

MONTHLY AUDIO PROGRAM

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

FEBRUARY 2009



# **THE** **EXTRAS**

# Introduction



Maybe 2009 won't be as bad as we feared – well, not all of it anyway. Last month our economist Professor Neville Norman forecast worsening tough times in the next few months but said we should then look forward to the start of a recovery. That will mean a lift in property and share markets – and a slight increase again in interest rates. But rates will go down even further before that increase happens. This month Neville Norman expands on his views and is given support by property/finance expert Nicholas Don of Odyssey Financial. He finds funds for property purchasers and says already he has never been busier. And in the share market Lincoln's Elio D'Amato is more optimistic on a return to better times sooner rather than later.

To support the controversial wording on our front cover, we hear on the CD from Ash Hunter who runs a very successful magazine publishing business. He says we should be honest with ourselves,

and should listen to what our customers want, not what we think they should have.

Those of us who were the founders/entrepreneurs of our own businesses should listen to Rod Young of DC Strategy, who advises we should step aside after five years. Bring in someone to run the business while you remain there as an adviser. It has taken me a little longer than five years but I am delighted that my son Nick is now Managing Director of Business Essentials – while I remain active enough to stay involved. In our case, he will lead us into the Internet world.

Take note of special offers in this Extras booklet from Odyssey Financial and Final5.

There's plenty on the CD to help you through the tough times and to get prepared for the period of recovery.



Michael Schildberger  
Executive Chairman.

**EXECUTIVE CHAIRMAN: Michael Schildberger**

**MANAGING DIRECTOR: Nick Schildberger**

**ADVERTISING/SPONSORSHIP: nschildberger@be.com.au**

**PRODUCTION MANAGER: Heather Dawson**

**CHIEF EDITOR: John Hounslow    PRODUCER: Bob Kearsley**

**STUDIO MANAGER: Peter Letts**

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**405 Riversdale Road, Hawthorn East Vic 3123**

**Phone: (03) 9882 8333    Fax: (03) 9882 8017    Web: [www.be.com.au](http://www.be.com.au)**

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THIS MONTH'S

# ESSENTIALS



## Track 2

### ECONOMIC UPDATE

Professor Neville Norman, Melbourne University

- Things will get worse before they get better, but I'm still "quite optimistic" about the outcome in 2009
- We're already seeing signs of a partial recovery, though not yet in confidence
- My growth forecasts for China, the US and the world are half what they were a year ago – other economists are even gloomier
- The situation's grim but negativism has gone too far
- The Federal Government is likely to run a small cash deficit in 08/09, before returning to a modest surplus in 09/10
- The May Budget will be the most difficult to prepare in Australian history, and crucial to the recovery
- Interest rates will fall further before starting to rise again in late 2009 or early 2010 – don't leave it too late to lock in low rates

## Track 3

### YOUR PRIORITIES IN TOUGH TIMES

Tom McKaskill

- In tough times it's harder to close deals, there will be tighter credit terms, and you may lose good staff
- Think survival - identify the elements of your business that you need to protect, work out how you're going to get business through the door, deal with suppliers and protect staff
- Resilience is No. 1 survival. You need to look at your entire supply chain
- Consider worst case scenarios for your business – and build triggers so you can view the future and mitigate risk
- Look at things from your employees' perspective, consider their employability
- Talk to your customers to explore new opportunities – there are plenty to offset current difficulties

THIS MONTH'S

# ESSENTIALS

## Track 4

### **PROPERTY: DON'T WAIT TOO LONG**

Nicholas Don, Odyssey Financial

- Indications are that 2009 will be a good residential year with another two to three strong years ahead
- We still work on the 7-10 year cycle of doubling your property investment money
- Commercial property is harder to predict than residential
- The high end of the market has dropped up to 25%. We believe the \$350,000-\$500,000 range will provide good gains
- Factors influencing property investment: interest rates, rent yields, vacancy rates and building approvals
- Getting money depends on how you put your proposal to the bank
- Since 2007 legislation allows Self Managed Super Funds to borrow to invest in residential or commercial property

## Track 5

### **NO BULLSHIT – BE HONEST AND REAL**

Ash Hunter, Hunterfive

- Avoid bullshit – stay true to your product even if it costs money in the short-term
- Times are changing: magazine publishers need to think about delivering content via different media
- In tough times, focus on what you do best. Are you providing real value to customers?
- Be passionate about what you do
- Surround yourself with the best people – then trust them
- Make decisions – if they turn out to be wrong, make others until you get it right
- Build infrastructure to expand as you need it, in chunks your business can digest

