

Talking Business

with PETER SWITZER



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Catherine Harris

is Chairwoman of Australia's largest independent fresh produce retailer, Harris Farm Markets. With 20 stores around Australia, Harris Farm Markets now employs 1000 workers and has an annual turnover of \$300,000,000. Catherine is here to discuss the rules of running a successful family business and corporate governance in private companies.

www.harrisfarm.com.au

PS On *Talking Business* is Catherine Harris, Chairperson of Harris Market Farms. Catherine started the business with her husband back in 1971 and today they employ a thousand people in 20 stores, and have 2 butcher shops that have an annual turnover of \$300 million. Family business makes up a large proportion of businesses in Australia. We're going to discuss the challenges of the family businesses such as succession planning and competing with big business, as well as looking at the many benefits of this type of business.

Welcome to *Talking Business* Catherine.

KH Great to be here.

PS Catherine, your story's a great story, you and David kicked off this fantastic fruit and vegetable business, Harris Farm Markets. Tell us how it happened?

KH Well, David and I were both at University thinking about what we're going to do next. David was always going to go into his father's business, and when his father sold his business and he said 'well dad, what am I going to do now?', and his father sort of thought about it for a minute and then he said, 'well son, I'll give you three hints', and he said 'make sure it's something that big boys don't do well, make sure it doesn't take a lot of capital to get into, and, son, make sure it's a cash business.'

PS [laughter] And see, you think it's always the Italians that say Cash Is King. Alright but then the important thing is that both of you came from a small business background because your mum was...

KH Absolutely. My mother owned Mary Rossi Travel, and my father was also a manufacturer and...

PS Your bothers as well? It's a great small business that becomes big business. Now, was it hard to go from being university students studying business type subjects, and all of a sudden running a fruit and vegetable business?

**Catherine
Harris**

KH Well, we didn't find it that hard only that we didn't know anything. We didn't have the expertises that the old Italians have that have been in there forever and ever, and so we're there really learning all the time, and I think that's one of the good things University gives you is an ability to just want to learn. However, the hard part was that they didn't quite accept us. University students, you know, they're not even Italian, and then they sort of found out that my name was Rossi, and they'd say 'well at least she comes from an Italian background' little did they know I didn't speak a word of Italian. [laughter]

PS So, Harris Farm Market, concept and the growth... If you look back on that, how did you grow the mega business which it has become?

KH Hard work, Peter. I think hard work and absolute dedication. I mean it's been up and down. You know we went through a very bad time during the last recession and it went down, but it's about really putting your head down and really focusing on the bigger business, and of course sometimes in a family business that means at the cost of family work-life balance, but I think also having a passion for the business is the other thing that is very important. The passion for the business wasn't just David - the passion for the business was all of us and our kids. Even when they were little and 14 and they'd go and work in the shops and they'd come home and boast who pushed the most trolleys or worked the most hours, and of course being in fruit and veg it's a beautiful industry, you know you're giving something good to the community, so that's nice.

PS Without a doubt. You've also been happy and willing to learn from, say for example, things overseas, because you learnt the scanning technique from overseas?

KH Yes, we were. Maybe that was because we did have a university background but we were the first to introduce scales matching up with the cash register. So, you put three tomatoes on the scale and it automatically goes to the cash register, we saw that overseas in America. We both

**Catherine
Harris**

travelled a lot and love travel, but everywhere we go we'd go and look at markets and see what was happening, and, interestingly, you think that America is the most advanced retailer in the world, but in fact they did very badly in this area. We actually saw more things in Canada, for example, but the technology in America was what it was all about and we were very interested in the technology. I think that gave us an ability to analyse and assess our productivity and our margins better than our competitors, at that time even better than Coles and Woolworths.

PS Okay, you've also had the guts to expand and that always takes the willingness to borrow and back yourself, and along the way you said the recession was quite hard. How important was it having a network of people who supported you, gave you advice and showed you stuff that you couldn't see by yourself?

