

# **B** BUSINESS ESSENTIALS

MAY 2008



**THE  
EXTRAS**

# Introduction



If you can stay in business for 25 years and continue to grow you must be doing something right. Jim Penman – better known as Jim's Mowing – has achieved that milestone and now has 2600 franchisees around Australia and overseas. I've personally known Jim since he cut my lawns 25 years ago and watched his growth with interest. He has a unique style and personality. His success is largely due to his ongoing personal involvement and his obsession with customer service. His business handles 20,000 clients a day with very few complaints, to which he responds personally. Jim outlines his approach on this month's CD.

Another growth story this month comes from a company that in a relatively short time is exporting to 30 countries. Anamalz produces small wooden animals. Founder Louise Scott passes on lessons she and her husband have learned.

On the economic front Professor Neville Norman confirms his belief that interest rates will come down again before the end of the calendar year – and quite substantially.

Stock Doctor Tim Lincoln tells us that smart money is flowing back into the sharemarket and, as usual, he lists his favourite stocks.

And, remember to act now to get your best tax result. Advice from Michael Jones of Cummings Flavel McCormack with a useful check list.

In other interviews on this month's CD you'll gain plenty of valuable information to help you with your business.

Enjoy.

A handwritten signature in black ink that reads "Michael". The signature is written in a cursive, flowing style.

Michael Schildberger  
Managing Director

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THIS MONTH'S

# ESSENTIALS



## Track 2

### 25 YEARS ON: LESSONS FROM JIM'S MOWING

Jim Penman, Jim's Group

- We can't keep up with the demand despite the fact we charge significantly more than the competition
- Even the drought has made no difference to the mowing division
- Most of our franchisors have been franchisees because they need to know the business thoroughly
- I invite clients with a problem to contact me personally and I follow it up
- I focus on two things: Franchisee service and customer service
- After 25 years I feel like we're just starting

## Track 3

### ECONOMIC UPDATE

Professor Neville Norman, Melbourne University

- Further adverse assessments about losses from the US "sub-prime" crisis
- The May 13 Budget will be a tricky test for the new Rudd Government
- So far, the Australian consequences are finance sector and confined - and likely to stay that way
- The IMF assesses that \$1trillion will be taken as losses in the next two years, more than half from failed loans in the US housing sector. Banks and other lenders will bear the brunt
- The effects are already working through paper wealth reduction, actual losses for some and our own home-grown margin lending developments
- Purchasing power affecting business and government tax revenue will be affected
- US recession is not the most likely outcome but activity growth slow-downs are certain, intensified here deliberately by the spate of interest rate rises
- All this will impact on the May 13 Federal Budget
- Neville's predictions: Subdued growth and inflation numbers; first budget in 5 years NOT to carry further personal income tax cuts; a range of deep and embracing expenditure cuts; the first to reveal in many years that official revenue and surplus forecasts are high rather than low. **Outlook:** By later this year restraint will be working; interest rates will start to fall

**Quiz:** 30 years ago the top personal marginal tax rate cut in at \$32,000. Wages growth since then puts a similar number at \$175,000 – with a scheduled rate of 41.5% from July 2008, including Medicare levy. What was the top rate back in 1977/8? **Answer:** 67%

## Track 4

### **GETTING YOUR PRICES RIGHT**

Jon Manning, Sans Prix

- Some of the bigger pricing traps:
  - Believing that pricing decisions are reversible
  - Going for volume, not revenue
  - Reluctance to challenge industry norms
  - Paying too much attention to competitors
- The “cost plus” method is a measure rather than a determinant of pricing. A value-based approach is preferable
- Pricing considerations:
  - How much do customers value the product being sold?
  - Ask them! You’ll get valuable information
  - Study your current pricing structures, including untapped revenue streams
  - Understand the competitive environment
- Understand the distinction between “getting” and “setting” prices
- Pricing is a process, not a project – put prices up with benefits and seek customer and competitor insights on an ongoing basis
- The “right” price can be very elusive but is very important to sustainability

