

MONTHLY AUDIO PROGRAM

# **B** **BUSINESS** **ESSENTIALS**

MARCH 2008



# **THE** **EXTRAS**

# Introduction



When you seek advice you like to know that your advisor has plenty of experience. On this month's program we have chosen several such people with particular areas of expertise, all with "hands on" knowledge.

Take workplace bullying, a subject that surprisingly is ignored by large numbers of employers. Joydeep Hor, managing partner of Harmers Workplace Lawyers, gives us warnings and examples.

Negotiation, an important ingredient in business success, is covered by Tony Gattari of Achievers Group, who was able to use his skills in boosting computer sales at Harvey Norman from \$12 million to \$565 million in nine years.

Online selling is a huge area of success for Domenic Carosa, who has built a business from nothing to \$100 million turnover. He has plenty of sound advice for us.

The rewards of generational change in a family business is a topic covered by Pam and Clare Woods of Medtex. They explain what they needed to do to build success.

Then there's the big issue of the moment – the economy. We're told it's great but that means rising inflation and interest rates. Is that the real, sad story? Not according to our reliable regular economist Professor Neville Norman. He explains – and gives us his forecast which contains bad news in the short term but better news before the end of the calendar year.

And this month you might need to take a long drive in your car, says Michael Jones of Cummings Flavel McCormack. It's all to do with FBT!

As usual, I hope you enjoy the program and get plenty of value for your own business.

A handwritten signature in black ink that reads "Michael". The signature is written in a cursive style and is positioned above the printed name and title.

Michael Schildberger  
Managing Director

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THIS MONTH'S

# ESSENTIALS



## Track 2

### HUGE PROFITS WITH ONLINE SELLING

Domenic Carosa, Destra Corporation

- Many people want to get their websites right before going online. I say “jump in the deep end”
- The best way to build a site is to listen to people who’re using it
- Despite the best research, what I think consumers want isn’t necessarily right
- The online advertising market is the fastest growing sector in Australia, worth more than \$1 billion
- Online advertising aims at a smaller but a highly targeted market
- One of the biggest business lessons I’ve learned is if you have to make a tough decision, do it no matter how tough

## Track 3

### ECONOMIC FORECAST 2008

Professor Neville Norman, Melbourne University

- Interest rate is a percentage “of” something – the sum borrowed or lent
- Inflation is a percentage “growth”, usually over a year or quarterly period
- Inflation causes excess demand, cost push, tax push and world links
- The outlook: world links are slowing inflation (marginally); tax push is history. Cost push is emerging; excess demand is here, intensified by speculative markets
- The RBA in mid-February warned: curb spending or cop more rate rises
- Pointers for business: rate rises, strong demand and profits, labour shortages and difficulties/costs
- Actions: price pressures, supply pressures, policy pressures – huge business watch-outs but better than a recession

**Quiz:** If the 6.25% to 7.25% cash rate is not a 1% increase but a 1 percentage point (or 13%) increase over recent months, by what percentage were US interest rates increased in the second half of 1979? Answer: 6.8% to 18.2%. That’s 170%!

THIS MONTH'S

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## Track 4

### LESSONS IN NEGOTIATION

Tony Gattari, Achievers Group

- Negotiation is the ability to create a big win for you and a small win for the other party
- Timing is important. Never disclose your deadline
- The end of the month is the best time to negotiate
- The perception of power gives you the authority to believe “I can win this negotiation”
- Tell a seller “that’s expensive”. The discount will come very soon
- Use the “squeeze play”. Tell a seller “you’ll have to do better than that”

## Track 5

### KEEPING GEN Y HAPPY

Mark McCrindle, McCrindle Research

- Ageing workers, a skills shortage and leadership challenges ahead mean we must attract Gen Y to our businesses
- It’s important to have generational diversity
- Remuneration isn’t everything
- Learning and mentoring can flow both ways
- Positive, supportive feedback rather than autocratic management styles work well
- 5 key workplace needs of Gen Y: work-life balance; workplace culture; adaptive management style; job content; training

