

businessessentials[®]

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

August 2011 | Audio CD



the extras



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The carbon tax. Are we sick of it? Tired of the political bantering? Angry about further potential imposts on our businesses – or will it really make any difference? Who better to ask than our resident economist Professor Neville Norman, overseas at the moment but keeping a close eye on developments at home. He assesses the bigger picture and what it means for those of us in small business with plenty of other issues to worry about, let alone a major tax on the big polluters.

As we strive to make our businesses successful, avoiding costly mistakes is essential. But how do we identify those mistakes, and what can we do about them? We take advice from long-term small business coach Mick Hawes, of Uncover Hidden Profits.

We have words of wisdom from veteran businessman Ernest Rodeck, now in his nineties but alert to the challenges facing the Australian economy and the guiding principles of business, which are as relevant today as when he emerged from a wartime internment camp and set up an iconic Australian furniture company.

Paul Niederer, chief executive of ASSOBS, tells us how that organisation works to bring together businesses seeking capital and investors looking for companies with good prospects; while Erin Goffett of HR specialists the Munro Group, helps us comply with the Fair Work Act.

Tax expert Michael Jones, of Cummings Flavel McCormack, tells us who the ATO will be targeting this financial year, and Lincoln Stock Doctor CEO, Elio D'Amato, assesses the state of the market and looks ahead to the coming reporting season.

And then, managing depression in the workplace. We may not be good at understanding the right approach but depression awareness initiative beyondblue gives us some valuable pointers.

Plenty for you on this month's CD - enjoy!

Regards

A handwritten signature in black ink that reads "Nick Schildberger". The signature is fluid and cursive, written in a professional but personal style.

Nick Schildberger
Managing Director

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

THE CARBON TAX & SMALL BUSINESS

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THE 7 COSTLIEST MISTAKES IN BUSINESS

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PERSPECTIVES ON BUSINESS SUCCESS

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HOW NOT TO FALL FOUL OF THE FAIR WORK ACT

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THE BIG BENEFITS OF OUTSOURCING OVERSEAS

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ATO TARGETS FOR 2011-12

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SHAREMARKET UPDATE

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MANAGING DEPRESSION IN THE WORKPLACE

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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: AUGUST AND SEPTEMBER 2011

14 Aug 11 **PAYG withholding:** Final date for lodgement of the PAYG withholding payment summary annual report.

21 Aug 11 **GST:** Final date for eligible monthly GST reporters to elect to report GST annually.

July 2011 Monthly Activity Statement:
final date for lodgement and payment.

21 Sept 11 **August 2011 Monthly Activity Statement:**
final date for lodgement and payment.

For more visit our website, 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
or call 1300 737 766.

The BOQ logo consists of the letters 'BOQ' in a white, bold, sans-serif font, set against a blue square background with a yellow triangle pointing upwards from the bottom left corner.

Your own personal bank

THE ESSENTIALS

August 2011

Track 2

The Carbon Tax And Your Business

Professor Neville Norman, Melbourne University

- Both the March quarter negative growth figures and the carbon tax issue trace back to mid-2010 when the Rudd Government lost its way
- Uncertainty at home and globally contributed to the shock March quarter growth figures. But no-one should have been surprised, they were entirely predictable
- It may seem courageous to introduce a carbon tax, but the government had no choice - the Greens would have walked away and the government would have lost office
- In my opinion, the carbon tax should have been dropped altogether or it should have been priced at \$50 - \$60
- I agree with the claim that the carbon tax is the biggest tax initiative since the GST
- Industry has a year to plan for the new tax. Everyone in business needs to make forecasts and cost impacts, especially around fuel increases.

- Don't worry too much about the economy, there will be a bounce back before the new tax comes in.
- But prepare for price increases, job losses, compensations claims - all the things we dealt with 11 years ago with the introduction of the GST

Track 3

The 7 Costliest Mistakes In Business

Mick Hawes, Uncover Hidden Profits

- There may be quite simple things you're overlooking that could improve your bottom line, motivate your staff and help create a better lifestyle
- First you need the right mindset about leadership, no longer sitting at the top and giving orders, but supporting the people around you
- Ask yourself about the purpose of your business - many business owners don't know
- Ask yourself how much you want the business to pay you and how hard you're prepared to work to achieve that
- Consider the "4-Door" set of choices you have: a) to replicate the business, b) to build it up and sell it, c) to create a lifestyle for yourself and d) the improvement model, where you love the business so much you wouldn't be anywhere else
- Look for step-by-step procedures to create consistency, and encourage all your team members to contribute to those procedures
- Use automation to make communicating with customers easier. eg using Internet-based software; or look at hiring a virtual personal assistant

