

MONTHLY AUDIO PROGRAM

B **BUSINESS** **ESSENTIALS**

AUGUST 2008



THE **EXTRAS**

Introduction



When I left school I really didn't know what I wanted to do. Running a small business would be good, I thought. But what type? A friend of my parents advised me to get a job as a copy boy on a newspaper so that I could meet plenty of people and maybe stumble on a business that appealed to me. I accepted the advice, never believing that my future would be in the media. I certainly didn't expect to become a TV News Director and Executive Producer and host of a national program, A Current Affair. After 20 years at the Nine TV Network and eight years hosting an ABC radio program, I figured maybe I should consider establishing a small business. The opportunity arose and Business Essentials was born. And that business, somewhat to my amazement, is now entering its 25th year – a quarter of a century. I've learnt a great deal during those years and figured it would be appropriate to pass on some of the major lessons. You'll hear them when Heather Dawson interviews me on this month's program. I cover the good times and the not so good.

On the subject of coping with tough times, we hear from prolific small business author Andrew Griffiths, with plenty of sound advice. And talking of tough times, we'll be given tips from Stock Doctor Tim Lincoln on how to handle the share market right now.

As usual, I hope you get plenty of value from this month's program and this edition of the Extras booklet. Enjoy.

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

Michael Schildberger
Managing Director

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Track 2

OUR FIRST QUARTER CENTURY

Michael Schildberger

- Listen and learn – keep learning as changes occur around you
- Build a strong culture in your enterprise which spreads to your customers and suppliers
- I don't mind borrowing money, despite what others say, then you have money available if something goes wrong
- Build assets so that you have something you can borrow against
- It doesn't hurt to pay a bill earlier than expected. Organisations you deal with might remember it if you have a problem in the future

Track 3

ECONOMIC UPDATE

Professor Neville Norman, Melbourne University

- Forecasting Tip: focus on items moving outside acceptable boundaries
- Second Tip: look at what others are saying
- Inferences from The Age Panel of Economists, published 5 July 2008:

Item:	Growth	Housing Investment	CPI Growth	Wages Growth	Budget Surplus	Cash Rate 30 June 09
Average	2.45 %	0.65 %	3.52 %	4.35 %	\$20.4b	7.2 %
Highest	3.5 %	5.1 %	6.0 %	7.0 %	\$25.0b	8.5 %
Lowest	0.0 %	-4.0 %	2.9 %	3.0 %	\$10.0b	6.25 %
Neville N	2.6 %	2.0 %	2.9 %	4.9 %	\$16.5b	6.5 %

All items 2008/09
unless stated otherwise.

Forecasts of international variables:

Item:	\$US/\$A at 30 June 09	Euro/\$A at 30 June 09	US Growth over 2009	Net Foreign Debt 30 June 09
Average	0.90 c	0.60 Euro	1.25 %	\$661 b
Highest	0.99 c	0.63 Euro	2.50 %	\$760 b
Lowest	0.78 c	0.54 Euro	-2.00 %	\$590 b
Neville N	0.89 c	0.60 Euro	1.90 %	\$760 b

- Practical implication: an Australian recession - or even a US one - unlikely
- Some variables show greater variance – so do things in your business domain
- track them more carefully. E.g. ASX 200 ranges from 5000 to 6600

Quiz Question: What did the Howard government forecast in 1998 as the CPI effect of its proposed 10% GST, and what actually happened? Answer: 1.9%. The outcome: 4%, recorded in October 2000

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Track 4

COPING WITH TOUGH TIMES

Andrew Griffiths, Oceanic Marketing Group

- Tough times are inevitable – it's important to plan ahead
- Be pro-active – act quickly to reduce costs and seek out new opportunities
- Don't be too embarrassed to ask for help when you need it
- Watch for the warning signs that clients are in trouble
- Talk openly and often, to both creditors and debtors
- Don't carry all the burden yourself – it's too stressful

