

businessessentials[®]

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

August 2010 | Audio CD



the extras



Managing Director
Nick Schildberger

Production Manager
Heather Dawson

Chief Editor
John Hounslow

Producer
Bob Kearsley

Studio Manager
Peter Letts

Advertising/Sponsorship
Nick Schildberger
nschildberger@be.com.au

Publisher
Business Essentials Pty Ltd
405 Riversdale Road,
Hawthorn East Vic 3123

Telephone: 03 9882 8333

Facsimile: 03 9882 8017

Email: info@be.com.au

Website: www.be.com.au

For owners and operators of small and medium businesses in Australia – along with all other citizens of voting age – it's once again a time of uncertainty. How will the forthcoming Federal election play itself out? Who will win, and what sort of economic and business environment can we expect as a result?

At this stage, it's too early to provide meaningful answers to those questions, so we've decided to stand back from the electoral hurly-burly and bring you considered advice from our experts, including Professor Neville Norman, next month, when the picture's clearer.

For now, Neville Norman has some helpful tips on how to get the best out of your relationship with your bankers. Also in this month's program, Michael Foxman, from RiskWise, one of Australia's leading workplace safety companies, takes us through the essential steps employers and their staff need to take to ensure a safe workplace.

We'll also hear from sales and marketing guru Tony Gattari on how to build a championship team and keep them motivated. You'll be intrigued by his sporting analogy.

And we'd like to introduce our new iPhone application, "Business Inspirations". It's a collection of inspirational business quotations from successful people, much like our Quote of the Month at the end of this program. Each day a new quote automatically downloads on your iPhone and you can play it as often as you like until it updates in two days. There's a link to download the app on our homepage at www.be.com.au.

We hope you enjoy the messages, as well as this month's program.

Regards

A handwritten signature in black ink that reads "Nick Schildberger". The signature is fluid and cursive.

Nick Schildberger
Managing Director

For more information about the topics discussed on this August 2010 program, please contact the relevant organisations listed below.

MAKE SURE YOUR WORKPLACE IS SAFE

Michael Foxman, RiskWise

T: 02 9331 8888

www.riskwisegroup.com

HOW TO DO BETTER WITH YOUR BANK

Professor Neville Norman,

Melbourne University

Neville.norman@unimelb.edu.au

POSITIONING YOUR BUSINESS FOR SALE

Adrian McFedries, DC Strategy

T: 03 8102 9200

growth@dcstrategy.com

www.dcstrategy.com

WHY BUSINESS IS LIKE A GAME

Tony Gattari, Achievers Group

T: 02 9440 7373

www.achieversgroup.com.au

GET SERIOUS ABOUT SELLING, PART 2

Andrew Griffiths,

Oceanic Marketing Group

ag@oceanicmarketinggroup.com.au

THE PITFALLS OF POOR PLANNING

Graham Haines, Plans to Reality

T: 03 9870 5159

www.planstoreality.com.au

TIPS TO KEEP STAFF COSTS DOWN

Luke Neale, Save on Bills

T: 02 4966 3271

www.saveonbills.com.au

SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

Please contact Lincoln direct for details of its Stock Doctor fundamental analysis software or Managed Fund Services

T: 1300 676 332 or 03 9854 9444

www.lincolnindicators.com.au

TAX UPDATE

Michael Jones,

Cummings Flavel McCormack

T: 03 9252 0800

enquiries@cfmc.com.au

www.cfmc.com.au

COMING TO GRIPS WITH WORKPLACE BULLYING

Evelyn Field

efield@bullying.com.au

Her book "Bully Blocking At Work" is available from www.aapbooks.com for \$29.95 plus \$5 postage and handling

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.



see further

CFMC KEY TAX DATES FOR: AUGUST AND SEPTEMBER 2010

14 Aug 10 PAYG Withholding: Final date for lodgement of the PAYG withholding payment summary annual report.

21 Aug 10 Monthly Activity Statements:
final date for lodgement and payment.

21 Sep 10 Monthly Activity Statements:
final date for lodgement and payment.

Tax rates 2010-11

Taxable income	Tax on this income
0 - \$6,000	Nil
\$6,001 - \$37,000	15c for each \$1 over \$6,000
\$37,001 - \$80,000	\$4,650 plus 30c for each \$1 over \$37,000
\$80,001 - \$180,000	\$17,550 plus 37c for each \$1 over \$80,000
\$180,001 and over	\$54,550 plus 45c for each \$1 over \$180,000