- Stay committed to ongoing improvement. You've got to keep up with rate of change
- Seek outside help to help you with the decisions, or create a mastermind group to meet regularly. You don't need to go it alone.
- Don't become a bottleneck. Organise regular meetings so everyone has input into the running of the business

Track 4

Perspectives On Business Success

Ernest Rodeck

- Australia IS the lucky country but we need to beware
- We need to preserve our manufacturing base to maintain a fair go for everyone
- There are risks in relying too heavily on the minerals boom for our prosperity
- The two-speed economy threatens the relatively even distribution of income here, and the "Jack's as good as his master" attitude that goes with it
- It's not so much a question of protectionism, as giving industry a fair go. At the moment it's impossible to compete with cheap imports
- We should beware of relying on China. Eventually other countries will compete with us to supply the China boom and we'll be left high and dry
- I experienced that years ago when the bottom fell out of the wool market. Prices fell by 90% within a couple of weeks and Australia fell into an abyss. I learned to work and sell hard to keep the business alive
- Personal reputation is the most important, the most difficult and the most expensive asset that

you'll have. Personal reputation always goes ahead of you

- If your business hits tough times, take it on the nose. Don't be blind to reality. Trying to do something that can't be successful is crazy, yet too many people in business refuse to accept the inevitable - and end up going broke
- Treat your opposition with respect
- It's never too late to learn - learning's a lifetime occupation

Track 5

Sourcing Small Scale Capital

Paul Niederer, ASSOBS

- The Australian Small Scale Offerings Board brings together small businesses seeking investors with those wishing to invest modest parcels of money
- Those parcels are \$30,000 each
- The companies are usually high growth, looking for \$600,000 - \$1.5 million but it could be up to \$5 million
- Shareholders are generally passive investors with no controls or expectations, although occasionally they may seek a mentoring role
- Investors are often friends, family, fans and followers of a business and it expands out from there
- There are 19,000 potential investors on the ASSOBS database. Companies seeking investors need to show something compelling to attract the money
- An option is to borrow from the bank, but that's no so easy these days and a couple of small

investors might be preferable to ongoing interest payments

- Angel investors are different, generally seeking a mentoring role and a larger return on investment
- Venture capitalists are not really in the early stage investment space anymore
- ASSOBS has a Part 1 and Part 2 submission process. ASSOBS sponsors can assist in the process of listing with ASSOBS
- It's a simple process to lodge a business on the ASSOBS website

Track 6

How NOT To Fall Foul Of The Fair Work Act

Erin Goffett, The Munro Group

- The Fair Work Act provides 10 associated National Employment Standards that also define salary and wage payments
- It encompasses 123 new Modern Awards covering terms and conditions of employment, acceptable workplace behaviour, what to pay staff and other entitlements
- When it was passed in 2009, the Act comprised some 11,000 pages of information - and it's even more extensive now!
- Yet small business continues to get caught out, on such issues as unfair dismissal, discrimination, bullying and harassment and under-payment of wages
- If you're "dobbed in" or otherwise found to have flouted the law, the Fair Work Ombudsman may be called in - he has considerable power

- A manager can be fined up to \$6,600 for each contravention, and a business can be fined up to \$33,000 for each contravention
- It's hard to keep up with the law, but the Munro Group offers a comprehensive document service to help small businesses.
- It talks in plain english, is customised to individual businesses, and can be constantly updated - and it's much cheaper than the penalties and back-payments you might face if you're caught breaking the law

Track 7

The Big Benefits Of Outsourcing Overseas

Tony Gattari, Achievers Group

- The 'global economy' and advances in technology have resulted in outsourcing and out-tasking becoming more of a trend in Australia.
- Tony's 'hot spot' to outsource is the Philippines - it has a time difference to Australia of only 2 hours, it's culturally aligned to Australia, people speak good English.
- Fully qualified, full time, loyal employees can be found for under \$400 per month.
- Out tasking - the contracting out of a smaller scale, one-time project (e.g., a website).
- Outsourcing - the contracting out of a complete team member on an ongoing basis.
- Things to outsource:
Clearing of basic emails, website building, writing of website content (search engine optimisation, syndication of articles, updating Facebook, Twitter, blog sites, etc.), customer support and

training, data entry, generation of stats and reports, writing and distribution of press releases.

