

Chartered Accountants

Business **in focus**

Monthly audio program > presented by Michael Schildberger

April 09

Milk your own COWS
- Tony Gattari, Achievers Group

The extras



Chartered
Accountants

NUMBER ONE IN NUMBERS



Executive Chairman

Michael Schildberger

Managing Director

Nick Schildberger

Advertising/Sponsorship

Nick Schildberger
nschildberger@be.com.au

Production Manager

Heather Dawson

Chief Editor

John Hounslow

Producer

Bob Kearsley

Studio Manager

Peter Letts

Publisher

Business Essentials Pty Ltd
ABN 98 006 144 449

405 Riversdale Road,
Hawthorn East VIC 3123

Phone (03) 9882 8333

Fax (03) 9882 8017

Website www.be.com.au

Our on-going aim at Business Essentials is to provide you with information and ideas to help you improve your particular enterprise. Right now businesses need such assistance more than ever. Help might be required in such areas as marketing and sales or accessing funds or being given accurate economic forecasts.

In terms of the economy we naturally rely on Professor Neville Norman who always gives us excellent advice.

On sales our guru Tony Gattari of Achievers Group gives us a reminder to milk our own cows! In other words, build sales through existing clients, talk to them, seek advice from them and encourage them to spread the word rather than visiting our neighbours' cows.

As for a possible shortage of funds, the banks might not be willing to help. There are however other ways. Michael Davis and Tim Martin of Causeway Financial explain on this month's CD.

To perform in a storm, Peta Bayman of Facilitating Results suggests that whatever the "weather" brings we must make sure our businesses go beyond surviving a crisis. She tells us how.

Leigh Adams of Leigh Adams Lawyers has timely advice for accountants on the legal aspects of asset protection and estate planning.

And chartered accountant Wayne Basford of BDO Kendalls brings us up to date on changes to Accounting Standards this year and further ahead.

Again, enjoy the CD and this Extras booklet.

A handwritten signature in black ink that reads "Michael". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael Schildberger
Executive Chairman.

Track 1

PERFORMING IN A STORM

Peta Bayman, Facilitating Results

- > There are two key areas of focus for a successful business team
 - 1) Business Fitness, including marketing strategies, products and services, distribution networks, financial management systems and people systems
 - 2) Organisational Health where there is a minimum of politics and an atmosphere of clarity allowing employee productivity to flourish
- > Many business leaders spend most of their time and energy on business fitness
- > Organisational Health is often seen as a “soft” area and has a longer lead time so results take time
- > In an environment of relative high growth and prosperity like we have just seen the problems in teams may exist but little or no attention is paid to them
- > Change has to start at the top. The power of the senior team to influence is massive

Track 2

ASSET PROTECTION & ESTATE PLANNING

Leigh Adams, Leigh Adams Lawyers

- > A well drafted appointor clause of a discretionary trust should have an appointor stripping provision which operates if the appointor commits an act of bankruptcy
- > There are five general issues to consider when setting up a discretionary trust: the trustee’s power of distribution, whether the trust is exhaustive, whether the trust has an open class of beneficiaries, the identity of the appointor, and the identity of the directors and shareholders of the corporate trustee
- > If assets are transferred before bankruptcy, the relevant issues are the time of the transfer, the solvency of the transferor and the identity of the transferee
- > In certain situations the court can reverse transfers made by a bankrupt before bankruptcy no matter how long ago they took place. Section 121 deals with this

This month's essentials

Track 3

ECONOMIC FORECAST

Professor Neville Norman, Melbourne University

- > 1. **Activity:** economic growth even more subdued for the moment
 - > First negative real GDP growth for years
 - > If the next quarter, due at Budget time, is also negative, it's recession but still a mild one
 - > Outlook still for slump to middle-later 2009, then uplift
- 2. **Equity Prices:** pleasing run of rises in mid-March. May not be sustained, but not far from the bottom
- 3. **Product Prices:** Heavy discounting. Underlying inflation remains slower but positive – 2-3%. Outlook on track
- 4. **Wages:** hourly rates still rising but reduced weekly hours will be the issue for many
- 5. **Interest Rates:** Reserve Bank courageous in holding rates but will probably cut further before the anticipated later-year rises
- > **Implications:** activity-dependent businesses still face a dark period, but only months to go before positive signs outweigh the negative. No major revision to the December outlook
- > **Actions:** Test if price discounting is sensible; make re-organisational changes while you can - they're harder to do in the recovery; ride the rates for a while; make budget submissions

Track 4

MILK YOUR OWN COWS

Tony Gattari, Achievers Group

- > Improving the frequency of existing customers buying means "milking your own cows"
- > We have a barn full of existing customers (cows) but we ignore them
- > We spend a lot of money trying to steal someone else's cows when we already have our own
- > It comes down to communication and treating those customers as friends
- > You're expected to give good service. Give remarkable service
- > Invest in a Customer Relationship Management package. It tracks every purchase
- > Give customers a reason to come back