## Track 5

### **GLOBAL SUCCESS WITH TOY ANIMALS**

Louise Scott, Anamalz

- A good idea, based on observation and personal experience, can be a great starting point
- Quality control is crucial – especially when your product is made overseas
- Good systems and good staff are essential when the business is expanding
- There’s a strong marketplace demand for environmentally-friendly toys
- Copycats are always a problem, despite trade mark and patent protection
- Strong branding and a good reputation are the best weapons against the cheats

THIS MONTH'S

# ESSENTIALS



## Track 6

### OVERCOMING OBJECTIONS

Tony Gattari, Achievers Group

- Realise that almost everyone will have objections
- Understand that an objection is an indication of buyer interest
- Never argue with an objection. Accept it and thank the customer for raising it
- Bring out potential objections in your initial presentation
- Ask the right questions to help you assess a customer's intention. "Are you happy with that price?" overcomes a budget objection

## Track 7

### BETTER OPTIONS IN SALARY PACKAGING

Tim Vlug, Salaris Consulting

- FBT legislation can be a powerful management tool for attracting and retaining staff
- Salary packaging can go a lot further than novated leases on cars or laptops, e.g. associate motor vehicle leases; remote area allowances; living away from home allowances; employee share and incentive plans; plus various "otherwise deductible items"
- The flow-on benefits apply to both employees and employers
- The biggest watch-outs are around motor vehicles, fleet management and poor practices in negotiating employment contracts
- Red flags: The absence of or an unclear motor vehicle policy; tax free allowances paid without legislative basis; or comments like "We don't do that", or "We don't know how to do that"
- FBT liability is not always known by the companies offering allowances or benefits

## Track 8

### BAD SERVICE COSTS MONEY

Brett Whitford, Customer Service Institute of Australia

- Poor customer service can cost up to 30% of sales revenue
- Cutting staff and training costs can be counter-productive – and expensive
- Clear communication and human contact do most to keep customers happy
- Customers place high value on experienced people who understand their needs
- Satisfied customers are of long-term benefit to the business, and cost less to service
- Accountants and customer service people should work together to identify the costs of poor service – and how to fix it

THIS MONTH'S

# ESSENTIALS

Track 9

## TAX: DON'T WAIT 'TIL JUNE 30

Michael Jones, Cummings Flavel McCormack

Year end tax planning - act now!

- Defer income
- Bring forward deductions: Scrap obsolete equipment; prepay expenditure (make sure you qualify)
- Small Business Entity concessions: Immediate write off of assets less than \$1000; accelerated depreciation
- Trading stock - consider valuation options
- Beware tax office ruling on wash sales
- Superannuation: Must contribute before 30 June; personal super contributions for investors and self employed; franked dividend funded personal super contributions can create a double bonus

Track 10

## SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

- Current volatility won't dissipate for a while but "smart money" is coming in now
- You must have a diligent and disciplined approach to stock selection
- Financial industry companies in trouble now all have poor gearing ratios or debt to equity. These ratios indicate whether companies are leaning on banks too heavily for funds
- Even now, the market has recovered 10% from its low
- Stock favourites: CSL, Incitec Pivot, BHP, Rio, Newcrest Mining, Seek, Structural Systems, Westpac, QBE

Track 11

## ENCOURAGING STAFF: WHAT REALLY WORKS

Dr Aubrey Daniels, Aubrey Daniels International

- Don't waste time and money on things like Employee of the Month schemes
- Staff appraisals are generally disliked by both employer and employee, and contribute little
- Set staff targets that are achievable
- Positive reinforcement works better than wielding a big stick
- Scientific study of human behaviour provides the best model for the workplace
- Communicate better by communicating less. Don't promise what you won't deliver
- Respect can be earned by building a relationship based on trust

# **i** FOR MORE INFORMATION

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

## **25 YEARS ON: LESSONS FROM JIM'S MOWING**

Jim Penman, Jim's Group  
[www.jims.net](http://www.jims.net)

## **ECONOMIC UPDATE**

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

## **GETTING YOUR PRICES RIGHT**

Jon Manning, Sans Prix  
T: 0405 629 141  
[jon@sansprix.com.au](mailto:jon@sansprix.com.au)  
[www.sansprix.com.au](http://www.sansprix.com.au)