- Things NOT to outsource:
Business strategy, management, monitoring of performance of existing staff members, sales, product development (business IP), finances.
- Outsourcing allows you to 'staff your weaknesses' for a much lower price.
- Outsourcing websites:
www.vworker.com
www.elance.com

Track 8

ATO Targets In 2011-12

Michael Jones, Cummings Flavel McCormack

- There's more ATO scrutiny of small to medium sized businesses these days. Many taxpayers have not had any contact with the ATO for many years, which means that if these taxpayers are subject to an ATO review, it could uncover issues that go back for years, resulting in all sorts of penalties and general interest charges
- The ATO compliance model is based on the attitudes of taxpayers towards compliance. If the ATO considers that a taxpayer is making reasonable efforts to comply with his or her tax obligations then the ATO aims to educate and assist these taxpayers get it right. If the ATO considers that a taxpayer has decided not to comply with the tax law then the ATO will use the full force of the law to deal with the taxpayer - and the ATO have powerful laws at their disposal. It's important to send the right messages to the ATO.

- At the start of each financial year the Commissioner announces his compliance program for the year - a comprehensive document outlining compliance for individuals, micro-businesses, small to medium sized businesses and big business.
- Individuals: issues around the overlap between private and work expenses: incorrect claims for the home-office, mobile phone, internet connections. Has the taxpayer sufficient documentation to justify their claim? Also, overseas income (the ATO has significant tracking abilities); split loans; individuals with an income of \$1 million
- Micro-enterprises: those with a turnover up to \$2 million. This sector employs 20% of the Australian workforce. The ATO focus: correct PAYG withholdings and super guarantee payments; sham contracting; Personal Services income; Internet trading; the cash economy (pay attention to your industry code and get it right); managing tax debt
- Small to medium sized businesses: \$2 - \$250 million, employing 28% of the workforce and an increasing focus of the ATO: PAYG and super guarantee compliance; sham contracting; trusts; phoenix arrangements; international transactions; shareholder loans and unpaid entitlements; small business CGT concessions (get your documentation right!)
- Next month: What to do if you're the subject of an ATO review

Track 9

Sharemarket Update

Elio D'Amato, Lincoln Stock Doctor

- Sentiment is driving the sharemarket in an uncertain world
- This is shown in a recent exercise by Lincoln, matching carbon-producing stocks with investor responses as details of the new carbon tax were revealed
- There are optimistic signs despite the uncertainty - China's GDP is up 9.5% for the year; a number of european countries including Italy and Greece have raised debt; and in Australia, despite talk of the two-speed economy and drop in confidence, debt levels are solid and inflation is in check
- Companies are still operating comfortably and although there are pressures on margins, we should see some good profits in the next reporting season. Overall, though, analysts are expecting a fairly poor reporting season and Lincoln agrees
- It's annual results time. Look for companies that have outperformed their peers over the past year in this tough environment
- You need to hold the best of the best - the last thing you need is a poor announcement that will trigger a sell-off in this nervous atmosphere
- Leading up to the reporting season, we look for good news and the opportunity to get in quick before the numbers are announced. We focus, for example, on companies with new contracts. Highlighted this month, all mining related stocks: Industrea, Mineral Resources, and Ausdrill

Track 10

Managing Depression In The Workplace

Therese Fitzpatrick, Beyondblue

- Depression occurs across all age groups and all levels within an organisation.
- It's important senior managers create a supportive culture - that it's OK to go for help.
- Research suggests 17% of depression is related to workplace stress.
- Symptoms that could indicate depression:
Physical changes - constant tiredness, changes in appetite, weight loss or gain, frequent sickness (colds and flu).
Emotional changes - irritability, becoming withdrawn.
- Look for changes in behaviour - is someone avoiding certain situations, arriving at work late.
- Managers are often in a good position to approach staff, but are hesitant, fearing they'll say something wrong - this is not the case.
- Don't think you need to diagnose. Think of where to go for help - e.g., an employee assistance program, GP or psychologist within the community.
- Think about the best way to approach someone - understand they might be defensive at first. Let them know you're there for them.
- Having the conversation and beginning dialog is important.
- 50% of people don't seek help as they believe there are no effective treatments.
- Medication is an effective treatment, especially for more moderate to severe depression.

- Other treatments include psychological - solution based short term therapies.
- The other key thing is lifestyle treatment - increase physical activity, focus on diet.
- Treatments differ for each person. The key is finding what works for them.
- Early intervention is very important. The earlier one gets help, the more effective treatments are.
- More information: www.beyondblue.org.au