE

Elio D'Amato, Lincoln Stock Doctor

- Despite the market downturn, we believe in the strength of the Australian economy and that of our main trading partners
- We expect this volatility to continue for another month or so
- Investors should focus on profitable companies with strong financial health
- Focus on low PE ratios and good dividend yields
- Avoid exposure to the United States
- Stocks to watch: Jetset Travelworld, Pipe Networks, Structural Systems, Envirozel, JB Hi-Fi, BHP, CSL and Leighton Holdings

Track 11

“FISHY” BUSINESS!

George Norris, Norris Management

- A fish is a powerful analogy for a business
- The head represents leadership and management
- The backbone represents strategy and planning
- Actions, policies, people and culture make up the connecting bones
- A fish must know how to hide from predators
- The message to businesses: beware of your predators, know who you are, the health of your component parts and your marketplace.
- Don't swim to survive, swim to succeed

i FOR MORE INFORMATION

about the topics discussed on this February 2008 program, please contact the relevant organisations as listed below.

YOUR EXPANSION IN 2008

Adrian McFedries, DC Strategy
T: 03 8102 9200
growth@dcstrategy.com
www.dcstrategy.com

ECONOMIC UPDATE

Prof Neville Norman, Melbourne University
n.norman@unimelb.edu.au

LABOR GOVERNMENT'S IR PLANS

David Miller, Australian Industry Group
dmiller@aigroup.asn.au
www.aigroup.asn.au

POSITIONED FOR MAJOR GROWTH

Val Harding, International Interior Images
T: 03 9673 1444
www.interior-images.com.au

CLOSING THE SALE

Tony Gattari, Achievers Group
02 9440 7373
www.achieversgroup.com.au

KNOW YOUR ENEMIES

Graham Haines, bpi consultants
T: 03 9870 5159
ghaines@bpisurveys.com.au
www.bpisurveys.com.au

OH&S & STAFF SECURITY

Luke Harris, Monitored Alarms
1300 80 60 80
lharris@monitoredalarms.com
www.monitoredalarms.com

SMALL BUSINESS CGT: KNOW WHERE YOU STAND

Michael Jones,
Cummings Flavel McCormack
T: 03 9252 0800
enquiries@cfmc.com.au
www.cfmc.com.au

SHAREMARKET UPDATE

Elio D'Amato, Lincoln Stock Doctor
Please contact Lincoln direct for details about its Stock Doctor fundamental analysis software or Managed Fund services.
T: 1300 676 332 or 03 9854 9444.
www.lincolnindicators.com.au

"FISHY" BUSINESS!

George Norris, Norris Management
T: 03 9521 2292
norrisdg@bigpond.net.au
www.georgenorriscorporatetechnology.com.au



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What's on at AIM

AIM Victoria & Tasmania

Insights into tomorrow for senior managers

Australian Institute of Management (AIM) is again proud to present the Managing the Future series in 2008.

Bernard Salt, a KPMG Partner, and leading commentator and advisor to corporate Australia on consumer, cultural and demographic trends heads up the series. His presentation, the first of four in the series, sets the scene in a new luncheon style presentation format.

Date: Wednesday 20 February 08

Duration: 12pm - 2pm

Venue: Level 17, RACV Club,
501 Bourke St, Melbourne

Cost: AIM Member Individual \$120
AIM Member Table (x10)
\$1,080 (10% saving)
Non-Member Individual \$140
Non-Member Table (x10) \$1,400

Bookings: Phone (03) 9534 8181 or
aimvic.com.au

AIM Western Australia

IR Changes, what lies ahead?

AIM Professional Development Sundowner

IR issues return to the AIM agenda in 2008 as Glen Bartlett (Partner) and Natalie Tatasciore (Senior Associate) from Clayton Utz provide expert analysis of the Federal Government's changes to IR laws. Topics include: abolishing AWAs; transitional arrangements; changes to bargaining and to minimum standards; and unfair dismissal laws.

Date: Tuesday 26 February 08

Duration: 5.30pm - 7.30pm

Venue: AIM WA 76 Birkdale St, Floreat
Western Australia 6014

Cost: Professional Members \$55
Affiliate Members \$88
Associate Graduate \$55

Bookings: Phone (08) 9383 8000 or
aimwa.com.au

AIM New South Wales

Reducing Your Organisation's Carbon Footprint

Corporate Social Responsibility Special Interest Group

Global warming presents major social and environmental challenges in the world today. Dave Sag, co-founder and CEO of Carbon Planet, has his own mission statement: to enable every individual and organisation on the planet to eliminate their global warming impact.

Date: Tuesday 26 February 08

Duration: 6.30pm to 8.00pm

Venue: AIM NSW
215 Pacific Hwy, North Sydney

Cost: Members: \$0
Employees of Corporate
Partners: \$0
Non-Members: \$30.00

Bookings: Phone 1300 651 811 or visit
aimnsw.com.au

AIM Canberra

Mental Health for Managers

Organisational Performance Special Interest Group

Charles Bishop, Director, O2C will present this interactive session focusing on mental health in the workplace. In particular, the session will discuss the prevalence and practical impact of mental illness in the workplace, plus the steps managers can take to best manage the issue.

Date: Wednesday 5 March 08

Duration: 5.30pm to 7.00pm

Venue: AIM ACT Level 3 Engineering
House 11 National Cct Barton

Cost: Free for AIM Personal
Members and Employees of
Corporate Partners.
Non-Members \$30

Bookings: Phone 1300 651 811 or visit
aimcan.com.au



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see further

The small business tax concessions are designed to remove tax from the sale of your business. If you think they do not apply to you – think again!

CFMC KEY TAX DATES FEBRUARY AND MARCH 2008

21 Feb 08 January 2008 monthly activity statement:
final date for lodgment and payment.

28 Feb 08 Quarter 2 (October - December 2007) activity statement: final date for lodgment and payment.

Annual GST return: final date for lodgment and payment.

Income tax returns for companies and superannuation funds which were not due at an earlier date: final date for lodgment and payment.

Large to medium trust which were non-taxable in the prior year: income tax returns due for lodgment and payment.

21 Mar 08 February 2008 monthly activity statement:
final date for lodgment and payment.

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Office Details

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International Head Office

Level 5, 530 Collins Street
Melbourne VIC 3000 Australia

growth@dcstrategy.com
www.dcstrategy.com

Australia

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Perth +61 (0)8 9426 3477
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Building a national distribution network to reach a customer base is the perennial challenge for most businesses. It's all about the distribution strategy that achieves a critical mass and brand presence to attract the customer.

The Business

Pandora – a Denmark based jewelry manufacturer – has established a retail distribution network around the globe via a combination of company and licensed business models. Pandora Australia was founded by, Karen Adcock in 2005 and in the space of 3 years has grown from 1 to 550 + points of retail presence.

The Challenge

The core challenges for Pandora in Australia were distribution, achieving brand position and service levels for a specialist jewelry product range. The industry is highly competitive and to establish a quality representation within an 'in store' retail model required some lateral thought in terms of structure, timing and ongoing support.

The Solution

The Pandora distribution strategy has evolved from licensed 'in store' distribution to several models including different levels of 'in store' presence and branded retail. The combination of company owned, wholesale, and licensed distribution has enabled Pandora to establish a loyal following of customers and retailers for what is one of Australia's most recognised and respected jewelry brands.

The Outcome

Pandora has a growth trajectory that now includes branded Pandora stores to complement the 'in store' business model. The quality of the product and service delivery has been enhanced by the distribution strategy and execution of a significant growth strategy in a short period of time. Pandora has built a significant business whilst demonstrating that scale and quality are not mutually exclusive.

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