## Track 6

### **THE RIGHT TIME TO STEP ASIDE**

Rod Young, DC Strategy

- I think the proprietor or CEO of a business should not be in the same job longer than five years
- After five years you've either given it all you've got or you haven't and it's time to go
- Many proprietors think they're irreplaceable and never hire someone who can take over the management
- If you can replace yourself you have a valuable investment
- You have an opportunity to grow your business via franchising if you bring in motivated owner-operators

THIS MONTH'S

# ESSENTIALS



## Track 7

### CREATING THE IRRESISTIBLE OFFER

Tony Gattari, Achievers Group

- We have so much average marketing clutter bombarding consumers we have to find a point of difference
- The irresistible offer must be extraordinary. It must give to the customer before you receive it back
- The offer could be something to help in their business or their life but it must be memorable
- "We've always done it this way" is unacceptable
- You must promote what you do
- Don't focus on the features of a product or service. Focus on the benefits of having it

## Track 8

### SAVE ON BILLS

Luke Neale, Save on Bills

- Properly used, the Internet can be an effective cost-saving tool for small and medium business
- Websites in Australia and overseas can help you outsource time-consuming office activities – be clear about what you want done
- Buying office equipment or fittings online can produce significant cost savings
- Research is crucial – whether you're sourcing suppliers, learning about new customers or keeping an eye on your competitors
- With about 2 billion users, the Internet is a powerful marketing tool: check out sites which can help you target your spending effectively
- Networking websites are a cost-effective means of extending your circle of business contacts

## Track 9

### SHAREMARKET UPDATE

Elio D'Amato, Lincoln Stock Doctor

- Investors are showing cautious optimism after a flat start to the year which they see as consolidation
- The caution is based on fears of more bad economic news and some people are wary of over-committing
- Although we know that unemployment will rise, we need to keep it stable to avoid defaulting on loans
- We need to see banks free up their credit policies
- We expect that stocks will recover before the economy – possibly about April
- The next reporting season which starts in February will be the most important in 70 years
- Favourite stocks: IMF Australia, Westpac, Leighton Holdings, BHP Billiton, QBE, CSL

Track 10

## TAX: EXPANDING OVERSEAS

Michael Jones, Cummings Flavel McCormack

- Tax rates in overseas countries may be attractively low, but that's not the end of the story
- Profits earned overseas and distributed to shareholders through the Australian company won't attract franking credits. They'll therefore be taxed at the top marginal rate
- Added to, say, a 20% tax rate overseas, that could mean a total tax bill of more than 65%
- That may not be a problem if the company doesn't distribute its profits, but that's only a short-term solution
- Any trading losses in the overseas company will generally be trapped there
- One solution is to use trusts to bring profits back without paying excessive tax

Track 11

## THE POWER OF BUSINESS NETWORKS

- The networked organisation depends on collaboration between individuals or businesses, acting autonomously but in a common cause
- It's unlike the traditional hierarchical company structure, with its head office and tiered management levels
- Two of the world's most successful business organisations, Visa and the World Wide Web, are examples of the networked structure in action
- Members of the networked group can readily exchange information, contacts and ideas in an open and trusting environment
- Operating in overseas markets is easier: local people understand the language and culture, and are motivated to make their businesses succeed
- The instigator of the network has a role to play in hosting network meetings and ensuring new entrants meet the required standards

# **i** FOR MORE INFORMATION

about the topics discussed on this February 2009 program, please contact the relevant organisations as listed below.

## **ECONOMIC UPDATE**

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

## **YOUR PRIORITIES IN TOUGH TIMES**

Tom McKaskill  
[www.tommckaskill.com](http://www.tommckaskill.com)

## **PROPERTY: DON'T WAIT TOO LONG**

Nicholas Don, Odyssey Financial  
T: 1300 362 489 or 03 9818 6700  
[www.odysseyfinancial.com.au](http://www.odysseyfinancial.com.au)

## **NO BULLSHIT – BE HONEST & REAL**

Ash Hunter, Hunterfive  
T: 03 9664 1600  
[www.hunterfive.com](http://www.hunterfive.com)

## **THE RIGHT TIME TO STEP ASIDE**

Rod Young, DC Strategy  
[growth@dcstrategy.com](mailto:growth@dcstrategy.com)  
[www.dcstrategy.com](http://www.dcstrategy.com)

## **CREATING THE IRRESISTIBLE OFFER**

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

## **SAVE ON BILLS**

Luke Neale, Save on Bills  
T: 0415 717 289  
[www.saveonbills.com.au](http://www.saveonbills.com.au)

