

Chartered Accountants

Business **in focus**

Monthly audio program > presented by Michael Schildberger

May 08



The extras



**Chartered
Accountants**

NUMBER ONE IN NUMBERS



If you can stay in business for 25 years and continue to grow you must be doing something right. Jim Penman - better known as Jim's Mowing - has achieved that milestone and now has 2600 franchisees around Australia and overseas.

I've personally known Jim since he cut my lawns 25 years ago and watched his growth with interest. He has a unique style and personality. His business handles 20,000 clients a day with very few complaints to which he responds personally. Jim outlines his approach on this month's CD.

Another growth story this month comes from a company that in a relatively short time is exporting to 30 countries. Anamalz produces small wooden animals. Founder Louise Scott passes on lessons she and her husband have learned.

On the economic front Professor Neville Norman confirms his belief that interest rates will come down again before the end of the calendar year - and quite substantially.

The accounting profession is going through huge growth in the number of people born overseas and chartered accountant Owen Firth of Performance English explains why, and why we need to embrace the new talent pool.

The new Anti-Money Laundering and Counter-Terrorism Financing reforms pose challenges for accountants and Julie Beesley of Deloitte Touche Tohmatsu outlines them.

Creating a winning business is always a challenge for owners. Gavin Ryan of Solutions for Success gives us his recipe.

Enjoy.

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Track 1

LEVERAGING A MULTICULTURAL WORKFORCE

Owen Firth CA, Performance English

- > The current skills shortage has meant that more and more of our accounting talent pool is made up of people born overseas
- > We have no choice but to understand and embrace this talent pool as the skills shortage becomes more acute
- > These are generally very talented, technically strong, motivated, dedicated and loyal people
- > With the right training in communications skills and Australian business culture, they can be highly valuable to accounting firms

Track 2

NINE STEPS TO CREATING A WINNING BUSINESS

Gavin Ryan, Solutions for Success

- > Most business owners do not get rewarded for all of their hard work. They fight the battle of finding, motivating & retaining staff and end up with a business that controls them
- > Most people start their business without knowing or understanding the rules, pitfalls and fundamentals of the game of business
- > They need to understand their personal strengths and weaknesses
- > Using a personality profiling system they can gain a clear understanding of their path of least resistance to business success
- > They need to set personal goals and a winning game plan, then know, understand and regularly monitor their key "financial numbers" & non financial KPIs. Then they can look at systems, staff management, marketing, selling and customer service

Track 3

ECONOMIC UPDATE

Professor Neville Norman, Melbourne University

- > Further adverse assessments about losses from the US "sub-prime" crisis
- > The May 13 Budget will be a tricky test for the new Rudd Government
- > Watch out! If either gets out of control, the business environment will be damaged

>

This month's **essentials**

- > So far, the Australian consequences are finance sector and confined - and likely to stay that way
- > The IMF assesses that \$1trillion will be taken as losses in the next two years, more than half from failed loans in the US housing sector. Banks and other lenders will bear the brunt
- > The effects are already working through paper wealth reduction, actual losses for some and our own home-grown margin lending developments
- > Purchasing power affecting business and government tax revenue will be affected
- > US recession is not the most likely outcome but activity growth slow-downs are certain, intensified here deliberately by the spate of interest rate rises
- > All this will impact on the May 13 Federal Budget
- > Neville's predictions: Subdued growth and inflation numbers; first budget in 5 years NOT to carry further personal income tax cuts; a range of deep and embracing expenditure cuts; the first to reveal in many years that official revenue and surplus forecasts are high rather than low
- > Outlook: by later this year restraint will be working; interest rates will start to fall

Track 4

25 YEARS ON: LESSONS FROM JIM'S MOWING

Jim Penman, Jim's Group

- > We can't keep up with the demand despite the fact we charge significantly more than the competition
- > Even the drought has made no difference to the mowing division
- > Most of our franchisors have been franchisees because they need to know the business thoroughly
- > I invite clients with a problem to contact me personally and I follow it up
- > I focus on two things: Franchisee service and customer service
- > After 25 years I feel like we're just starting

Track 5

GLOBAL SUCCESS WITH TOY ANIMALS

Louise Scott, Anamalz

- > A good idea, based on observation and personal experience, can be a great starting point
- > Quality control is crucial - especially when your product is made overseas
- > Good systems and good staff are essential when the business is expanding
- > There's a strong marketplace demand for environmentally-friendly toys
- > Copycats are always a problem, despite trade mark and patent protection
- > Strong branding and a good reputation are the best weapons against the cheats

