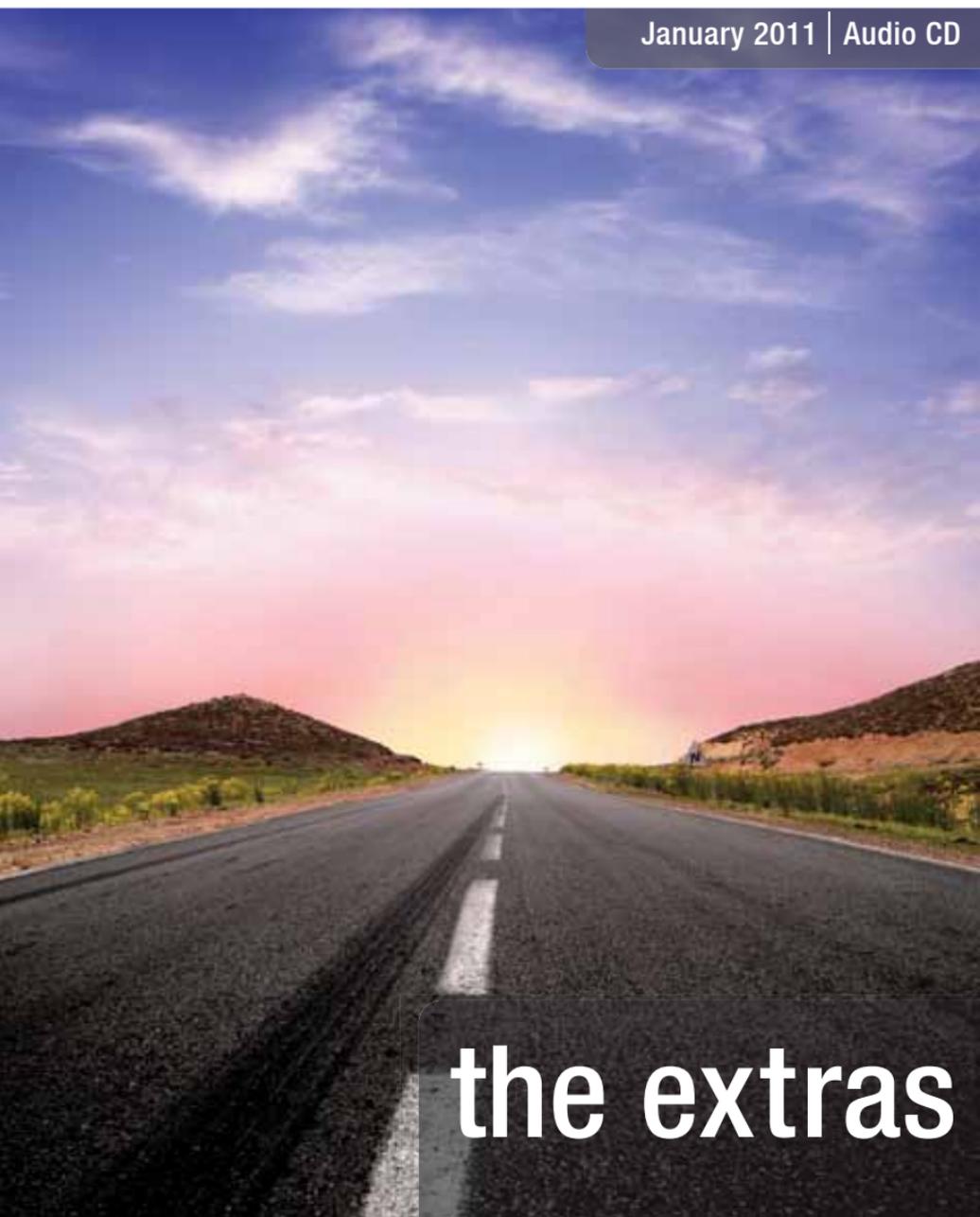


businessessentials[®]

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

January 2011 | Audio CD



the extras



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Let me start by wishing you all a happy and prosperous 2011! And we begin with tradition, inviting our resident and ever-reliable economist, Professor Neville Norman of Melbourne University, to give us his predictions on the year ahead. Optimism is clouded with caution, we'll hear, as Neville looks to what the year will bring.

Also in this January program, we'll hear some sound advice from Ian Dover, director of the Simpler Business Institute, on how to take some of the complexity out of our working lives. Making business simpler, he says, has direct benefits for staff morale and the bottom line, as well as for our own peace of mind.

While we're talking staff, Laura Birley of HR consultancy People Dynamics has some down-to-earth advice for us on making sure we employ the right people when we're recruiting; and James Adonis explains why people either love or hate their jobs.