KH Very important. It's good to get out and belong to other organisations. You see things and get ideas and hear other people talking about ideas. I know David went out and he belonged to an organisation where they had things called Universities, which were not really universities but they were learning experiences for business people. Also, in the middle of building Harris Farm Markets, I actually went off and worked in other areas and I bought some of that expertise back into the company as well.

PS You were the Federal Director of the Affirmative Action Agency.

KH That's correct.

PS So you were picking on blokes who were picking on women weren't you?

KH [laughter] Well, a little bit of that. Really, what it was about was change in management, it was about using all of your workplace and selection on merit and all those really obvious good human resource practices which companies weren't doing.

**Catherine
Harris**

PS And do you think by introducing better work practices your productivity in your business has improved as a consequence?

KH Definitely, definitely. It was very interesting. People were very critical of unfair dismissal. We actually saw unfair dismissal as a real boom in our business, well for our particular business, because what we did is, we said to each manager, okay now if you dismiss somebody you are going to get into serious trouble and you have to go to court and defend yourself so you better learn about performance management and giving people feedback, and this was a huge change for the fruit and vegetable industry, to actually have managers managing people and developing people, and it really helped our company. You know it's funny sometimes that stick makes you implement good work practices.

PS And you learn as a consequence of it.

KH And we learnt as a consequence of that.

PS If you look back on your experience, what have been the most important reasons why you as a husband and wife team, have been able to build a business of this size? Apart from hard work, we know hard work...

KH Apart from hard work. I think our love of learning has always been something, and I think the other thing, Peter, is being able to separate business and our own personal relationship and our family relationship. So David and I might argue about what we have for dinner or who used the toothpaste last, and things like that.

PS Oh really [laughter]

KH But interestingly we don't argue in our business because he has a role and I have a role and we learn from each other. It's completely separate. I mean we could have a terrible time at home and then go into the business and be able to put that aside and I think that is something that has really helped, and now we've got three sons in the business. Again, it's that distinguishing between family issues and business issues.

**Catherine
Harris**

PS And have you, in a sense, created a code that if a son wants to have an argument with you he argues as an employee and not as a snotty nosed brat kid who's been leading you by the nose most of his life? [laughter]

KH [laughter] Yes definitely. In fact, we've had a very formal board meeting recently and I was quite angry about something and tried to sort of keep my cool as the Chairperson...

PS And not being mother angry.

KH And not being mother angry, and so all of a sudden in the middle of the board meeting I said, 'look, we're just going to have a 10 minute break in this board meeting, and now I'm taking off my company hat and putting on mother's hat' I went off at one of my children and then he had his say, we had a bit of an argument, and then we said 'right, business hats back on', and we just went back to a normal business meeting.

PS And did you have Independent Directors there as well?

KH We had Independent Advisors.

PS Who are used to you. [laughter]

KH Who are used to us, yes. [laughter] They all laughed and we moved on.

PS Kathy is there a website if people want to learn what you guys are doing? Is there any other thing that you'd like to share with us before we wind up this interview?

KH Well, only that I think this is very tough financial times, we're lucky we're doing quite well because I think we're seen as a value proposition. Yes we do have a website to see your local Harris Farm Market store, it's www.harrisfarm.com.au.

PS Great stuff, and thanks for joining us on *Talking Business*.

KH Thank you.

Steve Tucker

is the CEO of superannuation giant, MLC. Steve provides insight into the evolution of the wealth management industry and discusses the impact of the worldwide recession on superannuation, and his views on the industry outlook.

www.mlc.com.au

PS Joining me now on *Talking Business* is Steve Tucker, CEO of MLC. MLC manages more than \$90 billion on behalf of individual investors and corporate customers in Australia. Steve's background is in financial advice and today we're going to have a look at how the global financial crisis has affected superannuation and get insight into the future of the industry.

Welcome to *Talking Business*, Steve.

ST Thanks, Peter.