For more visit our website, www.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

E: careers@cfmc.com.au

www.cfmc.com.au



THE ESSENTIALS

August 2010

Track 2

MAKE SURE YOUR WORKPLACE IS SAFE

Michael Foxman, RiskWise

- Workplace safety covers a variety of issues: environmental aspects, unsafe working conditions or processes, drug or alcohol abuse and workplace violence
- The company culture and individual values are crucial to setting the right standards to maintain a safe workplace
- Things that need attention are: providing personal safety equipment and maintaining it, creating and disseminating operational manuals, establishing hazardous material handling policies and developing drug and alcohol testing programs
- Counselling services and safety training programs are also helpful in ensuring the physical and psychological safety and wellbeing of everyone in the workplace
- Accidents will happen if management hasn't ensured that workers are working in a safe environment, or employees have failed to comply with safety instructions
- The duty of care applies to everyone

- The chain of responsibility also involves everyone – from administrators and managers to every employee involved in a particular process – and is recognised in law
- Penalties for breaches - whoever is responsible - can be heavy, with fines imposed on the business itself and even prison terms for company officers
- Risk assessments need to be reviewed regularly – see it as an investment, not a cost

Track 3

HOW TO DO BETTER WITH YOUR BANK

Professor Neville Norman, Melbourne University

- I've been advising both businesses and banks for more than a quarter of a century, and businesses could help themselves by providing fuller and better information
- Don't be afraid to tell the bank the bad news, as well as the good
- Provide monthly cash flow data for the past 3 or 4 years, with peak credit and debit balances for each month and the daily average close
- Share your plans for product changes, discount structure changes and price and promotion changes
- Outline any foreseeable risks: legal, safety, industrial relations or the possibility of being sued

- Set out three sets of business forecasts: Most Likely Outcome, Credible Alternative Scenario, and Credible Optimistic Scenario
- Offer KPIs on profitability, growth, financial risk and perhaps how much you value your employees or the environment
- Don't bombard the bank with information, but maintain a steady flow. It will help them to help you

Track 4

POSITIONING YOUR BUSINESS FOR SALE **Adrian McFedries, DC Strategy**

- Start thinking 2 or 3 years ahead if you're planning to sell your business
- It's a major strategic decision – don't rush it in response to an enquiry or because circumstances have changed
- Consider how sustainable the business will be in terms of earnings when you're no longer involved – that's what potential buyers will look for
- You might need to make changes to ensure that growth will be sustainable
- Be prepared: put together a document that summarises the business and sets out its future
- Make sure the company accounts are "clean" and understandable: don't put private dealings through the business books

- Get some external advice – it will help you weigh up the need for changes and let you see the business as others see it
- Demonstrate the possibilities for growth by increasing marketing spend in the lead-up to a sale, or focusing heavily on sales and margin
- Think about how a buyer will finance the purchase - a good relationship with your bank can help smooth the way
- Don't leave that to the end. Too many deals fall over because sources of finance hadn't been secured early

Track 5

WHY BUSINESS IS LIKE A GAME

Tony Gattari, Achievers Group

- To build a championship team from people who aren't motivated by business, why not use a sporting analogy
- The big advantage is that everyone understands how a sporting team works, and what it needs for success
- A sporting team's first goal is to win – you need to show them how to do that, and keep on showing them
- Winning provides a sense of self-worth and self-belief, and increases productivity
- Progress scores are important. Give your people regular updates on how they're doing

- Put the right people in the right positions – not everyone's skills are the same
- Every game has its rules. The team leader has to make sure everybody knows what they must do
- Practice makes perfect, and every sporting team trains. Don't practice on your customers
- Discipline matters. Nobody plays well after a big night out, and it's not fair to the other team members
- People like to beat their personal best performance. Set KPIs to help them do that
- If everybody beats their personal best, you have a winning team

Track 6

GET SERIOUS ABOUT SELLING, PART 2 **Andrew Griffiths, Oceanic Marketing Group**

- There's no "one size fits all" in sales any more – you have to target different generations and different markets in a different way
- Setting sales targets on a daily, weekly or monthly basis is an important start
- Learn to ask the right questions – they'll lead you to the right answers
- Use the phone properly when potential customers call – perfunctory answers will drive them away. See it as a sale opportunity, not an inconvenience
- Watch other sales people when you're the customer – what are they doing right, and wrong?