Track 5

IN AT THE DEEP END

Jane Stott, Former Managing Director, Stott Correspondence College

- Make sure your family directors have professional training
- Use a family council to guard the interests of both family and business
- Ensure family shareholdings are equitable and fair
- Draw up a family constitution to underpin the business and provide for generational change
- Shared understanding of the aims of the business can help minimise family conflict

Track 6

GOING PUBLIC: PROS & CONS

Adrian McFedries, DC Strategy

- Think about why you're doing it
- Main pros include access to capital, the ability to scale the business and growth
- Think about getting private equity instead of going public
- Cons include the short life of many listed companies
- Governance difficulties are an enormous jump for an SME which goes public
- It's easy to be caught out by market forces

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Track 7

MANAGING DRUG & ALCOHOL ABUSE

Michael White, Frontline Diagnostics

- 70% of drug and alcohol abusers have a job – they need the money
- Business owners and managers can be held responsible for incidents involving drug-affected workers
- Business reputation will become a casualty of a workplace drug culture
- Warning signs include extreme fatigue, irrational and aggressive behaviour, inability to concentrate
- “Clean” staff will welcome an effective and well-managed drugs policy
- If testing's required, everyone should do it, from the boss down

Track 8

LOOKING AT LEADERSHIP

Tony Gattari, Achievers Group

- Leadership comprises five levels
 1. Position based on rights. People follow you because they have to
 2. Permission based on relationships. People follow you because they want to
 3. Production based on results. People follow you because of what you've done for the organisation
 4. People development based on reproduction. People follow you because of what you've done for them
 5. Personhood based on respect. People follow you because of who you are and what you represent

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Track 9

TAX: FAMILY TRUSTS AND CAPITAL GAINS

Michael Jones, Cummings Flavel McCormack

- When a family trust distributes a capital gain, care is needed to avoid a nasty tax surprise
- If a capital gain is distributed to one beneficiary and income to another, the law taxes the income beneficiary on both the capital gain AND the income. CGT concessions can be lost.
- The Tax Office acknowledges this is unfair and offers a concession which allows either each beneficiary to pay tax on what they receive, or the trustee to pay tax on the capital gain
- The concession requires participants to enter into a written agreement within two months of the end of the financial year
- All the parties must lodge tax returns in accordance with the agreement

Track 10

SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

- Panic is unavoidable if you don't know the quality of the shares in your portfolio
- If you're confident about your portfolio knowledge it's a good time to clean out not-so-good performers
- Many current investors have never known a tough time. We can learn good lessons here
- History shows the market will pick up stronger than it was at the fall
- Focus now on businesses which are financially strong with good management and are undervalued
- Stock favourites: BHP, CSL, Leighton Holdings, JB Hi-Fi, Bemax Resources, Incitec Pivot, Westpac

Track 11

MARKETING TO GEN Y

Dion Appel, Lifelounge

- There are 5 pillars to the Gen Y lifestyle – sports, music, travel, fashion and entertainment
- Big brands don't necessarily work – Gen Y want to be treated as individuals
- Technology is part of their lives – the internet is their first choice of media
- Many are living at home until age 26 – increasing their disposable income
- Businesses which can react quickly to changes in fashion or style are well placed to succeed

i FOR MORE INFORMATION

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

OUR FIRST QUARTER CENTURY

Michael Schildberger, Business Essentials
T: 03 9882 8333
www.be.com.au

ECONOMIC UPDATE

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COPING WITH TOUGH TIMES

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MANAGING DRUG & ALCOHOL ABUSE

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LOOKING AT LEADERSHIP

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TAX: FAMILY TRUSTS AND CAPITAL GAINS

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SHAREMARKET UPDATE

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Please contact Lincoln direct for details about its Stock Doctor fundamental analysis software or Managed Fund services
www.lincolnindicators.com.au

MARKETING TO GEN Y

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What's on at AIM

AIM Victoria & Tasmania

Outstanding Women's Series 2008 - Sally Macdonald

As the 2008 series rolls on with great success, we introduce Sally Macdonald. Sally has been CEO and MD of the Orotan Group since September 2006, during which time she has sold three businesses, grown the Orotan brand dramatically and managed a company turnaround in financial performance. She also worked for management consultancy The Boston Consulting Group in Melbourne and New York.