Tax expert Michael Jones of Cummings Flavel McCormack sets out the pros and cons of self-managed super funds, and Elio D'Amato of Lincoln Stock Doctor looks to the year ahead on the stock market.

Also in this wide-ranging program, solicitor and author Paul Brennan takes us through his seven legal tips for handling a cashflow crisis, former opera singer Louise Mahler gives us some fascinating insights into the power of the human voice in a business setting, and Rhonda Andrews of the Barrington Centre brings us to a restful conclusion by explaining the importance of a good night's sleep.

Enjoy this CD!

Regards

A handwritten signature in black ink that reads "Nick Schildberger". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Nick Schildberger
Managing Director

For more information about the topics discussed on this January 2011 program, please contact the relevant organisations listed below.

ECONOMIC UPDATE

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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: DECEMBER 2010 AND JANUARY 2011

- 1 Dec 10** **Income Tax:** Income tax payment due date for companies and superannuation funds that were taxable large/medium business clients in the immediate prior year.
- Income Tax:** Income tax payment due date for companies and superannuation funds that were required to lodge by 31 October.
- Income Tax:** Payment of income tax for superannuation funds where one or more prior year returns are outstanding as at 31 October 2009.
- 15 Jan 11** **Income Tax:** due date for lodgement of income tax returns for companies and superannuation funds that were taxable large/medium business clients in the immediate prior year and are not required to lodge earlier.
- 28 Jan 11** **Superannuation:** Last day for superannuation contributions to be made to a superannuation provider for quarter 2 2010/11 (October – 31 December)

 **Q. What do you give someone who already has everything?** 

A. A tax audit. (suggested in Nov 1990 by -Michael D'Ascenzo – current Commissioner of Taxation).

For more visit our website, www.cfmc.com.au

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Economic Forecasts for 2011

Prof. Neville Norman

Indicators	2010 Experience	Neville Norman's 2011 Forecast	Likely Range in 2011
Real GDP Growth	Just under 3% up	<u>2.6%</u>	1.9% to 3.4%
Business Capex	Around 8% up	<u>5.5%</u>	3% to 11%
Retail sales	Around 1% up	<u>1.5%</u>	0.5% to 2.2%
Unemployment Rate	Rising in the 5% range	<u>Low 6% range</u>	5.4% to 6.3%
\$US to \$AUD FX Rate	87c to \$1.02US	<u>Low 90s</u>	86c to \$1.05
RBA Cash rate	Rose to 4.75%	<u>Steady around 5%</u>	4.75% to 5.25%
Building Approvals	6% decline	<u>Steady after 2010 falls</u>	-8% to +6%

THE ESSENTIALS

January 2011

Track 2

2011 Economy: What Lies Ahead?

Professor Neville Norman, Melbourne University

- Our forecast for 2010 was for a fairly strong year and surging interest rates, which is what happened
- In 2011, we can expect strong positive growth to continue, though not at the same rate as last year
- Some positives: capital expenditure in business is growing strongly; political instability must surely improve on last year; and I believe inflation has peaked
- The dark clouds: the world's debt and confidence levels have deteriorated, even though the US and UK economies are growing again; retail activity has been sluggish and building approvals in the negative; and a slowdown in growth is likely
- Watchouts: a possible wages surge; the chance of a world debt crisis; and government policy uncertainties
- The figures: I've picked 7 areas of particular interest (you'll find the details in the booklet) and

set them out in 3 columns: performance in 2010; most likely outcome for 2011; and a range of reasonable expectations

- On growth, I'm forecasting a slightly lower level : 2.6 percent; strong business capital expenditure; sluggish but still positive retail sales; and unemployment will rise, but it's not a helpful indicator
- Two sensitive indicators: the dollar exchange rate - after its seesaw ride in 2010, I predict it will be in the low nineties, and interest rates: the RBA will hold it steady around 5 percent
- Building approvals, one of the dark clouds. I predict they'll be steady after the falls in 2010, but the range of possibilities is wide
- Overall, a good year. Not as good as 2010 on the figures, but much more politically stable

Track 3

Making Business Simpler

Ian Dover, Simpler Business Institute

- There are a number of reasons why businesses get too complex: product proliferation, growth of IT systems, increasing layers of management and growing compliance requirements are among them
- The complexity adds costs, which suck up profits and sap employee morale. We simplify things to correct those problems
- We helped a new general manager in a minerals engineering company increase profits by 200 percent and restore morale

