

# businessessentials<sup>®</sup>

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

February 2011 | Audio CD



the extras



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What's the main thing that makes a business owner or manager stand out from the pack? It's a question that's been asked, and answered in various ways, in scores of business books and MBA courses.

Talk to Warren Wilmot, CEO of convenience store chain 7-Eleven, who's overseeing a massive expansion of the group following a major acquisition, and he'll tell you it has a lot to do with learning from experience.

He should know. Raised in the bush, he had a go at anything that came along and offered a challenge. A degree in medical science doesn't seem a likely stepping stone to a highly successful career in retailing, but that's what happened. In this program, Warren Wilmot explains why a variety of experience matters, and passes on his five personal tips for success in business.

As we put the holiday season behind us and get down to business for 2011, we also hear from Robert Burke, of Mount Eliza Executive Education at Melbourne Business School, about how to prepare our businesses for the future, so we can ride the bumps when they come.

Also looking ahead, our economist, Professor Neville Norman of Melbourne University, weighs up the prospects for the Australian economy – including the business implications of the disastrous Queensland floods, while legal expert and author Paul Brennan has some sound advice on protecting our intellectual property in this age of the internet and social networking.

Mike Meynell of BOQ tells us what it's like to be a bank manager and a small business owner at the same time, and how that can work to his customers' benefit.

And tax expert Michael Jones of Cummings Flavel McCormack offers some interesting insights into ways of investing in property through our self-managed super funds.

Regards

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

**Nick Schildberger**  
Managing Director

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

### PUTTING EVERY EXPERIENCE TO WORK

Warren Wilmot, 7-Eleven Stores

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### DEVELOPING AN INTERNET MARKETING STRATEGY

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### TAKE 3 MONTHS OFF & PROSPER!

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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: FEBRUARY AND MARCH 2011

- 28 Feb 11** **Activity statements: Quarter 2 (October – December)**  
**activity statements:** Final date for lodgement and payment.  
**GST - Annual GST return:** final date for lodgement and payment if you do not have an income tax return lodgement obligation.  
**PAYG instalments – Quarter 2 (October – December)**  
**instalment notices:** forms R & T, final date for payment and lodgement.  
**GST instalments – Quarter 2 (October – December)**  
**instalment notices:** forms R & T, final date for payment and lodgement.  
**Income Tax:** due date for lodgement of income tax returns for large/medium entities and self managed superannuation funds that are new registrations.  
**Income Tax:** due date for lodgement of income tax returns for large/medium business trust clients that were non taxable in the prior year (includes new registrants).  
**Income Tax:** due date for lodgement of income tax returns for self preparing entities that were not due at an earlier date.

- 21 Mar 11** **Activity statements: February 2011 monthly activity statements:** Final date for lodgement and payment.

For more visit our website, [www.cfmc.com.au](http://www.cfmc.com.au)

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# I UNDERSTAND the needs of small business owners.

*After all,  
I am one too.*

My small business is just like yours. It comes with long hours, different management roles, the challenge of keeping staff and customers happy, as well as the odd sleepless night. The only difference is, my business is a BOQ branch.

As a BOQ Owner-Manager, I not only run my local branch, I own it as well. This gives me a greater understanding of what my small business customers go through each day. It also allows me to really get to know my customers and give them the personal service and timely decisions they need to help their business succeed.

Ask yourself, would your bank do this?

*Sean O'Donoghue*  
*Owner-Manager*

To find your local Owner-Manager  
visit [boq.com.au](http://boq.com.au)  
or call 1300 737 766.



