

Chartered Accountants

# Business in focus

Monthly audio program > presented by Michael Schildberger

January 09



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Accountants

NUMBER ONE IN NUMBERS

The extras



Each year at this time we have the opportunity to be given a glimpse into what we can expect on the economic road ahead. Our economist Professor Neville Norman has always been remarkably accurate. This year we need his forecast more than ever. Fortunately it's not all bad news. While he warns that times will continue to be tough at the start of the year he says we can expect a turnaround later in the year. Indeed we need to be warned of an increase in interest rates and an uplift in the market place. So we need to prepare ourselves for the potential change in activity. Neville Norman's views are certainly worth hearing.

In the meantime we need to figure out how we - and our business clients - bring in revenue without spending too much. Sales guru Tony Gattari of Achievers Group paints an interesting picture about the need to inflict pain on potential customers before delivering pleasure. It makes sense when you consider that one needs to know what the customer doesn't want before one can establish what the customer does want.

Self-managed super funds are coming under increased scrutiny from the Australian Tax Office and Louise Biti of Strategy Steps tells us how to avoid problems.

Chartered accountant Peter Black of Peter Black Coaching focuses on the non-financial aspects of retirement and says we should start planning at least 10-15 years before we intend to retire.

Business valuations are becoming increasingly important to the accounting profession and chartered accountant Simon Dalgarno of Leadenhall VRG explains why.

Enjoy the program and this month's Extras.

A handwritten signature in black ink that reads "Michael".

Michael Schildberger  
Executive Chairman

## Track 1

### PRACTICAL ASPECTS OF SMSFs

Louise Biti, Strategy Steps

- > With over \$3.5 billion of super savings held in self-managed funds (SMSFs) the ATO is increasing audit and surveillance activities
- > The major concerns centre around the appropriateness of investments, access to benefits and contributions
- > Understanding the practical aspects of SMSF operations can help to avoid errors and penalties
- > Implement practical steps to monitor the amounts contributed into super to avoid the heavy penalties for excess contributions

## Track 2

### RETIREMENT PLANNING

#### - NON-FINANCIAL ASPECTS

Peter Black CA, Peter Black Coaching

- > US retirement guru, Dr Richard Johnson, finds that financial aspects are just one of 15 retirement success factors and one of six life arenas
- > Many of these aspects receive no conscious thought or planning - we just stop work and things happen - or more likely, don't happen
- > It's generally recommended that we start planning about 10-15 years before we intend to retire
- > I focus on an individual's values, goals and current reality, leaving the financial aspects to suitably licensed people, and empower the individual or couple to make their own decisions and plans
- > Don't retire if you don't want to - just live really well!

# This month's essentials

## Track 3

### 2009 - WHAT LIES AHEAD

Professor Neville Norman, Melbourne University

Economic forecast for 2009	Latest	Neville's forecast	Most Likely range
Real GDP growth (% change)	2.0%	2.20%	1.2-3.5%
Household consumption - real growth	2.10%	2.90%	2.5-3.4%
Gross investment companies - % change	7.70%	4.20%	1.0-7%
Net export contribution to real GDP growth	-0.20%	-0.50%	0-0.8%
Total motor vehicle registrations - % change	-19%	-9%	-5 to -16%
Housing approvals - number, % change	-15%	-5%	0-16%
Housing commencements - % change	2.10%	-4%	-6 to -12%
Housing finance - dollars, % change	-22%	-8%	-12 to -20%
Inflation - CPI all groups % growth	5.10%	3.10%	2.2 - 4.8%
Average wage earnings	4.50%	4.20%	3.5 - 5.5%
RBA cash rate - down to 4% or lower in year: Dec 09	4.25%	5%	3.5 - 6.5%
FX: \$US to \$A down to 59c; up to Dec 09	64c	70c us	45 - 88c

**Summary:** the worst will be over for the general economy by later 2009 and probably before the end of it. Don't leave rate-locking too late.