- To do that, we developed a clear strategic focus for the business, and simplified its product development process, eliminating a large waste of time and money
- In a large internet services provider, we stopped cost blow-outs by greatly simplifying their product improvement process
- Many companies are trying to do too many things at once. We ask them to focus on what's important at any given time
- I'm a firm believer in single-page reporting, whether it's a business plan or a financial report. The discipline of doing that helps simplify the business process
- Reducing the time for monthly reporting to a couple of days also helps keep things simple
- Two "red flags" which indicate increasing complexity: your people tell you it's hard to get things done, and financial performance is slipping even though the business may be growing
- We've distilled 5 principles from our work: think in an "80-20" way, where a couple of changes can have maximum impact; help your people to bring forward solutions, not problems; get everyone focussed on delivering customer value
- The fourth is to remove the blockages from your major business processes; and the fifth: don't automate anything before you've simplified it first
- The Simpler Business Institute is all about living up to the old adage "keep it simple", by applying those principles

Track 4

How To Avoid Recruitment Mistakes

Laura Birley, People Dynamics

- People often rush through the recruiting process because they need someone quickly. That can have a detrimental effect on the business further down the track
- "Gut feel" about a candidate can be important, but as part of the process: don't rely on it entirely
- Look at recent past performance in a similar situation, and don't rely on someone's word about what they've done: check their references
- I recommend a 5-step process: be strategic - work out what the business needs from the role and the person
- Be structured - have an objective and standardised recruitment process across the business
- Be a stand-out - make sure your job ad tells people why they should want to work for you
- Be smart - sort out the applications and screen "possibles" over the phone before you bring them in for an interview. Make your questions objective and non-discriminatory
- Be sure - if in doubt, don't hire. Go back to the drawing board and start again
- It's important for candidates to see the workplace and be seen in it. Their reactions, and the reactions of those they meet, can be helpful in assessing their suitability for the job

Track 5

Why Employees Love - Or Hate! - Their Work

James Adonis

- Research shows that the thing employees hate most, by far, about work is their colleagues - the people they work with and for
- The second most enraging factor is recognition, or the lack of it. Recognising good work is easy to do, but too often employers overlook it
- Lack of communication is the third most common. Employees want to hear what they need to know, directly and by their preferred method of communication
- Managers are often unaware of the impact they have on people's lives
- They can affect how employees view their colleagues, by careful recruiting and by helping them communicate with each other
- Employees who are negative at work may be suffering from a feeling of helplessness. Countering that feeling may help bring them into the team
- Managers need to find out what their employees' expectations are, then help them to fulfil them or to understand what's realistic
- And don't assume you know everything about management - listen to feedback from your staff
- You can effect big changes quickly in how your staff respond by being available and ready both to question and to listen, but you must be authentic
- If you are not genuinely trying to make them happier at work, you will be seen simply as manipulative and driven by ulterior motives

Track 6

7 Legal Tips In A Cashflow Crisis

Paul Brennan, Brennans Solicitors

7 legal tips to help you survive a cashflow crisis:

1. Make sure you pay your rent or your landlord will throw you out, very quickly
2. Being threatened with court action is not the same as actually ending up in court. So don't panic and start using your credit cards to pay off existing debts - you may need that credit for essential items later
3. Check your mail! You may miss a statutory demand which could wind up your company
4. Beware of partners - you are fully liable for every wrong move your partner makes on behalf of the partnership. A creditor is entitled to claim all monies from your assets and then it's up to you to get the money from your partner
5. Make sure you get paid by those owing you money, even if it means being confrontational. If you haven't been paid for ongoing work, stop providing the service. Get proof of the deal, know who legally owes you the money, and do your best to collect the money yourself before asking your lawyer to step in
6. Check your terms and conditions
7. Fulfill your side of the contract, despite the circumstances. Courts don't look favourably on those who pack up and go home early - you could be blamed for wrecking the contract, allowing your opponent to either get off scot-free or worse, claim their loss against you

Track 7

Marketing In The New Economy

Tony Gattari, Achievers Group

- Many companies are not adapting to the new ways of marketing - but those which have are getting spectacular results
- The old marketing methods of agitating and interrupting customers with messages in all directions doesn't work anymore
- The true role of marketing is to solve people's problems - and everyone has problems
- You need to emotionally invest in your customers' "bank accounts"
- If you do this profoundly, it then becomes easy to withdraw dollars and the right to do business. But you can't make the withdrawal before you make the deposit
- Understand the meaning of permission marketing, where you ask your customers if you can market to them
- That means starting a relationship with your customers, which you can do in many ways through the advent of the internet
- You need to make your marketing meaningful. Then you'll become part of a tribe
- Other tribe members will then seek you out and come to you. Very powerful!