PS So how does someone become CEO of an organisation like MLC?

ST Little bit of luck, a lot of hard work and I've been in the organisation for a long time, Peter, so I've just about done every job in the place, and I guess eventually you have to keep moving up or move out. I ended up being the CEO, which I'm very happy to be doing.

PS Okay, you couldn't imagine a more challenging environment to run an organisation like yours. What's it been like, being in control of an organisation which is connected to the stock market, when the stock market's been terrible?

ST It has been a pretty bad time for the market and we're certainly impacted by that. It's like any business, I think it's got its good times and its bad times, and we try and think through the cycles and really focus on what we're here to do, which is to look after people's money for a very long period of time, not just for a year or two. In general, superannuation investments are in there for decades, so it's been difficult, and we've been working very hard. We've been managing risks and making sure we communicate as much as we possibly can during what is a time where obviously people are worried and they're seeing their account balances go down and they get concerned about that. But, you know, our business is in pretty good shape and even though investors are concerned, we're making sure we talk to them about focusing on the long term and that's going to get us through all this, and it will turn around.

**Steve
Tucker**

PS Do you think that the stock market over 2009 will show a healthy rebound along the way? I know that's a hard call but people want you to say yes, you realise this?

ST I realise that. It is a hard call. I think we're still seeing some of the implications of this pretty significant global crisis rolling in through the economy. I mean, Australia's in pretty good shape really, you know, our banks are in good shape compared to just about any other country, and whilst our market has taken a fair dip, we've still got reasonable fundamentals in our economy and with interest rates coming down and some of the other stimulus packages going through, I think we'll see a better second half of 2009. Very hard to call where the bottom is, and I'm not going to do it here, Peter, but I think we're trying to get our investors to think beyond just the next few months and into the next few years which is where most of them are investing for the long term. We all think that it will come back at some point in time and hopefully it's sooner rather than later, but we just don't know when.

PS I heard an old US investor/analyst who made the point that we've had 12 recessions since World War II and we've had 12 recoveries. In fact, my assistant actually pointed out it was actually 11, but I thought the theme was good, that recoveries do eventually come?

ST Oh absolutely they do, and like this one, like most recessions, it looks bad at the time and it is. I mean it's going to have big impacts around the economy, around the world, and it probably looks a little bit more serious than some, but we know they all end, we just don't know when and I think we're starting to see some signs that we might be near around the bottom at this stage. Hopefully that's the case, but we've just got to make sure we focus, as I said, on the longer term.

PS Do you also think that some people who become customers of financial advisors only think the job is to get the market right and forgot that there's a whole lot of other activities that are really important in the advice process?

**Steve
Tucker**

ST Oh I absolutely do, and I think when times are tough and markets are down people do tend to look at the bottom line and that's natural human behaviour, but the advice process is much, much broader than just investing money. At the end of the day it is a bit about peace of mind, it's about getting a second opinion, and in many cases, advisors stop people from doing the wrong thing at the wrong times, like right now. I think a lot of people are thinking, 'well this has all been pretty tough and I'm sick of seeing my account balances go down a little bit, maybe I should switch out and jump into cash', for example. One of the good advisors would be saying, 'well we've got to think through these cycles, let's not be emotional, jumping into cash right now could be exactly the wrong thing to do, we've crystallised losses, we know the market will come back and we'll miss out on the game'. So there's an advice element, there's a coaching element, there's a peace of mind element, and then of course there's getting investment returns, which is part of it as well, but it's a broader package than just ups and downs.

PS I know one advisor who has a client who's lost a bit of money on the market as most have. She has had two accidents in her workplace and the insurance cover that he advised her to take, which she didn't want to take, has left her in a very good position - she's ignoring her losses on the stock market.

ST I think things like insurance, which are often not thought through by clients, really are brought into focus by advisors, and cash flow management, and how much debt you should have in your life, and what you're doing with your credit cards. I've seen advice, very simple advice save people a lot time, and a lot of money and a lot of worry, we tend to think about the investment part but is much broader than that.