## Track 4

### WHICH COMPANIES WIN - AND WHY

Graham Hubbard, University of Adelaide

- > A winning company must be able to do well in tough times as well as good ones
- > Cost control is important - but target your cuts, don't slash across the board
- > Be sure to retain your good people and good activities
- > Winning organisations will demonstrate nine principles for success, including doing what they say they'll do, sound strategy, the ability to adapt rapidly and effective leadership teams
- > Most winning organisations don't bother with mission or vision statements
- > As you succeed, bring in people with the skills you lack
- > Focus on the areas in which your business is weakest as the first step towards winning

## Track 5

### BUSINESS VALUATIONS

Simon Dalgarno FCA, Leadenhall VRG

- > Financial valuations are used to support the carrying amount of a number of assets on companies' balance sheets
- > Many of the assets (mortgage backed securities) that caused the current crisis were purchased based on valuations and now AASB 136 - Impairment of Assets - requires the carrying value of these assets to be written down to no more than their recoverable amount

- > Financial valuations are now such an important area that the ICAA has established a “Business Valuation Special Interest Group” and this group has contributed to the development of a new standard APES 225 - Valuation Services
- > Valuation methods (and particularly DCF) can be difficult to apply in practice but are now “required” in a number of circumstances

### Track 6

## PAIN TO PLEASURE FOR SALES RESULTS

Tony Gattari, Achievers Group

- > The only time we change is when the pain of where we are is greater than the pain of change
- > To be good at closing a sale you have to make people dissatisfied with their current buying arrangements
- > I ask “killer questions” to make people aware they’re not happy
- > When a prospect is really uncomfortable with where they are, they ask “how can you help me?” You’ve got the sale!
- > The formula for a sale: dissatisfaction multiplied by vision plus first steps. I make you dissatisfied, I provide the vision of what I can do then make it easy to buy

### Track 7

## SUCCESS WITH ONLINE PAYMENTS

Matt Bullock, eWAY

- > eWAY now has more than 4,000 customers and is doubling its customer base every year
- > Every month is eWAY’s best month - the company is very focused on sales
- > Customers buying online have pushed merchants to consider more convenient online payment systems
- > Safety is less of an issue now. eWAY spends huge resources on ensuring safety
- > Many people think online payment is complicated - it isn’t!
- > Partnerships and reputation are both critical to eWAY
- > A challenge is to get existing customers to increase transactions
- > eWAY now has cracked the Australian market and is heading overseas - the model is transportable
- > The goal is to be a truly global player

# This month's essentials

Track 8

## SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

- > Sharemarket volatility will continue in 2009
- > Coming off such a low base, we can return to our previous peak within 5 years
- > Financial engineering and innovative products have transformed the investing environment - hedge funds, security lending, short selling, derivatives, automatic stop losses, margin lending - all have created one big gambling pit
- > The original purpose of the sharemarket as a long term capital-raising vehicle is being forgotten
- > These new products have created a massive industry so there's no easy answer
- > Stocks of the month: CSL, Cochlear, Woolworths, QBE, Westpac, Reject Shop

Track 9

## SUCCESSION: TAX ON TRANSFERRING ASSETS

Michael Jones, Cummings Flavel McCormack

- > Family trusts are a popular way of holding business assets and investments
- > You don't own the assets in a trust, so they're not included in your will
- > The transfer of an asset out of a trust is subject to tax
- > The ATO has announced that new legislation will be made to stop the practice of cloning trusts, effective from October 31, 2008. Trust-cloning was used to transfer management of particular assets to different members of the next generation
- > Transferring the management of trust assets from generation to generation without incurring considerable tax liabilities remains an important task

Track 10

## THINKING ON YOUR FEET

Ken Everett, Think On Your Feet

- > Thinking on your feet is an essential skill for effective communication
- > "Bridging" to an answer provides valuable think-time
- > Structure is important - think in terms of time, geography or some other appropriate grouping
- > Try to anticipate the questions you'll be asked
- > Don't overload your audience - two or three points at a time is enough
- > Use both sides of your brain: the creative and the logical
- > Being able to think on your feet will help eliminate the fear of public speaking

For more information about the topics discussed on this January 2009 program, please contact the relevant organisations listed below.