- Learn from the experts – there are excellent books available on all aspects of selling
- Respect is an important word – be respectful of your customers, and follow through on your promises
- Good sales people will treat everyone with respect. It's great customer service and it produces results

Track 7

THE PITFALLS OF POOR PLANNING

Graham Haines, Plans to Reality

- When things don't work out as intended, it's often poor planning that's at fault
- In many cases, the planners have devised the plan without consultation, then handed it over to others to implement
- I divide planning into three parts: what we are going to do, how we are going to do it, and the action plan to make it happen
- The people who will implement the plan must be involved at all stages. They'll understand the implications of what's being planned and be able to ask the right questions
- It's also important to explain WHY something is being planned if you want to achieve "buy-in" at every stage
- Effective execution of the plan involves five key factors: organisational alignment, management of change, leadership, teams and teamwork and employee engagement

- Communication is the “good oil” that keeps the whole process lubricated and moving ahead
- Meetings are essential, but they must be well-planned and well-managed
- Make sure they start and finish on time, that they’re not too big and that everyone has a role to play
- Meetings should focus on the future and end with an action plan
- The plan must remain flexible. Circumstances will change, and a resulting change of direction must be communicated clearly

Track 8

TIPS TO KEEP STAFF COSTS DOWN

Luke Neale, Save on Bills

- Look to get the best out of your staff first, then think outside the square for other solutions
- Outsourcing of labour-intensive administrative work to agencies or internet services can reduce costs
- It’s important to clearly define the work you want done
- Contractors, employed for variable hours according to the workload, can be cheaper than fulltime staff
- Make sure you carry out background checks and follow up on references if you’re hiring a contractor who will represent your business

- Interns, often university students seeking placements as part of their course, can be particularly useful in social networking or computing roles
- You may also discover talented people you will want to employ in the future
- Open-source internet programs, often free-of-charge, can be very cost-effective
- Consider whether commission-only sales people might be right for your business

Track 9

SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

- Uncertainty on the stock market has replaced volatility, with a little cautious optimism thrown in
- The financial year ended positively, with shares producing an average return of 10 per cent
- It's not just about picking the best companies to invest in, but avoiding those that have got into trouble, like Clive Peeters
- If you have the right tools at your disposal you'll find it easy to recognise the problem areas
- CSL continues to be an outstanding star stock – almost a defensive stock now because of its sustained strong performance
- The other star stocks of the month: Thorn Group, which includes Radio Rentals and Big Brown Box, Navitas, Decmil Group and GUD Holdings

- All are strong performers which will withstand any further volatility in the market and provide security for investors

Track 10

TAX UPDATE

Michael Jones, Cummings Flavel McCormack

- Family trusts are a popular and effective vehicle for owning businesses and managing investments, but each trust deed is unique
- Generally trusts distribute their income to beneficiaries each year because the trust will pay tax at 46 and a half percent on retained income
- Until now, it's been possible for a trust to resolve to distribute its income, but to retain the cash as an unpaid entitlement
- Now the Tax Office has changed its view of those arrangements and declared that, if the unpaid entitlement is not correctly accounted for or retained for too long, it will be treated as a loan
- In that case, the loan could be regarded as an unfranked dividend and taxed accordingly
- The change was announced on December 16 2009, so any amounts correctly accounted for before that date will be OK
- But from that date onwards, the unpaid entitlement is at risk of being treated as a loan

- Next month, we'll explore ways of avoiding that situation

Track 11

COMING TO GRIPS WITH WORKPLACE BULLYING

Evelyn Field

- Workplace bullying is an abuse of power, an attempt to make somebody feel bad about themselves
- Bullying can injure people in various ways: interfering with their ability to concentrate and to interact with their fellow workers; damaging their physical and psychological health and even driving them out of the workforce
- In one case I know, a bullying victim is still on Workcover 9 years afterwards at a cost of more than \$1 million. Despite her complaints, nothing was ever done to stop the bullying
- Managers need to understand that bullying is far more prevalent than is generally known
- As well as affecting the victim, it damages productivity and performance in the organisation, increases absenteeism and hurts the organisation's image
- Twenty percent of bystander employees leave the workplace because of bullying. Bullies will often be promoted upwards and out

- Organisations need to be watchful and implement prevention measures including education and training
- If there's a perception of bullying, enquire more closely into workplace behaviour and take action if there's any sign of a problem
- Bullies can often change if the workplace environment changes. It's a matter of leadership
- It's important that managers learn some simple assertive communication skills and ask direct questions if they detect a problem