## Track 6

### FAMILY TRANSITION BOOSTS BUSINESS

Pam and Clare Woods, Medtex

- Pam: I was determined to go it alone –partnerships are dangerous
- Determination got me through the low times, plus many mantras
- Clare: I started in the business just to have a job
- Leaving to do law was the best decision – a very different experience
- I came back with a focus and drive I’d never had previously
- I’ve now introduced structures, formal processes and systems, documentation and a greater professionalism to the business
- Pam: We are underpaid relatively but money has gone into business growth
- Clare: The support of Family Business Australia has been fantastic
- Pam: Awards are worthwhile - you look hard at every aspect of your business.

THIS MONTH'S

# ESSENTIALS



## Track 7

### THE HIGH COST OF WORKPLACE BULLIES

Joydeep Hor, Harmers Workplace Lawyers

- Employers sometimes are unaware of bullying. It can take a trigger like a termination to prompt a complaint
- The law says that employers should take proactive steps like monitoring behaviour
- Managers may have to make themselves unpopular by having difficult conversations with staff
- Ramifications go beyond financial penalties. They can include unmotivated staff, absenteeism, time wasting and high staff turnover
- Total costs range between \$6 billion to \$13 billion but we think that's conservative
- Some employees fear reporting bullying because they don't want to be "troublesome"

## Track 8

### PREPARING FOR A SLOW-DOWN

John Cleary, Blue Chip Consulting

- The winds of economic change are blowing – prepare for a dip in demand
- Start with a close look at what your staff are doing
- Focus sales staff on winning new clients – be proactive!
- Look at ways to boost the amount of goods you produce – increase throughput
- Invoice immediately
- Review prices – and focus sales on increasing high margin products
- Undertake a waste audit
- Monitor debtors closely and be prepared to drop those who are bad payers
- Review inventory. And review debt financing.

## Track 9

### SHARE LOSSES

Michael Jones, Cummings Flavel McCormack

The fringe benefits tax year ends 31 March. If your car is provided by your employer, review the number of kilometres you have travelled to see if an extra drive before the end of March will reduce your fringe benefits tax bill

#### Share losses – can you claim them?

- Commissioner has released a ruling explaining he will deny a tax deduction for sale transactions done to realise a loss

## Track 9 (continued...)

- Common examples include
  - the simultaneous sale and buy back of listed shares
  - sale of shares to a related entity
  - sale of worthless shares to a related entity
- Wash sales are no longer a standard share portfolio management exercise
- Consider and document the primary purpose of an asset sale that triggers a loss.

## Track 10

### SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

- It's not been a great start to the year!
- Inflationary pressures and rising interest rates are not good for the sharemarket
- There are now great opportunities for astute investors to find fantastic stocks at bargain prices
- Don't panic! Stay committed and don't try to time the market
- Lincoln is now topping up on stocks as long as we're confident about the stock
- The reporting season is just starting so timing is an issue
- BHP is OUT of our star stocks! Also News Corp. JB Hi-Fi remains IN
- Stock favourites: Leighton Holdings, CSL, Incitec Pivot, One Steel, SMS, QBE, Westpac.

## Track 11

### SUCCESS FROM BRINK OF DISASTER

Eddy Awad, ANL Lighting

- We grew fast and thought we were invincible
- When the bank refused us money, we knew we were in trouble
- We held a think-tank and realised we had to dramatically reduce expenses
- We closed branches – very distressing but we had no option
- We changes on-road sales to telephone sales – dramatically reducing costs
- We expanded slowly the second time around, making sure our base was solid
- We never stop looking at ways to increase sales and improve gross profit
- We keep a very close eye on expenses, stock levels and debtors
- We stay motivated - always!