PS Talking to Steve Tucker, CEO of MLC. Now you guys sort of went outside the square to adopt a fee for service model. What was your thinking behind there?

**Steve
Tucker**

ST Well, there's a lot of scrutiny in the industry and questions about the practices in the industry and whether the financial planners were really giving advice because it was good for the client or it was being driven by the commissions that were paid by the products that were being sold. At the end of the day we know the advice value and if we can advise more Australian's to talk to financial planners they'll be better off and we're sort of thinking, what are the barriers stopping people from getting in front of a financial planner and what we discovered was that people were concerned about things like commission payments, so we moved to a model where the client and the advisor make a decision as to what's going to be paid and how its going to be paid, not related to the product that gets sold and we've seen the clients be much more comfortable with that approach and certainly its worked out well for our organisation.

PS People who are in your group, because MLC is in the NAB Group, must have thought this is a courageous decision Steve Tucker, to move away from the old model?

ST I think at the time a lot of them did. I mean we had a structure in place for decades where basically products were sold and commissions were paid, but you know its 2009 not 1999 or 1989 and we've moved from a product world into an advice world. Just what we were talking about before, there's so much more to it than the product that you invest in at the end of it to actually make it that that's the only way you get paid. Doesn't seem to make sense does it? So we've certainly got a much more transparent view of the world. Its about all those other things we talked about and the clients are happy to pay for that as long as they know what they're paying.

PS The Minister for Superannuation, Nick Sherry, had a few plans a foot. How do you think those plans are going to affect the industry?

ST Well, if the Minister's concerned about making sure that everybody has access to superannuation at reasonable prices, and he wants to make sure that clients end up with

**Steve
Tucker**

the right product and not necessarily the product that pays high commissions. He also wants to make sure that things like self managed superannuation are well understood and used by the right people. I think all those things enable things to work. True, there's difficulty in getting there, but for the average superannuation investor I think what Minister Sherry's after and what we're all after is good value for money products that give you the right investment choice and gets you great outcomes for your retirement. We agree with that and we're happy to help with the process.

PS Here's a questions which I'm sure you'd like to say yes to or you think it's likely. Should plans be tax deductible? At the moment its tax deductible for on going advice but the actual plan isn't tax deductible, I go to an accountant and get a plan for my business that's tax deductible but not a financial planner. Do you think governments will start thinking about that?

ST I certainly hope so, Peter. I think it should be tax deductible, it is in the process of earning and income generally or looking after your investments, so I think what the industry has to do and what the profession of financial planning has to do, is to show government that we've moved away from the product world into that advice world, which is typically looked on as being an accounting of a legal world and if we do do that and show that that's the way we want to go forward as a profession, then I think we'll see fees becoming more in line with those other professions, like accounting for tax, and it will be tax deductible.

PS And just before we go mate, if people want to look up about what you're doing, what's the website?

ST Well, it's mcl.com.au and we'd be happy to have lots of people come and have a look at all the information on there for all different types of financial needs, so we'll see them at the website.

PS Okay mate. Thanks for joining us.

ST Thanks, Peter.

Graeme White

is the CEO of the not-for-profit organisation Guide Dogs, Victoria. Graeme has spent 30 years in the Australian Pharmaceutical, Healthcare and Optical Industries, and has worked with many major businesses. He is discussing the benefits of NFPs working like profit entities, as well as tips on how to fundraise successfully in tough times.

www.guidedogsvictoria.com.au

PS On *Talking Business* my next guest is the Dr Graeme White, CEO of the not-for-profit organisation Guide Dogs Victoria. Graeme has worked with many major businesses and has spent 30 years in the Australian pharmaceutical, healthcare and optical industries. During these tough economic times it has become increasingly challenging for not-for-profit organisations, acting more like a profit organisation may be the answer.

Welcome to *Talking Business* Graeme.

GW Oh, thanks Peter.

