

Chartered Accountants

Business **in focus**

Monthly audio program > presented by Michael Schildberger

March 09



The extras



Chartered
Accountants

NUMBER ONE IN NUMBERS

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During these difficult economic times it's more important than ever to ensure we are paid promptly. After all, our survival depends on our cash flow. So we can't afford to let our debtors destroy our business. There are various ways we can consider maintaining our cash flow – such as online payments and direct debit. There are of course many who are nervous using such methods so we've invited Ezyppy's CEO Trent Brown to give us some advice, which you'll hear on the CD.

Do we suffer difficult audit clients or do we offload them because they're not worth the trouble? Jay Chander of Capstone Business Improvement and Assurance says they're worth keeping and it makes good commercial sense to manage them better. He explains how.

Keeping audit staff is another priority for the profession and Anthony Bell of Bell Partners gives us his thoughts along with his vision for auditors in the future.

And how much are you and your staff "in the zone"? The Energy Factory's Dr. Adam Fraser tells us how best to find the zone and how it can improve overall productivity.

The state of the economy and its future during this calendar year are naturally of importance to all of us. Our economist Professor Neville Norman's forecasts have always been reliable and you'll find this month's analysis well worthwhile.

I hope you can take advantage of the advice on the CD from experts in their particular fields.

Michael Schildberger
Executive Chairman.

Track 1

RETAINING YOUR AUDIT STAFF

Anthony Bell CA, Bell Partners

- > In changing times, managers should assess what certainties they have in the revenues of their audit section
- > The business environment is changing so much that organisations will question the need for an audit and look at the quality of audit staff
- > People will start to be more career focused in public practice
- > Staff now are looking for certainty and security rather than money
- > Employers should look at good quality staff and make sure they keep them
- > I prefer quarterly performance reviews with two large ones at the six month mark and the annual review date

Track 2

DEALING WITH DIFFICULT CLIENTS

Jay Chander CA, Capstone Business Improvement and Assurance

- > To a large number of clients audit is still seen as a cost that adds little value. This will lead to a growing number of difficult clients who will demand more
- > Clients are worth saving. It makes good commercial sense to manage these client relationships before we lose their business
- > Existing clients who come across as being difficult and who complain are more likely to remain with you if their concerns are addressed
- > We have to address the principles that prevent a client from getting difficult
- > An effective relationship helps reach a mutual goal
- > By creating good first impressions we are more likely to capture clients' interests

This month's **essentials**

Track 3

THE ECONOMY

Professor Neville Norman, Melbourne University

- > Two thirds of the western world is in recession with more to come. Only a handful of countries like Australia is unlikely to go into recession
- > China is not going backwards. It's slowing down growth
- > The stimulus packages around the world are the right thing but we can overdo them
- > The stimulus packages must be in effect to promote spending quickly
- > In business, don't forget the basic principles: watch your pricing, your products, your promotion and your partnerships
- > Some businesses will need more finance but they must present their case to lenders better
- > I still believe interest rates will rise late this year or early next year

Track 4

DON'T LET DEBTORS DESTROY CASH FLOW

Trent Brown, Ezy pay

- > Have a cash flow statement and always match expenses against cash
- > Act fast with invoicing
- > Look for ways to increase cash and reduce debtor days – we suggest direct debit
- > The reduction in bad debts generally pays for the cost of direct debit
- > It promotes financial stability
- > Don't be afraid to ask customers to pay by direct debit – many prefer it
- > Ezy pay was founded because of gym membership problems – the business grew dramatically as a result
- > Ezy pay offers information and a suite of solutions to help manage finance
- > Trent Brown's keys to success: know your numbers; trust your cape; always ask "Why?"

Track 5

OLIVE OIL EXPORT TWIST

Trent Brown, Ezy pay

- > We decided before we had any oil to sell that we would start by exporting to the US
- > We spent 6 months refining the product and the branding to suit the US market
- > Good exposure on American TV and in newspapers has been invaluable
- > They love all things Australian, but it's important to create an additional point of difference

- > We're using the Australian wine cask – it keeps the oil in better condition and is environmentally superior to bottles or cans
- > The oil is now in demand from Australian chefs who've heard about its success in America
- > We've combined my singing career with the olive oil business to create extra value for our customers

Track 6

PERFORMANCE: BEING IN THE ZONE

Dr. Adam Fraser, The Energy Factory

- > The new challenges people face this century include a fast paced world and a compressed society where everyone wants everything now
- > This leads to increased stress, reduced mental health and poor relationships
- > We must change the way we work and work in a state that doesn't cause so much friction in our lives using "flow"
- > The characteristics of flow are: clear goals, being deeply focused, having positive emotions and mindset, being completely engaged in the activity, feeling in control, altering your sense of time and having no ego
- > To reach flow we need positive emotions, accurate realistic thoughts, supportive habits, a calm focused mind, being engaged in what we are doing and having the energy to be enthusiastic.

Track 7

LEASING WATCHOUTS

Patrick Holt, Holt International Legal Consulting

- > Commercial leasing involves a much stricter contract than any domestic leasing
- > You're in a business relationship and your personal relationship with the landlord doesn't mean much
- > The terms can vary dramatically so it's important to get legal advice
- > Renewing a lease may involve an automatic rent increase or advertising cost rise which are not negotiated
- > Today's economic times may make it easier to negotiate. Eg – dropping a personal guarantee
- > Shopping centre leases are among the hardest to negotiate as landlords are in such a strong bargaining position

This month's **essentials**

Track 8

5 COMMON HIRING MISTAKES

Jason Snell, Final5

- > With rising unemployment, the job market is changing – many more applicants are coming forward
- > Employers should put a good recruitment process in place – avoiding 5 common mistakes
- > First, be sure you actually need to recruit someone
- > Differentiate between recruiting (setting out what you need) and hiring (selecting the right person)
- > Don't hire "on the spot" – take time, check references
- > In the current climate, it's the candidate who has to do the "selling"
- > Don't just hire on skill levels – look at attitude and character as well

Track 9

EARLY ACCESS TO SUPER

Michael Jones CA, Cummings Flavel McCormack

- > A Transition to Retirement Pension can be a tax-effective way of accessing your superannuation
- > It's available if you're 55 or over
- > There's no need to retire
- > The income stream is taxed at your marginal tax rate, less 15%, until you turn 60
- > After 60, it's tax-free
- > You can still make tax-deductible contributions to your super fund

Track 10

SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

- > I think by July/August we'll see a turnaround in the sharemarket
- > The current reporting season will be very ordinary with companies showing negative earnings growth
- > Barring another catastrophe we must be close to the bottom of the fall
- > A 10% compound return will take us back to the market high in seven years. 15% return will take us back in five years
- > Favourite stocks: CSL, Cochlear, Woolworths, QBE, The Reject Shop, Reckon Limited, Westpac

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

RETAINING YOUR AUDIT STAFF

The Institute of Chartered Accountants in Australia
1300 137 322
www.charteredaccountants.com.au/training

DEALING WITH DIFFICULT CLIENTS

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THE ECONOMY

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DON'T LET DEBTORS DESTROY CASH FLOW

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PERFORMANCE: BEING IN THE ZONE

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5 COMMON HIRING MISTAKES

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SHAREMARKET UPDATE

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