

businessessentials

Advice and ideas to grow your business - presented by Michael Schildberger

December 09 | Audio CD



the extras



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Interest rates will continue to rise regularly in small amounts and we can expect them to be up about two per cent by mid next year. Who says so? The Governor of the Reserve Bank, Glenn Stevens. And it's unusual for the Reserve Bank to foreshadow its punches so far in advance. For those of us in business it's good to know what lies ahead. But there's another question: is the Board right in its planned approach? To answer my questions there's one person to turn to, our economist Professor Neville Norman, and we'll hear from him on this month's CD.

As we approach Christmas, it's a good time to examine our responsibilities and rights in regard to refunds and warranties. Just what are the rules? What are our obligations? If we've bought a product – or sold one – and it doesn't work, who's responsible? With the answers, the ACCC's Dr Michael Schaper.

And talking of selling – how do you handle a scrooge? If a potential customer finds every excuse not to buy or tries to reduce the price, how do you deal with the situation? Our sales guru Tony Gattari of Achievers Group, who has had many years of successful sales experience, gives us advice.

With plenty of advice in the investment area – both in shares and property – we'll hear from Tim Lincoln of Lincoln StockDoctor and Nicholas Don of Odyssey Financial. There's so much conflicting advice in both areas but we have been able to rely on the experience of these two experts who are in the midst of it.

Enjoy this program, the month ahead and the festive season.

With best wishes

A handwritten signature in black ink that reads "Michael". The signature is written in a cursive style with a long, sweeping underline.

Michael Schildberger
Executive Chairman

Accountants Who Help You See Further

Cummings Flavel McCormack are accountants who provide accounting, auditing and business advice to business owners. Cummings Flavel McCormack also provides tax consulting services.

Tax Consulting

Tax law is relevant to every major business and investment decision. Understanding the latest developments in tax is difficult.

The Cummings Flavel McCormack tax consulting practice works with clients to evaluate the taxation risks and benefits applicable to their business and investment plans.

We are proud of our ability to untangle the complexities of tax law to produce commercially practical tax advice that the client can understand and act on with confidence.

We have significant breadth of experience, having worked with successive governments in tax law development and holding key positions on advisory and education committees with professional tax bodies.

David Kent, Michael Jones and Neil Flavel lead a group of dedicated taxation professionals.



CFMC KEY TAX DATES FOR: DECEMBER 2009 AND JANUARY 2010

01 Dec 09 Income tax: payment due date for companies and superannuation funds that were taxable medium/large business taxpayers in the previous year. Also payment due for companies and superannuation funds required to lodge by 31 October 2009.

21 Dec 09 November 2009 monthly activity statements: final date for lodgment and payment.

15 Jan 10 Income tax: final date for lodgment for companies, superannuation funds and trusts that were large/medium taxpayers in the prior year and are not required to lodge earlier.

21 Jan 10 Dec 2009 monthly activity statements: final date for lodgment and payment.

Quarter 2 (Oct-Dec 09) activity statement containing a monthly GST obligation: final date for lodgment and payment.

28 Jan 10 Quarter 2 (Oct-Dec 09) superannuation guarantee contribution: last day for payment to a superfund provider.

* Different dates apply if a tax agent is used.

If you want a copy of our monthly newsletter *Viewpoint* e-mail Marnie at mdobson@cfmc.com.au or go to our website www.cfmc.com.au

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For more information about the topics discussed on this December 2009 program, please contact the relevant organisations listed below.

ECONOMIC UPDATE

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THE RULES ON REFUNDS & WARRANTIES

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SHAREMARKET UPDATE

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THE "ME" MYTH

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THE ESSENTIALS

December 2009

Track 2

ECONOMIC UPDATE

Professor Neville Norman, Melbourne University

- There are dangers in announcements in advance from the Governor of the Reserve Bank on issues such as interest rates – there are ethical considerations and may be unforeseen changes
- I'm 99.9% certain that interest rates will go up – the Australian economy needs the brakes put on. But I'm not in favour of nibbling increases

The first decade of the new Millennium will end better than many had expected:

- The Australian economy avoided recession, just!
- Unemployment rates did NOT rise much
- Interest Rates DID start to rise, again
- Confidence and house prices boomed
- So did the stock market, from February, leading the way and recovering much lost ground
- \$A surged back towards parity with the \$US

Some other events to note:

- No significant policy reform or political events (elections)

- A downbeat May 2009 budget based on gloomy outlooks, bound to be wrong
- Most economists exaggerated the downturn
- They pronounced the Budget overly optimistic and predicted further rate cuts
- BE subscribers have been well served in 2009.