Date: Friday 19th September

Commences: 7.30am

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

Cost: AIM Member \$72
Non-Member \$99

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

AIM Victoria & Tasmania

Business Essentials Breakfast - Peter Irvine

Co-founder of Melbourne's own Gloria Jean's Coffees, Peter Irvine has spent 11 years setting up and developing the business and brand. With this insight, and over 30 years advertising experience, Peter will explain how focus, passion and commitment to your vision are what drive you to grow and exceed your expectations.

If you're serious about realising your vision and reaching your potential, don't miss this inspiring presentation.

Date: Friday 22nd August

Duration: 7.30am - 9.00am

Venue: Management House, AIM
181 Fitzroy St, St Kilda

Cost: AIM Member \$68
Non-Member \$90

Bookings: Call (03) 9534 8181 or visit
aimvic.com.au/events

AIM NSW

Carbon Trading - BREAKFAST BRIEFING with Peter Switzer

Carbon trading does not sound sexy. Did you know, however, that international business from carbon trading and its myriad offshoots is worth tens of billions of dollars a year - and rising. A World Bank report calculated the market at US\$64 billion in 2007, more than doubling the value of the year before. In Australia alone, a carbon trading scheme is soon likely to create an annual market in excess of \$4 billion a year, according to investment bank ABN Amro. Is that sexy enough for you?

Date: Friday 29th August

Duration: 7.00am - 9.00am

Venue: The Ballroom, Four Seasons
Hotel, 199 George St, Sydney

Cost: AIM Member \$95
Non-Member \$125

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

AIM SA

Women in Management Breakfast

Dominique Schwartz is an ABC television presenter and journalist, most noted for her work as a foreign correspondent. She has covered wars in Africa, the Balkans, Central Asia, and the Middle East and reported from more than forty-five countries around the world.

An intrepid traveller, Dominique has been hunting with the indigenous Inuit people of the High Arctic; trekked illegally through southern Sudan to report on the slave trade; and been "hi-jacked" by orangutans in the forests of Borneo.

Date: Thursday 21st August

Duration: 7.00am - 9.00am

Venue: The Adelaide Convention
Centre

Cost: AIM Member \$45
Non-Member \$65

Bookings: Visit aimsa.com.au



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For more information contact
Neil Flavel on: 03 9252 0800
or email: nflavel@cfmc.com.au

see further

CFMC KEY TAX DATES AUGUST & SEPTEMBER 2008

- | | |
|--------|--|
| 14 Aug | PAYG withholding payment summary: final date for lodgment |
| 21 Aug | July 2008 monthly activity statement: final date for lodgment and payment |
| 28 Aug | Superannuation guarantee charge statement: final date for lodgment and payment |
| 21 Sep | Aug 2008 monthly activity statement: final date for lodgment and payment |

SPECIAL OFFER! Guide to Capital Distribution Agreement

In the current edition of Business Essentials we discuss the need for a specific agreement that identifies who will be liable for the tax payable when a trust makes a capital gain. If you would like to receive more information on what is required for this agreement *please send me an email.*

Send in a tax problem – be in the running to WIN A BOTTLE OF WINE!

If you email me your tax problem I will send you an answer. If the problem is of general interest I will discuss it on the Business Essentials program (in an anonymous way). Whoever submits the tax problem that I judge to be the most interesting for the Business Essentials audience will **WIN an excellent bottle of wine from Dominique Portet's Yarra Valley winery.** That way you are ready to either celebrate or commiserate when you get the answer.



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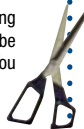
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- You are a manager in company that seems to need new ideas and new ways of growing fast – *The Ignite Program is for You*
- Sales and profits have been eaten away by your competition and now you want to grow your business rapidly – *The Ignite Program is for You*
- Want to grow your business nationally or even internationally – *The Ignite Program is for You*

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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.

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- The key drivers that will rapidly improve the cash flow of your business
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- 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 or contact Tony Gattari on **0410 538 521**

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