# **i** FOR MORE INFORMATION

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

## **HUGE PROFITS WITH ONLINE SELLING**

Domenic Carosa, Destra Corporation  
03 8415 9111  
[www.destra.com](http://www.destra.com)

## **ECONOMIC UPDATE**

Prof Neville Norman, Melbourne University  
[n.norman@unimelb.edu.au](mailto:n.norman@unimelb.edu.au)

## **LESSONS IN NEGOTIATION**

Tony Gattari, Achievers Group  
02 9440 7373  
[www.achieversgroup.com.au](http://www.achieversgroup.com.au)

## **KEEPING GEN Y HAPPY**

Mark McCrindle, McCrindle Research  
02 8824 3422  
[info@mccrindle.com.au](mailto:info@mccrindle.com.au)  
[www.mccrindle.com.au](http://www.mccrindle.com.au)

## **FAMILY TRANSITION BOOSTS BUSINESS**

Pam and Clare Woods, Medtex  
03 9543 4800  
[www.medtex.com.au](http://www.medtex.com.au)

*Family Business Australia is now accepting entries for the 2008 Family Business of the Year Awards. For your entry form, go to [www.fambiz.com.au](http://www.fambiz.com.au) or call 1800 249 357*

## **THE HIGH COST OF WORKPLACE BULLIES**

Joydeep Hor, Harmers Workplace Lawyers  
T: 02 9267 4322  
[Joydeep.hor@harmers.com.au](mailto:Joydeep.hor@harmers.com.au)  
[www.harmers.com.au](http://www.harmers.com.au)

## **PREPARING FOR A SLOW-DOWN**

John Cleary, Cost Management Specialists  
[costman1@costms.com.au](mailto:costman1@costms.com.au)  
[www.costms.com.au](http://www.costms.com.au)

## **SHARE LOSSES**

Michael Jones, Cummings Flavel McCormack  
T: 03 9252 0800  
[enquiries@cfmc.com.au](mailto:enquiries@cfmc.com.au)  
[www.cfmc.com.au](http://www.cfmc.com.au)

## **SHAREMARKET UPDATE**

Tim Lincoln, 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](http://www.lincolnindicators.com.au)

## **SUCCESS FROM BRINK OF DISASTER**

Eddy Awad, ANL Lighting  
03 9897 4566  
[eddy@anl-light.com.au](mailto:eddy@anl-light.com.au)  
[www.anl-light.com.au](http://www.anl-light.com.au)



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# What's on at AIM

## AIM Victoria & Tasmania

### **Outstanding Women's Series with Leanne Preston**

2007 Telstra Australian Business Woman of the Year and CEO of Wild Child, Leanne Preston is a passionate advocate of the need to build businesses which make a difference to people and the world in which we live. She shares her story of how a mother of three successfully delivered new technology and philosophies to some of the world's largest retailers and became an international market leader.

Date:	Thursday 6th March
Duration:	7.00am to 9.00am
Venue:	Level 17, RACV Club, 501 Bourke St, Melbourne
Cost:	AIM Member \$72 Non-Member \$99
Bookings:	Phone (03) 9534 8181 or visit <a href="http://aimvic.com.au/events">aimvic.com.au/events</a>

## AIM Canberra

### **AIM Briefing Series:**

#### **The 2008 Economic Outlook**

Chris Caton, Chief Economist for BT Financial Group will launch the year's AIM Briefing Series, speaking on the Global Economic and Market Outlook for 2008, with a special emphasis on Australia. This is the eighth time Chris has given this presentation, attracting a significant following of people who attend annually to hear his economic forecasts.

Date:	Friday 29th February 08
Duration:	12.00pm to 2.00pm
Venue:	National Press Club of Australia, 16 National Crt, Barton
Cost:	AIM Members \$90 Non-Members \$115
Bookings:	Call 1300 651 811 or visit <a href="http://aimcan.com.au">aimcan.com.au</a>

## AIM Western Australia

### **AIM Business Leaders Breakfast: Not-for-profit in a commercial world**

Dr Penny Flett, CEO of Brighwater Care Group will share her story, challenges and experiences from working with them over the last 21 years. She will discuss the critical need for brave and competent leadership, managing a business in a highly conservative government system and surviving in a boom economy with aged care being the growth industry of the future.