PS Look, Graeme, why don't you tell us your background?

GW My background? I've got a PHD in sciences and I've floated around pharmaceutical and healthcare industries for the last 30 years in various roles, and I've entered into the not-for-profit sector with a lot of passion with what we can do for people who need help.

PS It's funny that use the word *float* because there was a great Graeme White, surf swimmer many years ago, who came from Victoria who I used to unfortunately run behind all the time because he was a good swimmer but clearly you're not...

GW Wasn't me.

PS [laughter] Tell us about Guide Dogs Victoria because all Australians love Guide Dogs.

GW We're not-for-profit, we get about 7% of our money from the government, and the other 93% we have to raise through fundraising. We see about 1400 people a year and provide help to them. Only about 15% of the people we see we provide dogs to, the other 85% we're helping with their daily living skills and with orientation mobility, getting around town, getting on with their lives and so on, and we have a team of about 180 passionate wonderful people.

PS Look, it seems to me that the government really should be supporting you a lot more than they are, and clearly you

**Graeme
White**

run this argument against the government. What's the status of the debate?

GW Well, the debate is, they continue asking this question. They give us, as I said, about 7% and they continue to argue that there are charities that need to money more than we do. We are reasonably successful in our fundraising, in good times, and they argue that we're doing okay and they'd rather give their money to other people. We don't like that argument very much, but we have to get on with business and do whatever we think.

PS It seems to be when we're able to provide a guide dog to a person who's sight challenged, clearly their whole life improves, their productivity improves, and I guess their reliance on other government social services would decrease. Is that a fair argument?

GW Absolutely. People say it gives them a new lease on life, and when you look at about 480,000 vision impaired and blind people in the whole of Australia – a reasonable number of whom are clinically depressed and quite a few suicidal and at home are leaning on their carers and government monies, not getting on with life – the people who have guide dogs generally have jobs and are out there, they're mobile, wanting to get on with life and want to do things to contribute to society.

PS It has actually been shown that people who are depressed can come out of it by having a dog, whether they're blind or not.

GW Exactly. We have some great examples... Dogs with us that don't quite make it as guide dogs because of their temperament, they sometimes get an alternate career and we give some of these as companion dogs to people with other disabilities, and there are quite a few examples of these companion dogs given to people who are clinically depressed where the dogs literally save the person's life, they detect and sense when the person is down, they go and basically put their head on their lap, and quite a few

Graeme White

people comment in that situation that the dog has saved their life.

PS I have a Golden Retriever and a Labrador so I've had the head on the lap on many experiences in my life as well.

GW No doubt also involved with a plate of food on your lap as well.

PS [laughter] Without a doubt. We're talking to Dr Graeme White, the CEO of Guide Dogs Victoria. Now, you did say earlier that in better times it's easier for you. In these tougher times are you experiencing a surprising fall in support?

GW The recession seems to have affected our fundraising by about 15% -20% downwards, and I fear that other charities are probably worse off than we are because we have a fairly high profile. We have yet to see the effect of the fire appeal or the flood appeal of Queensland and how that may affect us and basically create a vacuum for giving amongst Victorians, so we're feeling it and we're digging into our reserves. Luckily our reserves are in cash, many charities have their reserves in shares and managed funds which they can't touch. As soon as they touch them and liquidate them they realise the losses. So we're better off than others but we're still down and we're still digging into our reserves, and we can't do this for a long time without some help.

PS Well clearly, even though we call you a not-for-profit organisation, it seems logical to me that you actually do run as a profit oriented organisation, but the profits would then be surpluses that you will use in future times and maybe even as a buffer during the tough times?

GW Yeah, it's a little bit different to a profit organisation or a standard corporate entity. We don't derive our funds from selling goods or services, we derive our funds a little from the government and the rest is fundraising. Then we have to use that as efficiently as we possibly can, and I suppose with Guide Dogs Victoria, as with a lot of other charities, we run very lean, we're very tight on resources,

**Graeme
White**

and we basically tighten the belt whenever we can. There's little room to move and little fat to cut off when we have a recession like this, so the first thing that goes is services.