Your own personal bank

# THE ESSENTIALS

## February 2011

### Track 2

#### Putting Every Experience To Work

Warren Wilmot, 7-Eleven Stores

- Learning from every experience is important, both for business success and personal development, no matter what you're doing or where you're doing it
- Self-evaluation, by reflecting on why you're doing the job, what you achieved today and how it benefitted both the business and your career development, is invaluable
- Every experience I've had, from picking potatoes to working in restaurants, has taught me things I've been able to put to good use later
- Managing quick-service restaurants as a young man, in particular, brought great lessons in organisational skills, showing me how to treat people and to influence the fundamentals of a business
- I never set out to run one of Australia's biggest private companies - I fell into retail as I had into restaurants - but I've enjoyed every step of the way, and still do
- 7-Eleven's "Energise Everyone" campaign is a marketing tool, which has helped us to implement continuous improvement to meet changing customer needs and refresh our stores

- The increasing pace of change in retail means it has to be an unending process of investment. Balancing regular expenditure on modernisation with return is the challenge today
- For me, the biggest challenge of being a CEO - apart from keeping shareholders happy - was supervising people with technical skills I didn't have, which meant learning to ask the right questions and recruit the right people
- Some time ago, I developed 5 tips for success, and I think they're all still valid
- The first is to be happy with what you're doing. If you love your job, it shows and can lead to other possibilities
- Second, bring your team with you on the journey. It's no good striding out strongly if no-one's following
- Third, keep your shareholders happy. In a private company with only a few shareholders, you'll find out very quickly if they're grumpy about something
- Fourth, get the strategy right, so that the functional specialists in the business can develop the tactics and implement them
- And fifth, take action as soon as you can, even if you're not 100 percent sure. If you wait until the plan's perfect, you'll probably never get it done

### **Track 3**

## **Economic Update**

**Professor Neville Norman, Melbourne University**

- Some shock developments already as we settle down to business in 2011 - particularly the devastating Queensland floods

- Putting the year in context, my assumption that we wouldn't need another Federal election is being borne out, and that's a good thing
- On the world scene: China is surging ahead; the plight of the debt nations may be exaggerated, but business and consumer sentiment are being dragged down; and most of the world is still in weak economic activity
- Looking at Australia from outside, it looks like a very good example of a survivor nation, and that's our reputation
- The Queensland floods will cause a reduction in economic activity. There will be some inflationary effects because of the damage to food supply and infrastructure, and insurance premiums will also rise, though re-insurance will temper that
- The effect on tourism may not be great because the Gold Coast and the Cairns area have so far escaped the worst of the damage
- Looking at economic variables, I expect our growth rate of just under 3 percent to continue
- Our exchange rate has been volatile against the US dollar, and I'd be wary of any confident forecasts for 2011
- I still believe there'll be more interest rate rises in 2011, with lending rates for small business heading towards 11 or 12 percent and mortgages around 9 or 10
- Stockmarket activity in 2010 was disappointing, but I believe we'll see share price increases in 2011 with profitability holding up well
- Overall, despite the devastation in Queensland, a very good economic outlook for business in 2011

## Track 4

# Future-proofing Your Business

Robert Burke, Mount Eliza Business Education

- The job of a leader is to provide three things: direction, protection (especially from external threats), and order and stability
- All three involve looking to the future
- Change may be needed, which often causes anxiety. "Futures thinking" helps navigate the anxiety caused by change, making the process more productive
- Futures thinking helps you clarify your vision
- The 4 quadrants to futures thinking: internal today, external today, internal tomorrow, external tomorrow
- Creating something better often means destroying what you already have
- Take little steps and let others buy into the process
- Leadership can be dangerous, but it's riskier not to take risks
- Innovation is more than bright new ideas, it's the implementation of those ideas, and that can take courage
- The "ideal" business: meets unmet ideas, finds out what people want, finds out how to add real value. It both enables and ennoble people - so they feel good about what they do
- It's essential that businesses continue to learn

## Track 5

# How To Measure Staff Attitudes About Work

Laura Birley, People Dynamics

- We need to know what makes our staff tick
- During the GFC, employees tended to stay put but as we move beyond the GFC, they are now starting to look at their options
- Retaining the right staff is a key issue for employers - but don't be afraid to lose those who aren't right for your business
- It's very expensive to lose staff - it can cost up to 400% of an individual's package
- Direct costs include hiring and training a new staff member; then there are the hidden costs on morale and productivity and the cost of knowledge that walks out the door with the departing employee
- The greater the engagement level of staff, the greater their discretionary performance, which affects their relationship with customers, and turnover
- Find out if their hearts and minds are on the job or if they're just keeping their seats warm
- There are different ways of measuring staff engagement - eg the Hewitt and Associates Best Employers Survey or the Seek satisfaction and motivation survey. But for small businesses, one of the best ways is simply to ask employees what they think
- Don't think everyone is motivated by money - it's often 4th or 5th on the priority list. Appreciation, recognition, career development and being involved in decision-making are also very important