Track 5

BORROWING WITHOUT PROPERTY

Michael Davis & Tim Martin, Causeway Financial

- > Banks are focusing more on property as security for lending

- > We are a growth lender. We lend against current assets, receivables, inventory, plant and equipment, intellectual property or combinations of them
- > We're not a bank so we're more expensive. It could be 10-12% when a bank is lending at 6%
- > In the last 18 months we've met all the requirements of all our borrowers
- > All loans have fixed maturity dates and we would be in breach if we called them earlier
- > Typically we have a minimum loan of \$3 million but we would look at someone close to that figure

Track 6

ACCOUNTING STANDARDS UPDATE

Wayne Basford CA, BDO Kendalls

- > Changes for 30 June 2009
 - 1.) AASB 2008-10, an amendment to AASB 139, allowing French banks to reclassify financial instruments to amortised cost
 - 2.) Interpretation 12, Service Concession Arrangements
 - 3.) Interpretation 13 Customer Loyalty programs. Don't just presume this only applies to frequent flyer programs
 - 4.) Interpretation 14 AASB 119, minimum funding requirements
 - 5.) Impairment and fair value
- > Major change from 1 July 2009 is AASB 3 Business Combinations. This fundamentally changes how we account for acquisitions

Track 7

INVOLVE YOUR STAFF – OR ELSE

Kevin Panozza, Engagement Matters

- > Of the "Eight Enemies of Engagement", poor management communication and lack of recognition stand out
- > Uniformity and a rule-driven environment will stop employees behaving as individuals - the business loses out
- > Avoid "greyness" in the work environment – people respond better to colour
- > Don't take people for granted – encourage them to develop within the business
- > Training is essential – don't throw them in at the deep end
- > Most jobs become boring over time – inject some fun into the work environment
- > Don't ignore back-office people. It's not just the customer-facing staff who sustain the business relationship

This month's essentials

Track 8

INVESTIGATING INTERNAL FRAUD

Wayne Gladman, Fraud Risk Solutions

- > Secure the evidence so no-one can touch or alter it
- > If the evidence is computer-based, make a copy
- > Be discreet and don't accuse the suspect until all the facts are known
- > Decide what your objective for the investigation is and seek good advice
- > Beware playing detective yourself – there are many dangers
- > What is initially recovered may be the tip of the iceberg

Track 9

SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

- > We expected bad results from the reporting season but surprisingly all our "star stocks" have shown no more than a small drop
- > I believe if companies are going to fail they should be allowed to fail without government propping them up
- > When parts of failed companies are sold off to better companies it results in stronger entities
- > Favourite stocks: CSL, Cochlear, BHP, The Reject Shop, Reckon Limited, Westpac, JB Hi-Fi

Track 10

NEW BUSINESS TAX BREAK

Michael Jones CA, Cummings Flavel McCormack

- > The government's proposed business tax break is an incentive to invest in new assets
- > If you commit to buy before June 30, 2009, you can claim an extra 30% tax deduction, provided you install the asset by June 30, 2010
- > If you buy before December 31, 2009, the extra deduction falls to 10% and the asset must be installed by December 31, 2010
- > For small businesses (up to \$2m turnover), the minimum amount that needs to be spent on an asset is \$1000. For all larger businesses, the minimum is \$10,000
- > Assets acquired by leasing will not qualify, but assets acquired under a hire purchase agreement will

Information

07

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

PERFORMING IN A STORM

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

ASSET PROTECTION & ESTATE PLANNING

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

ECONOMIC FORECAST

Professor Neville Norman,
Melbourne University
Email: neville.norman@unimelb.edu.au

MILK YOUR OWN COWS

Tony Gattari, Achievers Group
Tel: 02 9440 7373
Website: www.achieversgroup.com.au

BORROWING WITHOUT PROPERTY

Michael Davis & Tim Martin, Causeway Financial
Tel: 02 9221 3218
Website: www.causewayam.com.au

ACCOUNTING STANDARDS UPDATE

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

INVOLVE YOUR STAFF – OR ELSE

Kevin Panozza, Engagement Matters
Mob: 0418 246922
Website: www.engagementmatters.com

INVESTIGATING INTERNAL FRAUD

Wayne Gladman, Fraud Risk Solutions
Tel: 03 9497 1422
Website: www.fraudrisk.com.au

SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor
Tel: 1300 676 332 or 03 9854 9444
Website: www.lincolnindicators.com.au

NEW BUSINESS TAX BREAK

Michael Jones CA, Cummings Flavel McCormack
Tel: 03 9252 0800
Email: enquiries@cfmc.com.au
Website: www.cfmc.com.au

Subscription Form

I would like to subscribe to Chartered Accountants Business in Focus and/or Tax in Focus:

Family name: _____ First Name: _____

Company: _____

Address: _____

City: _____ Country: _____ Postcode: _____

Telephone: _____ Fax: _____

Email: _____ Member No: _____

Age Group (please tick one): 18-25 26-35 36-45 46-55 56-65 >65

Type of Business: _____ Number of Employees: _____

Subscription Pricing (GST Inclusive)

Product	Australian Rates		Overseas Rates	
	Members	Standard	Members	Standard
<input type="checkbox"/> Business In Focus – CD	\$445	\$545	\$445	\$545
<input type="checkbox"/> Tax In Focus – CD	\$445	\$545	\$445	\$545
<input type="checkbox"/> Combined (Business in Focus + Tax in Focus) – CD	\$795	\$995	\$795	\$995
<input type="checkbox"/> Business in Focus - Online	\$375	\$475	\$355	\$455
<input type="checkbox"/> Tax in Focus – Online	\$375	\$475	\$355	\$455
<input type="checkbox"/> Combined (Business in Focus + Tax in Focus) – Online	\$635	\$835	\$605	\$805

Payment Options

Please find enclosed cheque made payable to Business Essentials Pty Ltd for \$ _____

OR debit my: Amex Mastercard Visa

Cardholder's name _____

Card number _____

Expiry date _____

Signature _____

Please send your order details to:

Free Fax: **1800 656 351**

Free Call: **1800 039 098**

Free Post: *send this form, (accompanied by a cheque to)*

Business Essentials Pty Ltd,
Reply Paid 579, Hawthorn East,
VIC 3123, Australia

Tel: +61 3 9882 8333

Fax: +61 3 9882 8017

Please Note: Upon payment this notice becomes a **TAX INVOICE**. Please retain a copy for your records.

Business Essentials Pty Ltd ABN 98 006 144 449
405 Riversdale Rd Hawthorn East Vic 3123 Australia

Privacy Notification - The Institute of Chartered Accountants in Australia respects the privacy of individuals and acknowledges that the information you provide on this form is protected by the Privacy Amendment (Private Sector Act) 2000. The information collected by the Institute is used for the purpose of processing your registration and providing you information (via email and/or mail) on upcoming events, specific products and services provided by or associated with the Institute. To access a full copy of our policy visit charteredaccountants.com.au/privacypolicy



Training and Development – at your fingertips

Keep abreast of the latest development in business and tax in your car, at your desk, or even on the bus!

Your annual subscription will consist of monthly audio updates either on hot topics in business or the latest tax news.

You can choose to have your subscription delivered each month on CD or online. The online version has an optional MP3 download capability enabling you to keep up-to-date via your iPod®, compatible mobile phone, PDA or any other MP3 device.



**Chartered
Accountants**

NUMBER ONE IN NUMBERS

Know what you're diving into.

Does stock selection in these volatile times make you feel like you're diving into unknown waters? Lincoln can provide you with access to the intelligence you need to make informed sharemarket investment decisions.

Stock Doctor is a total sharemarket software solution. Trusted by investors for over 20 years, Stock Doctor analyses all ASX listed companies, enabling you to easily identify the highest quality companies that are financially healthy for your portfolio.

Call us to learn how you can access this intelligence to make confident and informed investment decisions every day.

Call **1300 676 332**

Web **lincolnindicators.com.au**

Email **enquiries@lincolnindicators.com.au**



 **lincoln**
**Stock
Doctor**



Important information: Lincoln Indicators Pty Ltd ACN 006 715 573 (Lincoln). AFSL 237740. This communication may contain general financial product advice. This communication has been prepared without taking into account your personal circumstances. You should therefore consider its appropriateness in light of your objectives, financial situation and needs, before acting on it. Investments can go up and down.

business strategy

strategy
marketing
growth
people
finance
technology
legal

franchising

strategy
marketing
franchising
people
finance
growth
technology
legal

international

strategy
marketing
international
people
finance
technology
legal

legal

commercial and corporate
franchising
licensing and distribution
intellectual property
legal compliance
dispute resolution
international



***If you have an opportunity or a challenge,
DC Strategy can help you build a better and more valuable business.***

DC Strategy
International Head Office
Level 5, 530 Collins Street
Melbourne VIC 3000 Australia
growth@dcstrategy.com
www.dcstrategy.com

Australia
Melbourne +61 (0)3 8102 9200
Sydney +61 (0)2 8220 8700
Brisbane +61 (0)7 3015 7600
Perth +61 (0)8 9426 3477
Canberra +61 (0)2 8220 8700



In-House Training that really measures up

For tailored In-House Training that provides your business or practice with a competitive edge – turn to the experts at the Institute of Chartered Accountants in Australia. We offer customised training in three main areas – technical, general business and people skills.

Visit charteredaccountants.com.au/inhouse
or call 1300 137 322 to find out more.

GAA Global Accounting Alliance



**Chartered
Accountants**

NUMBER ONE IN NUMBERS