PS Okay, I'm sitting here thinking to myself, 'okay you've got a wonderful brand name, the market, I'm a part of the market, I don't know that you're not supported 100% by government, we would have probably presumed it until you told me otherwise', you know all this. What is the alternative? Is there an alternative model that you could go to leveraging off this wonderful brand name of yours, and maybe it's better marketing the fact that you rely on the public to help?

GW Marketing communicated with the public is always going to be a big challenge. We're limited in resources. The money that we do raise we don't want to squander on big marketing campaigns and a lot of communication, and this varies between charities. So the point is getting our message out to people as effectively as we possibly can in a time like now when there's a recession. The trap that people can fall into is to pull back on their advertising and promotional spending. Luckily our board is much wiser than that and has encouraged us to continue our spending on pre-recession levels. So it's really important to us to get the brand out there, and I think for any charity, to get the message right, to engage people and to have people really understand what you're on about, understand the work you're doing and understand in the context of the other things that are going on around that society. At the moment we're trying to communicate very effectively with people. For example, before Christmas we had an advertising campaign, we talked about the 69% unemployment rate with vision impaired blind people and we had a big headline newspaper article just to basically get people to realise that not only is every *joe blow* in the street struggling with the recession and potential unemployment, but we also have the situation with the vision implied, much more I suppose susceptible to the current pressures. So the message has to be topical, has to be fresher, has to be really engaging, and those sort of things help.

**Graeme
White**

PS Have you ever thought about trying to link in with an association of small businesses where they actually quite proudly say that they're great supporters of Guide Dogs Victoria, they benefit from that and you benefit as well?

GW We do work with some companies, we have a good relationship around the country with Masterfoods and also Kimberly Clark with their tissues, and they use our name to advertise and we use them as well. So there's a good symbiotic relationship there, and we continue to work with corporations to do that, but corporations are feeling the pinch at the moment too and they're also tightening their belts, so it's not easy to actually crack that one.

PS Well let's hope that the conversation today on the plane actually will help you.

GW Yes, thank you very much Peter, I hope it does too.

PS The website that people can go to if they want to learn more about you?

GW It's www.guidedogsvictoria.com.au.

PS Thanks for joining us on *Talking Business*.

GW Thanks a lot for having me, Peter.

Barbara Warren

is the Head of Corporate Performance at the National Institute of Dramatic Art (NIDA). Barbara teaches acting to an array of corporate clients to encourage teambuilding and strengthen companies from the ground up.

www.nida.edu.au

PS Up next on *Talking Business* is Barbara Warren, head of Corporate Performance at the National Institute of Dramatic Art or NIDA. Just as an act troop requires strong teamwork to give the best performance possible, staff need to be able to work together effectively so that business runs smoothly. Barbara teaches acting to a range of corporate clients to build teamwork, leadership, presentation, customer service and communications skills.

Welcome to *Talking Business* Barbara.

BW Thank you Peter.

PS Barbara, I'm sure people on the plane are saying, 'hang on, NIDA and business?' How did that happen?

BW I hope people on the plane are saying that. It's a curious mixture but obviously a very relevant one. If you think, just for example, the role of a director in theatre, it's an incredible leadership position, and in regards to acting and performance, all the time people are being scrutinised for their performance in leadership positions, so the context for us is that we are well placed to be able to offer these programs and access the range of skills that performers need to utilise to be very effective in business.

PS I'm kind of thinking of a CEO who can *pretend* the company's going really well, that's a really valuable skill to have isn't it?

BW I really like the use of your word pretend there because we're acting...

PS I'm being facetious.

BW Oh absolutely, but that's a very good question because that's one I'm frequently asked. An actor doesn't pretend, an actor embodies the very skills of making sure we understand what it's like to be that person in that place at that time, and therefore for us, we really do look at that approach of a CEO or any manager who had to really be true to themselves in regards to how things are going and convey that – the richness of the language they choose and

**Barbara
Warren**

the messages for example. So it does come back to the skills of how you embody performance.