Date:	Wednesday 5th March
Duration:	7.15am to 9.00am
Venue:	Leadership Centre, AIM, 76 Birkdale St, Fleat
Cost:	Professional Members \$55 Guests \$88
Bookings:	Phone (08) 9383 8000 or visit <a href="http://aimwa.com.au">aimwa.com.au</a>

## AIM New South Wales

### **A Personal Journey**

John Brogden is the CEO of Manchester Unity Australia, a company providing health insurance to over 180,000 Australians. 20% of Australians will have a mental illness at some time in their lives, yet we still know so little about how to deal with mental illness in the community and particularly in the workplace. The objective for every business should be to approach mental health in the same manner we treat physical health.

Date:	Wednesday 26th March
Duration:	7.15am to 9.00am
Venue:	The Ballroom, Four Seasons Hotel, 199 George St, Sydney
Cost:	AIM Members \$95 Non-Members: \$125
Bookings:	Phone 1800 651 811 or visit <a href="http://aimnsw.com.au">aimnsw.com.au</a>



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For more information contact  
Neil Flavel on: 03 9252 0800  
or email: [nflavel@cfmc.com.au](mailto:nflavel@cfmc.com.au)

*see further*

## The end of an era!

A new Taxation Ruling released in January clearly states that tax deductions will not be allowed for losses on wash sales.

### CFMC KEY TAX DATES MARCH AND APRIL 2008

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

**21 Apr 08 March 2008 monthly activity statement:**  
final date for lodgment and payment  
**Quarter 3 (January - March 08) consolidated activity statement:** final date for lodgment and payment by head company of a consolidated group

**28 Apr 08 Quarter 3 (January - March 08) activity statement:**  
final date for lodgment and payment.

**Quarter 3 (January - March 08) PAYG & GST instalment notice:** final date for payment. If varying instalment amount, final date for lodgment.

**Quarter 3 (January - March 08) Superannuation guarantee contributions:** contributions to be made to the superfund by this date.

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**E:** [careers@cfmc.com.au](mailto:careers@cfmc.com.au)

[www.cfmc.com.au](http://www.cfmc.com.au)



# Volatility creates opportunity.

“Great investment opportunities come around when excellent companies are surrounded by unusual circumstances that cause the stock to be misappraised.”

Warren Buffett



**Lesson:** Opportunity abounds in volatile conditions for those who view corrections as the market equivalent of a “stocktake” sale!

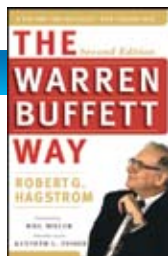
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As General Manager for Harvey Norman Computer and Communications Division Tony Gattari oversaw the growth of the division from \$9 million to \$565 million in 9 years. He has been the Managing Director of a publicly listed company and CEO of a successful technology company.

Today Tony is a powerful business speaker and author who educates thousands of business owners around the world.



“  
*Straightforward, passionate, optimistic and an enthuser on a grand scale.*

*“Gerry Harvey - Business Secrets of Harvey Norman's Retailing Mastermind” (Author James Kirby)*

”

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“

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> Motivation > Activation

# Family Business of the Year Awards

## *Show Your Pride!*



***Nominations are now open for the  
2008 Family Business of the Year Awards.***

The awards are designed to celebrate the achievements of family businesses and the invaluable contribution they make to our culture, economy and the lives of all Australians.

Involvement in the Awards can provide fantastic exposure for your favourite family enterprise and a great “health check” for any business and any family working together.

If you belong to, or know of, a proud family business deserving of recognition, why not nominate that company for a Family Business of the Year Award?

For entry details, go to [www.fambiz.com.au](http://www.fambiz.com.au)  
or call 1800 249 357 for further details.

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