## **GLOBAL SUCCESS WITH TOY ANIMALS**

Louise Scott, Anamalz  
T: 03 5261 3554  
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## **OVERCOMING OBJECTIONS**

Tony Gattari, Achievers Group  
T: 02 9440 7373  
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## **BETTER OPTIONS IN SALARY PACKAGING**

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(See advertisement on page 13 of this booklet)  
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[www.salaris.com.au](http://www.salaris.com.au)

## **BAD SERVICE COSTS MONEY**

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

## **TAX: DON'T WAIT 'TIL JUNE 30**

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[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  
T: 1300 676 332 or 03 9854 9444.  
Please contact Lincoln direct for details about its Stock Doctor fundamental analysis software or Managed Fund services.  
[www.lincolnindicators.com.au](http://www.lincolnindicators.com.au)

## **ENCOURAGING STAFF: WHAT REALLY WORKS**

Dr Aubrey Daniels, Aubrey Daniels International  
[www.aubreydaniels.com](http://www.aubreydaniels.com)



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# What's on at AIM

## AIM Victoria & Tasmania

### *Outstanding Women's Series with Kerrie-Anne Turner*

In the IT industry where women account for less than 15% of employees, Kerrie-Anne is one woman who has definitely "made it". Currently Managing Director of StayinFront Group Australia, a CRM software company, Kerrie-Anne is responsible for a team of more than 50 people, overseeing the company's strategic direction and operations.

Date:	Friday 2nd May
Duration:	7.00am - 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 Victoria & Tasmania

### *Business Essentials with Neville Norman*

Recognised as one of Australia's foremost economists, business commentators and consultants, Neville Norman has been preparing, advising, analysing and reviewing Federal Budgets since the mid 1970s. He will decipher Kevin Rudd's first budget, its effect and how it will affect the current market of increasing interest rates and an unsteady stock market.

Date:	Wednesday 14th May
Duration:	7.00am - 9.00am
Venue:	AIM Management House 181 Fitzroy St, St Kilda
Cost:	AIM Members \$68 Non-Members \$90
Bookings:	Call (03) 9534 8181 or visit <a href="http://aimvic.com.au/events">aimvic.com.au/events</a>

## AIM Western Australia

### *A Whole New Mind: The Good to Great Factors in Personal and Team Performance*

In a fast paced and often crazy world how do we maintain and grow sustainable top level performance and have a healthy life and lifestyle? This exciting one day seminar with three of Australia's most recognised presenters and educators, Glenn Capelli, Allan Pease and Dr John Tickell, will provide practical approaches on how do we get the best out of our people without burning them out?

Date:	Thursday 8th May
Duration:	8.30am - 4.30pm
Venue:	Hyatt Regency Perth 99 Adelaide Terrace, Perth
Cost:	Professional Members \$583 Non-Members \$825
Bookings:	Phone (08) 9383 8000 or visit <a href="http://aimwa.com.au">aimwa.com.au</a>

## AIM New South Wales

### *The 2008 'Eye on Australia' Consumer Report*

Now in it's 17th year, the 'Eye on Australia' report continues to provide unique and fascinating insights into social trends shaping our country.

This year Paul Gardner, Chairman Australia & New Zealand of Grey, will present the key findings of the 2008 Eye on Australia report and boldly challenge a number of common myths surrounding current marketing trends - Is Gen Y really that powerful? Are we really too fat? Does anyone really watch TV anymore?

Date:	Thursday 1st May
Duration:	7.15am - 9.00am
Venue:	The Ballroom, Four Seasons Hotel, 199 George St, Sydney
Cost:	AIM Members \$95 Non-Members: \$125
Bookings:	Phone 1300 651 811 or visit <a href="http://aimsw.com.au">aimsw.com.au</a>



## Accountants That Help You See Further

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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*

Most successful tax planning occurs throughout the year.

## CFMC KEY TAX DATES MAY AND JUNE 2008

**21 May 08** FBT 2008 return: due date for lodgment and payment.

**April 2008 monthly activity statement:**  
final date for lodgment and payment.

**28 May 08** Quarter 3 (Jan - Mar 08) superannuation guarantee charge statement: due date for payment if superannuation contributions were not made by the due date.