PS Yes, so important because there aren't many natural born leaders and people, because of their skills and their success, are often promoted into a position and all of a sudden if they realise they're not really good at being a public leader, they've lead themselves brilliantly to get to a position, but leading others is another skills set again isn't it?

BW It absolutely is, and it's so important for people to feel comfortable in public speaking engagements. We all read the statistics that people would rather be dead than do public speaking, and it's a fascinating statistic for me. We want to make sure that people are very excited by the process of public engagements and therefore finding a way to be able to really access those skills to make their presence felt, have an impact and be influential, all the skills that obviously are required for those roles.

PS So do people who feel as though they have a weakness in that kind of public presentation come to you and say 'look, can you make an objective assessment of what's wrong with me and then make recommendations on how I can improve?'

BW Two scenarios there, people who clearly identify that they are challenged in that area and would like a bit of an audit from us in regards to how we are perceiving them, and also people who really enjoy the process of speaking but would like to find techniques and a few tips on how they can really enhance the wonderful skills they've already got. So for me I always believe that anybody, regardless if you're terrified of public speaking or it's something that you enjoy, you still need to practise it, you still need to access the physical and the vocal skills that go with that.

PS We're talking to Barbara Warren from NIDA. Barbara, the teamwork aspect, how does NIDA participate in improving teamwork in corporations?

BW This is a fantastic area for us because it really does allow us to access our creativity, so for us we would have

**Barbara
Warren**

a whole range of activities where a team could come in. It might be as simple as putting on a morning TV show so everybody has to think about what their role will be there and how they access their creativity, what they're hobbies are to speak freely about them, so it becomes a task with purpose and significance in that people really have to work together to achieve that product at the end, and then they'll get to see their show back. That's obviously a hilarious time for them, but also the very essence of theatre games, Peter. People really underestimate the spirit of play and the importance of that, of being able to setup a context for a group to explore, to investigate, to have a laugh. So to really think about how you can garner the intellectual strengths of a group of people and that can be done through a range of theatrical games. Team work is vitally important in theatre, if you don't all pull together you don't get a show on and that's a great metaphor that we can assist business with.

PS Do you find people come to you and say I've got a sales team and I'm just not really sure how they are personally relating to customers? Can you guys make an assessment and make recommendations of being more engaging with people? Is that the sort of thing you can do?

BW Most definitely, that's the very thing that we do, and more importantly, you know people are recognising that without relationship, without that point of engagement, there is no sale. So the immediate transfer of skills from our world to the business world become very pertinent.

PS Is it possible that someone could be a fantastic seller over the phone but face to face it is completely different and the skill development could come from a place like yours?

BW Absolutely, and more and more I feel that people are relying on personal contact so people are looking for that way of establishing rapport very quickly. If you take someone away from a telephone (which in our language is a prop) and you put them in front of a person, then immediately the interaction has changed, and if you cannot access those personal skills that we've been referring to,

**Barbara
Warren**

then obviously the business relationship is doomed. It's very important that people really do understand the context of an actor/audience relationship, in this case, presenter audience relationship, and really take the time to consider and be considerate to what the needs of the audience are.

PS Are there are scenarios that you can create on behalf, for example, of management so they can hold up a mirror to their staff showing them how their currently behaving to customers or to each other by creating sort of role plays, and then as a consequence are you happy with the way that it was played out? Do you do those sorts of scenarios?

BW Absolutely, it's a technique where you can actually get like a board, for example, to be involved in various scenarios but also to use our professional acts, that's an enormous area of our work, where our actors are given a script by a client and we will actually go through a variety of situations and then their staff go, oh well, that person there did A, B and C and if I was in that situation I would do this, give them an opportunity to try out the alternatives, and I think in real-life, in real-time we don't really get that opportunity so it's very important to examine and have a look at a style of playback theatre where you're seeing a very real workplace scenario be revealed right before your eyes. It's very exciting and it's wonderful and playful again.