## PRACTICAL ASPECTS OF SMSFs

The Institute of Chartered Accountants in Australia

**1300 137 322**

[www.charteredaccountants.com.au/training](http://www.charteredaccountants.com.au/training)

## RETIREMENT PLANNING - NON-FINANCIAL ASPECTS

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## 2009 - WHAT LIES AHEAD

Professor Neville Norman,  
Melbourne University  
[n.norman@unimelb.edu.au](mailto:n.norman@unimelb.edu.au)

## WHICH COMPANIES WIN - AND WHY

Graham Hubbard,  
University of Adelaide.  
Co-author of "The First X1: Winning organisations in Australia"  
[Email: graham.hubbard@adelaide.edu.au](mailto:graham.hubbard@adelaide.edu.au)

## BUSINESS VALUATIONS

The Institute of Chartered Accountants in Australia

**1300 137 322**

[www.charteredaccountants.com.au/training](http://www.charteredaccountants.com.au/training)

## PAIN TO PLEASURE FOR SALES RESULTS

Tony Gattari, Achievers Group

**Tel:** 02 9440 7373

**Website:** [www.achieversgroup.com.au](http://www.achieversgroup.com.au)

## SUCCESS WITH ONLINE PAYMENTS

Matt Bullock, eWAY

**Tel:** 02 6162 4481 / 1800 10 65 65

**Website:** [www.eway.com.au](http://www.eway.com.au)

## SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

**Tel:** 1300 676 332 or 03 9854 9444

## TAX UPDATE

Michael Jones CA, Cummings Flavel McCormack

**Tel:** 03 9252 0800

**Email:** [enquiries@cfmc.com.au](mailto:enquiries@cfmc.com.au)

**Website:** [www.cfmc.com.au](http://www.cfmc.com.au)

## THINKING ON YOUR FEET

Ken Everett, Think on your Feet ®

**Website:** [www.thinkonyourfeet.com](http://www.thinkonyourfeet.com)



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# THE 10 GREATEST LEGAL MISTAKES IN BUSINESS

*...and how to avoid them*

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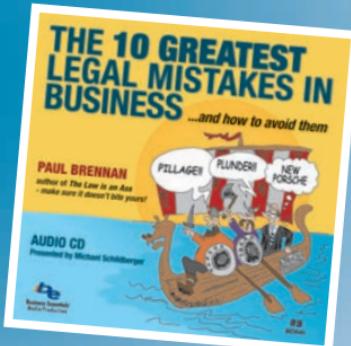
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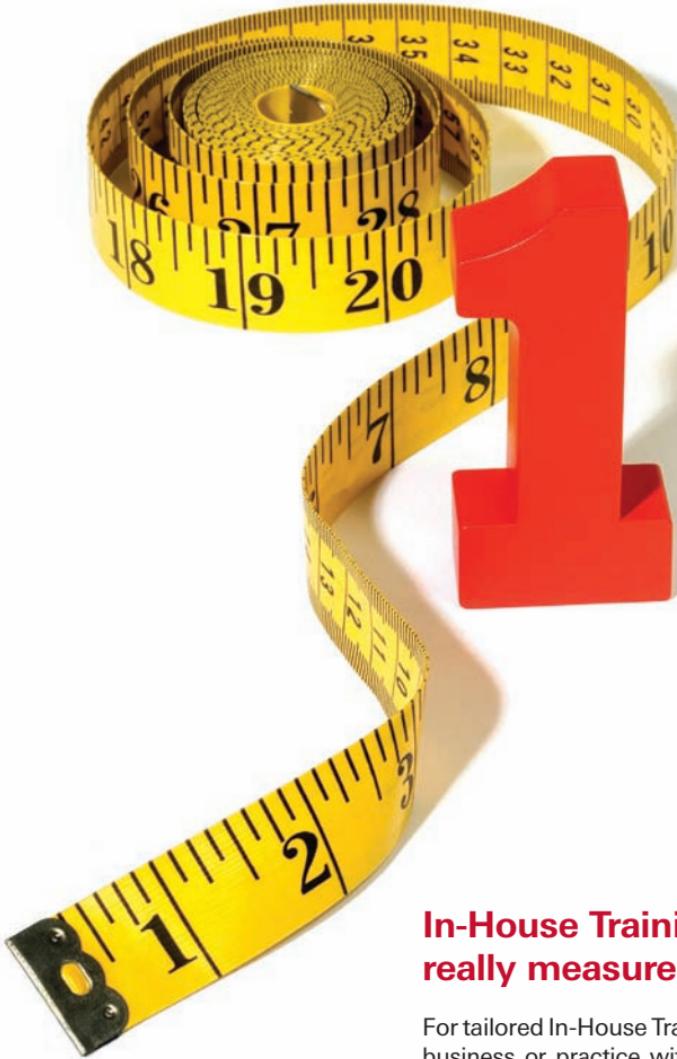
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