**21 Jun 08** May 2008 monthly activity statement:  
final date for lodgment and payment.

**30 Jun 08** End of financial year

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To keep up-to-date with business issues and advice, subscribe to our newsletter, **Viewpoint**. Just submit your email details to [mjones@cfmc.com.au](mailto:mjones@cfmc.com.au) and we'll send it to you.

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\*All Ordinaries Index: 01/11/2007 – 6853.6 (all time high), 01/04/2008 – 5409.7. Source: Stock Doctor® and [www.asx.com.au](http://www.asx.com.au). Important Information: Lincoln Indicators Pty Ltd ACN 006 715 573 (Lincoln) AFSL 237740. This communication has been prepared without taking into account your personal circumstances. You should therefore consider its appropriateness, in light of your objectives, financial situation and needs, before acting on it. Economic, market and other information taken into account in forming any opinions are subject to change and therefore opinions expressed as to future matters may no longer be reliable.

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*Have you heard of Gloria Jean's Coffees?*

Have you ever wanted to know how they were successful? What were the tips and strategies that grew their businesses into household names that you see today?

For 2 days you will be trained by *Australian businessmen* – that's right not more American speakers – *Tony Gattari and Peter Irvine*, two men who respectively built Harvey Norman Computers and Communications and Gloria Jean's Coffees into the powerhouses they are today.

## Who should attend the Ignite Program?

No matter what stage your business is at you will instantly benefit from the *Ignite Program*.

- Want to start a business but don't know how – *The Ignite Program is for You*
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- Your business has gone through the infancy stage and now you want to build a profitable enterprise without you doing the day-to-day stuff – *The Ignite Program is for You*
- You are a manager in company that seems to need new ideas and new ways of growing fast – *The Ignite Program is for You*
- Sales and profits have been eaten away by your competition and now you want to grow your business rapidly – *The Ignite Program is for You*
- Want to grow your business nationally or even internationally – *The Ignite Program is for You*

## The Strategies you will learn that will Ignite your Business Success

This is not another two day junket delivered by some representatives of companies who are presenting on a topic because their company paid tens of thousands of dollars in sponsorship for the privilege. This is a real program, delivered by people who have done the hard yards and built businesses from scratch.

Not only have they built businesses...they have built multinational enterprises.

Here is what you will learn at the **Ignite Program**:

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- The key drivers that will rapidly improve the cash flow of your business
- Systemise your business to support and sustain growth
- Development of human resource systems for recruiting, training, and motivating the right employee
- Earn \$10,000s or even \$100,000s in profit through only a 30 minute meeting
- How to overcome all the obstacles in your business life by having a winners mindset
- Learn powerful sales techniques that will close more sales and increase your average transaction

### Peter Irvine



Peter Irvine has over 40 years experience in business at a high profile level. In 1996 Peter established Gloria Jean's Coffees franchise in Australia with his business partner Nabi Saleh, and in the space of 10 years built a business which is in over 30 countries around the world and more than 850 coffee houses.

### Tony Gattari



Tony was General Manager for Harvey Norman Computer and Communications Division where he oversaw the growth of the division from \$12 million to \$565 million in 9 years.

Tony is also the co-author of ***The Pillars of Business Success***, ***Marketing Success*** and is a contributor for ***Secrets of Top Sales Professionals Exposed*** and ***Secrets of Marketing Experts Exposed***.

### Other Important Details

**Location:** Crowne Plaza  
30 Phillip St, Parramatta, NSW 2150

**Day 1:** Thursday 9th October (9.00am – 5.00pm)

**Day 2:** Friday 10th October (9.00am – 5.00pm)

To keep your investment down, we are only offering morning and afternoon tea. Being in the heart of Parramatta food district, there are plenty of places to sit down and have a great lunch.

### Your Investment

**\$597 inc. GST.**

For bookings, please contact Erin (02) **9440 7373** (Group discounts available for 5 or more people for one company).

For more details, please visit the website: [www.achieversgroup.com.au/ignite\\_program.html](http://www.achieversgroup.com.au/ignite_program.html) or contact Tony Gattari on **0410 538 521**

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franchising  
people  
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growth  
technology  
legal

## international

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marketing  
international  
people  
finance  
technology  
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