Some significant watchouts for 2010:

- Obviously, now, interest rate rises and fewer fix options
- Policy changes on emission taxes, industrial relations and tax/super
- Challenges in getting the stimulus packages out of the system
- Many specific areas of the economy will still struggle

Track 3

THE RULES ON REFUNDS & WARRANTIES

Dr Michael Schaper, ACCC

- Customers should be able to expect to get the goods or services they're paying for. If they don't there's an obligation on the seller to make good
- There's no fixed time frame for correcting problems – it depends on a reasonable assessment of the life span of the product
- It makes good business sense to deal with problems quickly – the customer's more likely to return and buy again

- A “no refunds” policy won’t work with most transactions, and may be considered deliberately misleading
- Retailers selling defective products need to make sure they can get redress from the supplier. That’s not the consumer’s responsibility
- Consumer protection laws also apply to online transactions
- Dissatisfied consumers have the right to go to Small Claims Tribunals or Consumer Affairs Departments, and the ACCC will prosecute systematic offenders

Track 4

ASSESSING THE PROPERTY BOOM

Nicholas Don, Odyssey Financial

- There’s been a dramatic change in economic circumstances in the past 12 months
- Doomsayers are predicting that the property market will overheat again, but the Reserve Bank appears to have that risk under control
- House prices have risen strongly in all capital cities except Perth
- The top end of the residential market is recovering strongly. Many areas have regained everything they lost in the downturn
- The median house price in Australia is now at a record high
- Apartment prices over the past 3 years have grown faster than house prices

- The gradual removal of the first home-buyer's grant has meant that its absence won't have a serious impact
- Investors who've been sitting on unused cash or equity have moved in take up any slack
- They're looking at the lower end of the market, but there are bargains to be had at the upper end, with prices well below levels of 3 years ago
- If you want to buy, act quickly

Track 5

DON'T RISK YOUR CREDIT RATING

Damian Karmelich, Dun & Bradstreet

- A recent survey showed a majority of Australian businesses had paid up to 25% of their bills late over the past 12 months
- Looking ahead, many said that if they couldn't meet all their bills, they would default on payments to trade suppliers
- It's not just because of the recent downturn-- late payment has grown over recent years, with large companies often the worst offenders
- The greatest risk of regular late payment is that businesses will lose access to credit, either from banks or trading partners
- New Federal legislation, due next year, will provide more information to credit providers and increase the risk for regular late payers

- Generally, 95% of businesses pay their bills promptly, which helps to keep the wheels of commerce turning
- The new laws are not all bad news – businesses will be able to demonstrate that they've corrected earlier problems and got back on track
- Prompt payers will be able to access line of credit more easily and – even more importantly – more cheaply.

Track 6

SELLING TO A SCROOGE

Tony Gattari, Achievers Group

- The Charles Dickens story “A Christmas Carol” provides a surprisingly useful sales and marketing message
- The Ghost of Christmas Past showed Scrooge how he'd made mistakes in the past, but he wasn't convinced and wouldn't change
- The Ghost of Christmas Present built towards the close, showing Scrooge why things were going wrong, and the poor opinion people had of him
- But it took the Ghost of Christmas Future to clinch the argument – no-one was going to attend Scrooge's funeral unless he changed his ways. He changed
- If you want to be good at marketing and selling, you've got to be able to show your customers where they've gone wrong, where it's got them and – most importantly – what will happen if they don't change
- It's a remarkable, pragmatic and profound approach to the art of selling, even in a recession