Track 8

The Power Of The Voice

Louise Mahler, The Art of Business

- I studied opera singing for 15 years and had a soloist contract with the Vienna State Opera, but decided it wasn't what I wanted to do. I'd studied economics so returned to the business world
- Listening to people making presentations, in the boardroom and elsewhere, I became passionate about the fact that they were letting themselves down by poor use of their voice
- Vocal Intelligence is an essential part of leadership, but it's not taught and people promoted into top jobs often don't have the skills they need
- I've seen CEOs avoiding making presentations, even avoiding meetings - the very things they're paid to do - because they feel they're not adequate
- Union leaders are often more skilled than managers in how they use their voice - the use of breath, for example, as a way of conveying a caring attitude
- Modern leadership is not about displaying authority, but connecting with people. Emotions play a part and are reflected in the voice
- In customer service, "unbroken air" in the voice is a way of conveying trustworthiness. A staccato delivery is like a shifty look
- Fear of public speaking will make the body - and the voice - freeze and leads to a negative spiral of falling self-confidence and poor performance

- If we understand the stress responses in our body, we can measure them in our voice and take steps to improve our performance

Track 9

SMSFs Part Two

Michael Jones, Cummings Flavel McCormack

- The Cooper Review came out in favour of SMSFs, but with some important suggestions for government consideration
- To me, the most important one concerns penalties, with an increased focus on advisers having to make sure they get things right, rather than the fund trustees
- The Review recommended a ban on artworks being held by super funds - the government disagreed but said artworks had to be insured and stored properly
- On borrowing by super funds, the panel said it was OK for the moment, but they'd review it in 2 years
- And the ability for an SMSF to invest in the property of a related business is still given the green light
- The three main advantages of super funds are control and flexibility, tax management and potential cost savings
- Control: in some circumstances, the fund can buy the premises your business operates in. An SMSF can also decide who receives death benefits and how they're paid
- Tax benefits can arise when assets are transferred from the accumulation phase to the pension phase

- Cost savings compared to other funds can occur where flat-rate fees for services are paid rather than a percentage based on assets held by the fund
- But cost isn't the most important factor to consider: control and flexibility are more valuable
- On the disadvantage side, cost can also be a factor, if the fund is a small one, perhaps less than \$200,000
- The other potential disadvantage arises from being a trustee. The penalties for getting things wrong are severe - heavy fines and even jail in some circumstances - and the Tax Office is increasing its audits of SMSFs
- Finally, a professional fund manager may do a better job of managing your investments over the long term than you can do

Track 10

Sharemarket Update

Elio D'Amato, Lincoln Stock Doctor

- We expect a pretty solid year in 2011, even though 2010 didn't quite live up to our expectations. The main drivers of the Australian economy are still strong, but the market was dragged down by concerns about global debt
- There's value for investors because, although the economy is performing better than it was in 2007, the market is still well below its pre-GFC levels
- Asia has a greater influence on us than the old economies and it's doing well. If you believe in the Asia story, as we do, that has to be good news for investors

- Australia's not really a two-speed economy. Mining and construction are growing faster, but other sectors - like banking and healthcare services -are also performing well
- Retail generally is doing it tough, but there are still stand-out performers like David Jones and JB Hi-Fi
- As investors, we need to be vigilant to seize on opportunities, and disciplined in our approach to the market
- In the short-term, there are headwinds for education and tourism because of the strong Australian dollar, but that could ease in 2011
- Our favourite stocks for the year ahead: Credit Corp, Forge Group, Thorn Group, ANZ, CSL, Silver Chef, David Jones and Western Areas
- And we have a special New Year Stock Doctor offer for BE members: \$1795 and two extra months plus Lincoln's Education Essentials package - a saving of \$550

Track 11

Getting A Good Night's Sleep

Rhonda Andrews, Barrington Centre

- Now that we're contactable 24/7, poor sleep is becoming a greater issue
- Some managers are better able to create a demarcation point between work and home life, which makes them better able to switch off from worries about work
- Ongoing poor sleep can be detrimental to health
- The brain is working very hard while we're asleep. Without sleep, we can lose focus and concentration, and our response levels suffer

- Sleep deprivation can be linked to some of the world's great industrial and environmental disasters
- If you don't allow the brain to process during sleep times, your health becomes vulnerable to infection, immunity problems, diabetes and heart disease
- Look at the context of your poor sleeping habit - for how long has it been going on? Do other family members suffer similar problems?
- Be open to signs of sleepiness - don't put off going to bed
- Routine is very important and can be upset by late meetings, travel and parties
- Caffeine and alcohol don't help - they make the body race
- Meditation, yoga, chatting to friends, music, TV - everyone has their own way to de-stress and relax. Even lovely bed linen helps some people, or writing a "to-do list" to help take the mind off daily worries
- Sorting out constant family disruptions during the night can also help improve sleep habits, allowing the brain to download the day