- If you want to check what the market is paying, look at seek.com or My Career which offer free salary benchmarking tools. Or contact an agency like mine
- There are free surveying tools available online eg Survey Monkey
- Ask your staff what they think, good questions will produce good answers
- Ideally the survey should be anonymous though this is difficult in very small businesses
- Share the results with staff, be authentic and truthful
- Make sure you do something with the results of the survey - otherwise it's a pointless exercise
- Rewards are important too
- Look at what staff are telling you and think how you can incorporate it into your business.

## **Track 6**

### **Protecting Your IP And Brand**

**Paul Brennan, Brennans Solicitors**

- Of the five areas of IP law - copyright, trademarks, patents, trade secrets and designs - small businesses should focus first on copyright. It's easy and cheap
- Be warned, a problem with copyright is that if you do anything good, people will want to steal it from you
- It's therefore a good idea to use the © icon, plus your name and date - make it clear to the outside world that you own it
- To protect your company name and brand, you need to take out a trademark - that means going through the registration process

- Beware of doing it yourself, it's easy to make mistakes
- Trademark registrations apply country-by-country and it's harder these days to protect yourself globally
- You can act very quickly if someone has stolen your trade secrets, eg your client list. A court injunction can be organised within a couple of days
- Businesses love to fight over names so be careful about ownership
- Plagiarism is also a common cause for dispute
- "Shared content" can also be grounds for a dispute. If you receive input from others to your idea or design and it becomes successful, those who believe they've contributed may come after you for a share of the proceeds
- Sometimes you can't avoid litigation to protect your brand or creative idea. But think carefully as it can be very expensive to have your day in court
- Often you won't even get your day in court. Matters will be decided at mediation - after thousands of dollars have been spent

## **Track 7**

### **Developing An Internet Marketing Strategy**

**Tony Gattari, Achievers Group**

- I'm a 47 year old baby boomer and really good at traditional marketing
- I've realized that I'll be yesterday's hero if I don't learn about internet marketing
- We must realize that we don't create the market, we serve the market. And if we don't change, we'll die

- At this point in time, we should have a hybrid marketing strategy involving offline and online marketing
- In 2013/2014, the internet will generate revenues of \$21 billion. The figures are growing 6% annually
- The internet has overtaken TV as a main source of entertainment - we need to go where the market is
- This is my 4-step process to getting engaged in internet marketing:
  - Attract visitors to your website. Put your website address on every single piece of communication you display or send out
  - Understand the power of search engines. 80% of online transactions begin with a keyword search. Make your website accessible and a great experience
  - Once visitors have reached your website, consider the next steps towards conversion
  - Make your customers want to keep coming back
  - Consider the importance of marketing in the design of your website
  - Do your best to develop links with others - there are great benefits from Google
  - Your search engine ranking should be a top priority
  - Test and measure what works

## Track 8

### **When The Bank's A Small Business Too**

**Mike Meynell, BOQ**

- Owning the bank I manage makes a huge difference - every customer is an opportunity for

business referral, so I go out of my way to make sure every customer experience is a good one

- I'm in a unique position in understanding my small business customers - I'm in small business myself
- My banking and finance experience over many years with a big bank has helped me manage my small business, while my small business experience helps me empathise with customers
- Like all small business operators, I'm very proactive in finding new business
- We still need to assess the viability of the businesses we deal with - our credit assessment tools and resources assist us - but we also have a good understanding of the local area and conditions
- I support the local community because these are the people who keep me in business. They become customers and friends
- Mackay is an innovative place and I keep an open mind about supporting new ideas
- I like to think I'll push the case for any of my customers if they have a sound proposition
- We look for a detailed business plan, experience in the field, capacity to repay the loan, prior repayment history, and security
- The current debate around banking competition can only be positive for banks like mine, especially BOQ - the levels of service offered by owner-managers is hard to match
- We're rarely the cheapest but service is very important - many people come to us after the frustrations of working with the bigger banks. I suggest customers look around in 2011

