

Chartered Accountants

Business **in focus**

Monthly audio program > presented by Michael Schildberger

February 09

The extras



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Accountants

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Maybe 2009 won't be as bad as we feared - well, not all of it anyway. Last month our economist Professor Neville Norman forecast worsening tough times in the next few months but said we should then look forward to the start of a recovery. That will mean a lift in property and share markets - and a slight increase again in interest rates. But rates will go down even further before that increase happens. This month Neville Norman expands on his views and is given support by property/finance expert Nicholas Don of Odyssey Financial.

He finds funds for property purchasers and says already he has never been busier. And in the share market Lincoln's Elio D'Amato is more optimistic on a return to better times sooner rather than later.

We hear on the CD from Ash Hunter who runs a very successful magazine publishing business. He says we should be honest with ourselves, and should listen to what our clients want, not what we think they should have.

Negotiating client fees has moved with the times and Debbie McKenzie of Walker Corporate Consulting brings us up to date on latest techniques.

Andrew Bloore of smartsuper has seen a growing number of SMSF clients who want more of a say, and says that advisors need to address several issues.

Gen Y staff members present challenges for older managers/partners and Michael McQueen of NextGen Group guides us on how best to bridge the generation gap.

There's plenty on the CD to help you through the tough times and to get prepared for the period of recovery.

Michael Schildberger
Executive Chairman.

Track 1

CLIENT FEE NEGOTIATION

Debbie McKenzie, Walker Corporate Consulting

- > It's all about relationships. Building client relationships reduces stress when negotiating fees
- > Find a clear understanding of individual client values
- > Managing client awareness of value alleviates stress when negotiating fees
- > 10 negotiating techniques

Track 2

SMSF ADMINISTRATIONS

Andrew Bloore, smartsuper

- > First and foremost trustees need to understand their obligations
- > Investment strategies are not a compliance document. They're a measure of the fund achieving its goals
- > Are assets in the right name?
- > Are minutes complete and correct?
- > Basic documents for establishment, tax and annual audit should all be signed
- > Do a compliance check

Track 3

ECONOMIC UPDATE

Professor Neville Norman, Melbourne University

- > Things will get worse before they get better, but I'm still "quite optimistic" about the outcome in 2009
- > We're already seeing signs of a partial recovery, though not yet in confidence
- > My growth forecasts for China, the US and the world are half what they were a year ago - other economists are even gloomier
- > The situation's grim but negativism has gone too far
- > The Federal Government is likely to run a small cash deficit in 08/09, before returning to a modest surplus in 09/10
- > The May Budget will be the most difficult to prepare in Australian history, and crucial to the recovery
- > Interest rates will fall further before starting to rise again in late 2009 or early 2010 - don't leave it too late to lock in low rates

This month's **essentials**

Track 4

PROPERTY: DON'T WAIT TOO LONG

Nicholas Don, Odyssey Financial

- > Indications are that 2009 will be a good residential year with another two to three strong years ahead
- > We still work on the 7-10 year cycle of doubling your property investment money
- > Commercial property is harder to predict than residential
- > The high end of the market has dropped up to 25%. We believe the \$350,000-\$500,000 range will provide good gains
- > Factors influencing property investment: interest rates, rent yields, vacancy rates and building approvals
- > Getting money depends on how you put your proposal to the bank
- > Since 2007 legislation allows Self Managed Super Funds to borrow to invest in residential or commercial property

Track 5

BE HONEST AND REAL

Ash Hunter, Hunterfive

- > Stay true to your product even if it costs money in the short-term
- > In tough times, focus on what you do best. Are you providing real value to customers?
- > Be passionate about what you do
- > Surround yourself with the best people - then trust them
- > Make decisions - if they turn out to be wrong, make others until you get it right
- > Build infrastructure to expand as you need it, in chunks your business can digest

Track 6

COACHING & MENTORING GEN Y

Michael McQueen, NextGen Group

- > Gen Y people are born between the early 1980s and late 1990s
- > Generation Y is a group which is often described as impatient, disloyal and over-confident
- > They are also, however, very open to and interested in coaching and mentoring from their managers
- > To bridge the generation gap, it is critical that managers build a rapport-driven relationship. Focus on asking effective questions, and using stories to make the point.

Track 7

THE RIGHT TIME TO STEP ASIDE

Rod Young, DC Strategy

- > I think the proprietor or CEO of a business should not be in the same job longer than five years
- > After five years you've either given it all you've got or you haven't and it's time to go
- > Many proprietors think they're irreplaceable and never hire someone who can take over the management
- > If you can replace yourself you have a valuable investment
- > You have an opportunity to grow your business via franchising if you bring in motivated owner-operators

Track 8

SHAREMARKET UPDATE

Elio D'Amato, Lincoln Stock Doctor

- > Investors are showing cautious optimism after a flat start to the year which they see as consolidation
- > The caution is based on fears of more bad economic news and some people are wary of over-committing
- > Although we know that unemployment will rise, we need to keep it stable to avoid defaulting on loans
- > We need to see banks free up their credit policies
- > We expect that stocks will recover before the economy - possibly about April
- > The next reporting season which starts in February will be the most important in 70 years
- > Favourite stocks: IMF Australia, Westpac, Leighton Holdings, BHP Billiton, QBE, CSL

Track 9

TAX: EXPANDING OVERSEAS

Michael Jones CA, Cummings Flavel McCormack

- > Tax rates in overseas countries may be attractively low, but that's not the end of the story
- > Profits earned overseas and distributed to shareholders through the Australian company won't attract franking credits. They'll therefore be taxed at the top marginal rate
- > Added to, say, a 20% tax rate overseas, that could mean a total tax bill of more than 65%
- > That may not be a problem if the company doesn't distribute its profits, but that's only a short-term solution
- > Any trading losses in the overseas company will generally be trapped there
- > One solution is to use trusts to bring profits back without paying excessive tax

Track 10

THE POWER OF BUSINESS NETWORKS

Ken Everett

- > The networked organisation depends on collaboration between individuals or businesses, acting autonomously but in a common cause
- > It's unlike the traditional hierarchical company structure, with its head office and tiered management levels
- > Two of the world's most successful business organisations, Visa and the World Wide Web, are examples of the networked structure in action
- > Members of the networked group can readily exchange information, contacts and ideas in an open and trusting environment
- > Operating in overseas markets is easier: local people understand the language and culture, and are motivated to make their businesses succeed
- > The instigator of the network has a role to play in hosting network meetings and ensuring new entrants meet the required standards

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

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The Institute of Chartered Accountants in Australia

1300 137 322

www.charteredaccountants.com.au/training

SMSF ADMINISTRATIONS

The Institute of Chartered Accountants in Australia

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ECONOMIC UPDATE

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PROPERTY: DON'T WAIT TOO LONG

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BE HONEST & REAL

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COACHING & MENTORING GEN Y

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THE RIGHT TIME TO STEP ASIDE

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SHAREMARKET UPDATE

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THE POWER OF BUSINESS NETWORKS

Ken Everett, Think on Your Feet®
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