Track 7

BUILDING MUTUAL RESPECT

Ken Wright, Engage4Results

- Leaders have to show that they care – and mean it. That's the way to engage their people and develop mutual respect and trust
- The heart matters as much as the head. If you can make people feel valued, they'll respond well
- A leader must set high expectations, observe them themselves and hold their people to achieving them too
- Don't be afraid of "courageous conversations" with people who might be struggling. It's better to help them grow and improve than leave them in the dark
- Tough decisions will still have to be made, but they'll be more acceptable if you involve the team
- Look for ideas and advice from among your workforce... you might be surprised at the quality and size of the response! And don't forget to acknowledge and reward those who come up with good suggestions

Track 8

SECRETS TO MAKING GREAT SPEECHES

Candy Tymson, Tymson Communications

- The 5 Ps of good speeches: Proper Preparation Prevents Poor Performance
- Remember: it isn't about "You" but about what the audience wants or needs to hear

- Eye contact is very important. Look into the different spaces of an auditorium where the audience is sitting or, if a small group of people, make eye contact
- Use the word “You” to connect with the audience
- Story-telling is a great way to make your messages memorable
- You need to practise your speech
- Don’t read it – highlight key phrases
- Arrive early at the venue to get used to the environment
- Don’t resort to alcohol or beta-blockers to calm the nerves
- When preparing your speech, consider the “Format” system: why, what, how, what’s next
- Humour is important but be careful about cracking jokes
- Power point is a visual aid – and nothing more! Don’t rely on it, have alternatives
- Consider the 1:6:6 rule per slide: one message, 6 lines per slide, 6 words per line
- Be positive about the experience. Don’t admit that you’re nervous. Keep going!

Track 9

TAX UPDATE

Michael Jones, Cummings Flavel McCormack

- A new Tax Agents Services regime will soon be introduced by the Federal Government
- A National Tax Practitioners Board will be set up which will cover the activities of Tax Agents and BAS Agents
- A uniform Code of Conduct will be established, which will provide – for the first time – some consumer protection for taxpayers, though it's limited
- It will involve a “safe harbour” from penalties for late lodgement or mis-statements by a tax agent
- But the penalties won't simply be transferred to the tax agent – any action against agents will be for the Practitioners Board to consider
- Engagement letters formally defining the agent-client relationship are likely to become more common as a result of these changes

Track 10

SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

- Savvy investors will always ride through volatile times as long as they take a disciplined approach, invest in the healthiest companies and look long-term
- New participants worry about a possible correction just around the corner. They're listening to too much negative noise in the media

- Guess what – there will always be another correction! But long-term, the up-cycles will always be stronger than the previous correction
- There's no time to procrastinate - if you leave your entry into the market until the top of a bull run, you lose out
- Australia has a world-class environment for investing – with low interest rates, low inflation, strong regulation, many healthy companies, there's no better place in the world
- There's increased capital raising activity and floats seem to be back in fashion – but we prefer to wait until a company has proved itself
- If you want to participate in a float, be careful and do your homework
- This month's stocks: CSL, JB Hi-Fi, Lihir Gold, Webjet and ANZ

Track 11

THE 'ME' MYTH

Andrew Griffiths, Oceanic Marketing Group

- Understanding that the world doesn't revolve around "me" can transform our lives
- We need to stop looking internally and start looking outwards to achieve happiness and to help deal with our hectic lifestyles
- Growth comes with challenges so don't let yourself get too comfortable (put a pea under your cushion)

- Too much comfort allows you to accept second-best. Shake things up!
- How you start the day can set the mood for the rest of the day - visualising how you want your day to progress can help it happen
- We have become so “me” centric that we’ve lost the ability to empathise
- If we consider things from the other person’s point of view we become more humble, patient and understanding
- Success mirrors success. Have someone to look up to – finding a mentor or role model helps us to establish a moral code
- Respect is a big word. You need to earn it, keep it, and give it to others, no matter what their position in life
- It’s OK for things not to be perfect. Just know when it’s appropriate to relax a little - being a perfectionist is hard to live up to and hard on the people around you
- Don’t wait to say the important things that need to be said
- Consider the power of contagious encouragement