

Chartered Accountants

Business **in focus**

Monthly audio program > presented by Michael Schildberger

April 08



The extras



**Chartered
Accountants**

NUMBER ONE IN NUMBERS



Selling - whether we like it or not - is a critical component of our businesses. We can always learn from those who really enjoy it and are successful sales people. One such person is Belinda Yabsley who is great believer in mixing business with pleasure. In other words, she makes friends with her clients but in a very genuine way. And that has helped her sell a \$1m car!

Understanding your client is also the message you'll receive from Tony Gattari of Achievers Group who has had huge success in sales at Harvey Norman. He tells us how to categorise our customers because we need to understand their personalities. You'll hear from both Belinda and Tony on this month's CD.

Most important to chartered accountants is practice profitability, and analyst Michelle Knights of Rob Knights and Co. talks about the challenges and offers several suggestions on managing expenses and overheads.

Borrowing and super funds have undergone many changes in the last 20 years. Tony Negline of AFSL Managers brings us up to date, particularly on the rules for instalment warrants and SMSFs.

Succession planning also is a big question for many accounting practices but Gavin Dixon of Quicken Australia says it's important to the national economy when we look at all SMEs.

As usual I hope you gain useful tips that will assist you.

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Track 1

BUILDING YOUR PRACTICE PROFITS

Michelle Knights, Rob Knights & Co.

- > Profit targets are being achieved through juggling of expenses and overheads
- > It is important to not only review profit as a percentage of gross fees but also review actual dollar returns
- > Current staffing pressures are pushing total salary costs as a proportion of gross fees to between 38% and 42% on average
- > Try to average down personnel in terms of seniority wherever possible, which should also reduce average costs
- > Consider whether it is possible to have some of the work performed by non-qualified personnel
- > Where the market is tight and rents high, consider a shorter lease period with more options

Track 2

BORROWING & SUPER FUNDS

Tony Negline, AFSL Managers

- > The key issue really is determining whether a lender/borrowing relationship exists or debtor/creditor relationship exists
- > Lender/borrowing basically involves requirement to pay
- > Debtor/credit is like any commercial relationship - the point is the creditor generally can't enforce payment
- > Super funds invest in a whole lot of different structures, many of which might need to borrow
- > With all super funds we need to be careful about unit trusts that have been around since August 1999 and which have some borrowing
- > For SMSFs we need to be careful about trusts and companies which members of the fund control and which were set up after December 2000

Track 3

ECONOMIC UPDATE

Professor Neville Norman, Melbourne University

- > Rate rises are probably finished, for now, at a 7.25% RBA rate
- > Why so many? Curb spending to quell inflation and imports, as in 1973/4
- > Are there alternatives? Yes. Budget restraint. Why not? Both sides of politics
- > When the history of 2007 is written, judgment will be against the rate rises
- > Economic response: Auction results flattening, employment slowing, confidence flattened
- > The policy challenge now: Manage the reductions (Nov 1960: They blew it)
- > Oil prices: \$US110 a barrel already reached - could go higher ('73/4, '79)
- > Industry effects: Inflation and wages surged; petrochemicals and oil users were hit, and an economic slowdown followed
- > Challenges for smaller businesses: Ride the storm, always ensure you can take a rate rise if you haven't already rate locked
- > History: It doesn't exactly repeat itself, but there are lessons to learn

Track 4

MAKING CUSTOMERS YOUR FRIENDS

Belinda Yabsley, Quintessentially

- > Making friends with customers isn't difficult if you find the right balance to ensure you don't cross lines into "intrusion"
- > I've been lost in the South China Sea with a customer and when I was married in New Zealand most of the guests were customers to whom I'd sold cars
- > I sold a \$1 million car to a long standing customer who went out of his way to deal with me
- > It's all about understanding different personalities and their likes and dislikes
- > We need to keep meeting new people. The networks and contacts you build can help your business as much as you help theirs
- > Place the customer at the centre of your thinking

Track 5

SELLING TO DIFFERENT PERSONALITIES

Tony Gattari, Achievers Group

- > Understanding a customer's personality is crucial. Look for the four main types
- > EAGLES are powerful and expect to be challenged. Don't back away
- > PEACOCKS are into self-image, they're impressed by successful brands and products
- > DOVES don't like risk - they're after security and looking for guarantees
- > OWLS love research detail and facts - they're often the hardest to win over
- > Success comes from matching your approach to their personality. If you don't adapt, you won't sell

Track 6

SUCCESSFUL SUCCESSION PLANNING

Gavin Dixon, Quicken Australia

- > A recent study revealed that 90% of small to medium-sized businesses are family-owned. It also revealed that only 30% of family-owned businesses survive to be run by the second generation of owners
- > Select the positions that need succession planning, identify future leaders early and motivate and develop them through lateral moves or projects
- > It takes time to be in a position to groom a replacement so sow the seeds early
- > Doing the right thing by the family members may not be the right thing for the business. Develop individual plans for family members
- > Keep your staff involved and aware of important issues such as succession planning. Create a pool of possible candidates