Track 6

ANTI-MONEY LAUNDERING - WHAT THE NEW LAWS MEAN TO YOU

Julie Beesley, Deloitte Touche Tohmatsu

- > The first tranche of the new Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) reforms is now half-way through the implementation period which predominately affects the financial services and gaming industry
- > The government has emphasised the need for comprehensive consultation with stakeholders regarding the second tranche of the AML/CTF reforms which will have the greatest impact on “gate keepers” such as accountants, lawyers, real estate agents and jewellers
- > The next step for tranche two is either the release of an exposure draft bill or revised table of designated services aimed at professional services, including accountants
- > The AML/CTF reforms involve a risk-based approach and include customer identification, record keeping, monitoring and reporting requirements
- > Accounting firms should assess the implications of AML/CTF obligations and determine what they need to do now

Track 7

BETTER OPTIONS IN SALARY PACKAGING

Tim Vlug, Salaris Consulting

- > FBT legislation can be a powerful management tool for attracting and retaining staff - yet it's often missed by employers
- > Salary packaging can go a lot further than novated leases on cars or laptops, e.g. associate motor vehicle leases; remote area allowances; living away from home allowances; employee share and incentive plans; plus various “otherwise deductible items”
- > The flow-on benefits apply to both employees and employers
- > The biggest watch-outs are around motor vehicles, fleet management and poor practices in negotiating employment contracts
- > Red flags: The absence of or an unclear motor vehicle policy; tax free allowances paid without legislative basis; or comments like “We don't do that”, or “We don't know how to do that”
- > FBT liability is not always known by the companies offering allowances or benefits

Track 8

BAD SERVICE COSTS MONEY

Brett Whitford, Customer Service Institute of Australia

- > Poor customer service can cost up to 30% of sales revenue
- > Cutting staff and training costs can be counter-productive - and expensive
- > Clear communication and human contact do most to keep customers happy
- > Customers place high value on experienced people who understand their needs
- > Satisfied customers are of long-term benefit to the business
- > Accountants and customer service people should work together to identify the costs of poor service - and how to fix it

Track 9

TAX; DON'T WAIT 'TIL JUNE 30

Michael Jones, Cummings Flavel McCormack

Year end tax planning - act now!

- > Defer income
- > Bring forward deductions: Scrap obsolete equipment; prepay expenditure
- > Small Business Entity concessions: Immediate write off of assets less than \$1000; accelerated depreciation
- > Trading stock - consider valuation options
- > Beware tax office ruling on wash sales
- > Superannuation - contribute before 30 June: personal super contributions for investors and self employed; franked dividend funded personal super contributions can create a double bonus

Track 10

SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

- > Current volatility won't dissipate for a while but "smart money" is coming in now
- > You must have a diligent and disciplined approach to stock selection
- > Financial industry companies in trouble now all have poor gearing ratios or debt to equity. These ratios indicate whether companies are leaning on banks too heavily for funds
- > Stock favourites: CSL, Incitec Pivot, BHP, Rio, Newcrest Mining, Seek, Structural Systems, Westpac, QBE

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

LEVERAGING A MULTICULTURAL WORKFORCE

The Institute of Chartered Accountants in Australia

1300 137 322

www.charteredaccountants.com.au/training

NINE STEPS TO CREATING A WINNING BUSINESS

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ECONOMIC UPDATE

Prof Neville Norman,
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25 YEARS ON: LESSONS FROM JIM'S MOWING

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GLOBAL SUCCESS WITH TOY ANIMALS

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SHAREMARKET UPDATE

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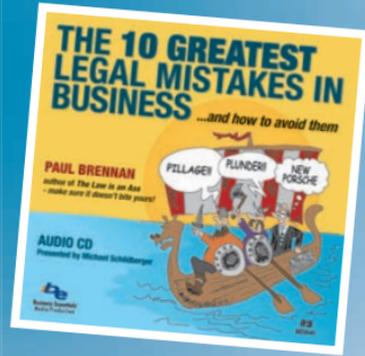
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“fantastic value, fun, great listening”

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.

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- Take the pain out of partnership disputes
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