## Track 9

### Tax Update

**Michael Jones, Cummings Flavel McCormack**

- Investment in property by a self-managed super fund is attractive because of the lower tax rates applied, whether the fund is in accumulation or pension mode
- Often the obstacle is that there's not enough money in the fund to finance a property purchase
- Contributions to the fund are limited if you're seeking a tax deduction for them, though members of the fund can contribute up to \$150,000 a year if they're not seeking a deduction
- But if you borrow the money to contribute to the fund, you won't be able to claim a tax deduction on the borrowing
- There's also the Limited Recourse borrowing opportunity, but that comes with strict rules and the banks are very cautious
- One of the limitations under Limited Recourse is that an SMSF can't borrow to improve a property, only to acquire it
- An alternative is to have an arrangement whereby the super fund and a related entity - a family trust, for instance - set up a unit trust and jointly buy the property
- It provides greater flexibility, though the family trust couldn't use the property being purchased as security for its borrowing
- The family trust will receive a tax deduction for interest paid on its borrowing, and the super fund can use its earnings from the property investment to progressively buy units from the family trust, eventually owning the property outright

- If the super fund is in pension mode by the time it owns the property and wishes to sell it, it will be in a tax-free environment
- But there are restrictions: the unit trust can not borrow, and that includes holding unpaid entitlements
- No charge can exist over the holdings of the unit trust, and - if it's residential property - it can't be leased to any related entity of the unit trust
- The unit trust cannot invest in any other entity, like a shareholding or investment in a managed fund
- The unit trust also cannot conduct any business, and all transactions must be at arm's length

## **Track 10**

### **Sharemarket Update**

**Elio D'Amato, Lincoln Stock Doctor**

- The New Year means a new reporting season
- We believe it will be predictable and ho hum
- This creates opportunities for investors, with surprises on the upside and downside
- In the lead-up to the reporting season, research your companies - then, once the reports have been announced, evaluate the results to assess which stocks should be in your portfolio
- Ask yourself; was there growth in earnings per share? Read the directors' comments, look at the outlook for the company and sector, what are the commentators saying?
- Then, evaluate the stocks on your waiting list to buy: if the company is financially healthy, growing, profitable, with good management at the helm, you are halfway there

- We believe the unloved sectors will surprise on the upside this reporting season, such as retail and telecommunications. Stocks to mention: JB Hi-Fi and David Jones, iiNet, TPG, Macquarie Telecom, Amcom. Also worth mentioning: CSL, GUD, Western Areas, and Woolworths.
- On the downside, beware stocks with over-inflated expectations, including the materials and energy sectors
- The Queensland floods will impact on some companies operating in that State

## **Track 11**

### **Take Three Months Off & Prosper!**

**Louise Woodbury & William de Ora**

- There are four kinds of entrepreneur: technical, manager, creative, and investor entrepreneur
- The investor entrepreneur doesn't work "in" the business but is akin to a shareholder
- It requires a totally different mindset and can be very difficult to break away from day-to-day involvement in the business. Business owners often believe they're indispensable
- Taking a short break of a couple of weeks or a month isn't long enough to separate yourself from daily tasks or to allow the business to run without you
- It's a risk management process to set your business up in the right way, with trust in your team
- Some employees will find the process disconcerting but others will grasp the huge opportunities of leadership

- Be conscious of communication time-frames while you're away
- Good financial projections are critical
- The process could transform your life, but first you need to cut the umbilical cord tying you to the business
- Becoming an investor entrepreneur is not for everyone, especially those with young businesses. But those who've run their businesses for a long time may be ready to make the big transformational leap