Track 7

REWARDING STAFF

Karen Rowell, Tresor Reward and Recognition

- > Using incentive or reward and recognition schemes will help in retaining and engaging quality employees, especially in a tight labour market
- > Incentives work best with sales and distribution teams, rewards and recognition with "backroom" staff
- > Non-cash incentives or rewards work better these days than cash. They have greater trophy value
- > It's important to focus on what you're trying to achieve and how - and to communicate that clearly to employees
- > You're trying to reward a "stretch" in employee behaviour - not for just doing their job
- > Schemes need not be a drain on management time. They can be outsourced or operated online

This month's **essentials**

Track 8

TAX & BUSINESS STRUCTURES

Michael Jones, Cummings Flavel McCormack

- > If you run a business through a company or trust, FBT may apply to the benefits you receive
- > The benefits need to be connected to employment
- > Examples: Cars available for private use, loans to employees or associates at reduced rates, loans forgiven, expenses paid or reimbursed
- > Health insurance is treated differently from income protection insurance
- > Employees can reduce FBT by making a cash contribution or e.g. in the case of a car benefit, by contributing to the operating costs

Choosing the appropriate business structure:

- > A key consideration is CGT on the sale of the business
- > Different structures are taxed differently
- > Companies cannot access the 50% CGT concession

Track 9

SHAREMARKET UPDATE

Tim Lincoln, Stock Doctor

- > Current market volatility could last for some time with so many uncertainties
- > Margin calls have forced "mum and dad investors", even company owners, to sell shares, sometimes in their own companies
- > Margin loans reinforce the rule: Never borrow money to invest in shares
- > Along with increasing interest rates in Australia, fears of a US recession are negative factors
- > Company profit downgrades are another worry
- > Stock favourites: Structural Systems, Index, CSL, Incitec Pivot, OneSteel, BHP, Westpac.

Track 10

EMAIL NEWSLETTERS

Angela den Hollander, Communic8 Design

- > E-newsletters are a fast and economical way of communicating with clients
- > Good design is crucial. E-newsletters must be attractive and well-branded as well as informative
- > Don't send them via Outlook. They'll be treated as spam
- > Don't use PDFs. You'll have no record of whether or how often they're being opened
- > Pick your day to send them - Wednesdays or Thursdays are best
- > Be consistent. Erratic delivery times send a bad signal to your clients

For more information about the topics discussed on this April 2008 program, please contact the relevant organisations listed below.

BUILDING YOUR PRACTICE PROFITS

The Institute of Chartered Accountants in Australia

1300 137 322

www.charteredaccountants.com.au/training

BORROWING & SUPER FUNDS

The Institute of Chartered Accountants in Australia

1300 137 322

www.charteredaccountants.com.au/training

ECONOMIC UPDATE

Prof Neville Norman,
Melbourne University

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MAKING CLIENTS YOUR FRIENDS

Belinda Yabsley, Quintessentially
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SELLING TO DIFFERENT PERSONALITIES

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SUCCESSFUL SUCCESSION PLANNING

The Institute of Chartered Accountants in Australia

1300 137 322

www.charteredaccountants.com.au/training

REWARDING STAFF

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TAX & BUSINESS STRUCTURES

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SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor
Please contact Lincoln direct for details about its Stock Doctor fundamental analysis software or Managed Fund services.

1300 676 332 or 03 9854 9444.

Website: www.lincolnindicators.com.au

EMAIL NEWSLETTERS

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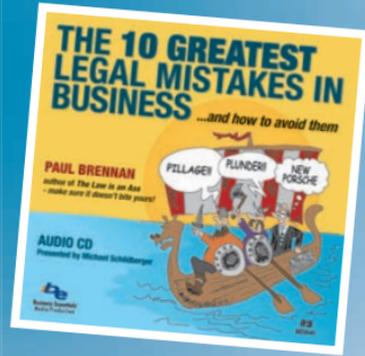
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“fantastic value, fun, great listening”

THE 10 GREATEST LEGAL MISTAKES IN BUSINESS *...and how to avoid them*

AUDIO CD PLUS EBOOK



It is difficult for even the most creative business person to commit entirely new legal mistakes. They've all been done before - many, many times. Often people wait until they are desperate before they see a lawyer about a legal problem - this just seems to be human nature. But you don't need to learn the hard way.

You can avoid legal mistakes if you know what is coming.

Paul Brennan, author of *The Law is an Ass - make sure it doesn't bite yours!* lists the top 10 legal mistakes in business - plus other legal minefields. And it couldn't be easier. You can listen to the CD and then reinforce the key messages by reading the eBook.

YOU WILL LEARN HOW TO:

- Take the pain out of partnership disputes
- Avoid disaster when buying a business
- Benefit from “restraint of trade” clauses
- Negotiate leases
- Use trade marks to protect your business name
- Prevent the theft of your business secrets
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