## **SHAREMARKET UPDATE**

Elio D'Amato, 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)

## **TAX: EXPANDING OVERSEAS**

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)

## **THE POWER OF BUSINESS NETWORKS**

Ken Everett, Think on Your Feet®  
[www.thinkonyourfeet.com](http://www.thinkonyourfeet.com)



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# What's on at AIM

## AIM VIC AND TAS

### *Managing the Future 2009*

The first speaker for 2009 in the much-anticipated Managing the Future series will be Dr Keith Suter, one of the world's great thinkers. He'll discuss the world view and Australia's position, key challenges facing Australian business and essential survival strategies for companies during an economic downturn. Keith is a member of the most prestigious think tank in the world, The Club of Rome, which meets regularly to analyse key social, political, economic, and environmental issues and their likely impact.

Date: Wednesday 1st April 2009

Venue: Melbourne Cricket Ground

Duration: 9.00am - 12.30pm

Cost: AIM Member  
Early Bird to 14th Feb: \$425  
From 15th Feb: \$525

To book please call the events team on  
03 9534 8181

## AIM NSW

When Wall Street sneezes, the global economy catches a cold. At AIM's first Breakfast Briefing for 2009, Dr Chris Caton, Chief Economist with the BT Financial Group, will again present his economic outlook for the year ahead.

Chris has recently been quoted as saying that property prices are over-valued, the share market is under-valued and that the Australian economy has been sheltering behind China's demand for our resources. In his typically forthright and succinct style, Chris will once again set the Australian economic stage for us for the year ahead.

Date: Friday 20th February 2009

Venue: Four Seasons Hotel  
199 George St, Sydney

Duration: 7.30am to 9.00am

Cost: AIM Members: \$95  
Non-Members: \$135  
Table of 10 Members: \$1,100  
Table of 10 Non: \$1,250

## AIM VIC AND TAS

### *Why Should Anyone Be Led By You?*

- Prof. Rob Goffee

At the start of the Millennium, Professor Rob Goffee and his research team were driven by this single, simple question. 'Why should anybody be led by you?'. It had an impact....

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Date: Wednesday 1st April 2009

Venue: Melbourne Cricket Ground

Duration: 9.00am - 12.30pm

Cost: AIM Member  
Early Bird to 14th Feb: \$425  
From 15th Feb: \$525

To book please call the events team on  
03 9534 8181

## AIM WA

10 Fundamental Priorities in a Downturn - How Prepared are You to Meet the Challenges Ahead?

Presenters: Mark Gibson and Melanie Grohovaz, PricewaterhouseCoopers

We are currently facing volatile and uncertain conditions. Business leaders and managers face challenges that lie at the very heart of competitiveness and the future of their business. Equally, the current market conditions provide a unique opportunity to revitalise a business. PricewaterhouseCoopers (PwC) believes businesses which focus on the '10 fundamental priorities' will emerge from the downturn agile and fit for the future.

Date: Thursday 26th February 2009

Venue: 76 Birkdale St, Floreat 6014

Duration: 5.30pm-7.30pm

Cost: Professional Members: \$0  
Affiliate Members: \$88

To book call 08 9383 8088



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

**see further**

## CFMC KEY TAX DATES FOR FEBRUARY AND MARCH 2009

**21 Feb** January 2009 monthly activity statements:  
due date for lodgment and payment.

**28 Feb** Annual GST return: due date for lodgment and payment  
**Income tax return lodgment and payment due date for**  
self-preparing entities not due at an earlier date.  
**Income tax return lodgment and payment due date for**  
new large/medium entities and self-managed superannuation funds.  
**Income tax return lodgment due date for large/medium business**  
trust clients that were non-taxable in the prior year

**21 Mar** February 2009 monthly activity statements:  
due date for lodgment and payment.

### 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.**



Michael Jones,  
[mjones@cfmc.com.au](mailto:mjones@cfmc.com.au)

### Office Details

Level 15, 390 St Kilda Road  
Melbourne VIC 3004  
T: 61 3 9252 0800 F: 61 3 9252 0801  
E: [enquiries@cfmc.com.au](mailto:enquiries@cfmc.com.au)  
E: [careers@cfmc.com.au](mailto:careers@cfmc.com.au)

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”

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[www.dcstrategy.com](http://www.dcstrategy.com)

### Australia

Melbourne +61 (0)3 8102 9200  
Sydney +61 (0)2 8220 8700  
Brisbane +61 (0)7 3015 7600  
Perth +61 (0)8 9426 3477  
Canberra +61 (0)2 8220 8700