PS I guess it creates a line of action as a response to when a certain situation comes up, someone would be saying, this is the way I should handle that sort of situation?

BW That's right, and part of the way I teach is to really make sure people understand the inherent value of rehearsal. If you haven't thought about it, if you haven't visualised it, if you haven't seen all those alternatives, then you are leaving yourself completely exposed to a whole range of failures. Now, it's okay to fail as long as you learn from that experience, so yes the scenario that you've created there is very true, it does give people that opportunity to see possibilities.

**Barbara
Warren**

PS When you were talking about that it reminded me of my early days in radio working with two pretty well known people, Andrew Denton and Doug Mulray, and one day I said, 'how can you guys always be so ready with the quick response?' and Doug looked at me very seriously and said, 'Switz, in this game, research your adlibs', it works in business as well does it?

BW It does Peter. People always say to me 'but some people have just got that natural ability to walk into a room and they're the presence'. They really work at that, they really rehearse that. I don't know any substitute for good preparation or rehearsal, there is none in my view, it really is something that you have to put your heart and soul into and care greatly about and maybe it's the element of care that's also lacking in a lot of business presentations.

PS Great. Now, before we go, what's the website if people want to learn what NIDA's doing for business?

BW It is www.nida.edu.au and our link is *Corporate Training*.

PS Great. Thanks for joining us on *Talking Business*.

BW Thank you Peter.

Tom O'Toole

joins *Talking Business* to share how he grew a two-man bakery in the small town of Beechworth, into a thriving business with over 70 staff and an annual turnover of \$3 million. Tom chats about how to develop a productive working culture and discusses letting go of the reins in your business while still maintaining control.

www.beechworthbakery.com.au

PS My next guest on *Talking Business* is Tom O'Toole, the Beechworth Baker. Tom took over a small town bakery with only two staff and a turnover of a 100k a year and transformed it into a successful business with 70 staff, a turnover in excess of \$3 million and more than 600,000 customers a year. Developing a great staff culture is crucial to the success of business and he's remained positive in these tough times for business.

Welcome to *Talking Business* Tom.

TO Thank you Peter.

PS Now, I should say to the listeners on the plane that Tom is the second best speaker on the speaking circuit, behind me, but gee he's a bloody good speaker. [laughter]

TO On the real business front I'm a baker, I'm not a waffler like Peter.

PS [laughter] So Tom, you probably do 100 speeches a year nowadays?

TO Around that, have been doing that for a lot of years, yes.

PS And it's come out the fact that you did take a business in the battling town. Tell us about that bakery?

TO A lot of people think that my business made my business famous, but actually speaking nearly sent the business broke because I took my eye off the ball. So, look, we have a couple other shops and we're turning over in excess of \$10 million cash over the counter. We like cash, we don't do any wholesale, it's a retail business, but in a little town. The Beechworth story, they're all called Beechworth Bakery, that's our brand, you know we're in a town with less than 3,000 people, on a road to nowhere, turning over in excess of \$3 million cash over the counter and that's pretty unreal because most bakeries don't turn over a million. Now that is totally retail, not wholesale, so a pretty incredible business.

**Tom
O'Toole**

PS So how did you do it?

TO One pie, one cake at a time, that's how I have grown my business, one cake, one pie. You know we all get tied up in spreadsheets, flowcharts, data and all the customer wants is look at me, greet me, talk to me, thank you, it's about people. Look, business is pretty simple, it's mostly about people and leadership, and it's about that vision and that self discipline, we can only grow my business one cake, one pie, one pasty.

PS Yeah, but you always like to send yourself down as though you're a battling little baker, but you're more than that because when that town was struggling... Tell us when that town was struggling, what you did to try and get people to come to Beechworth?

TO Well when I first went there, that was 25 years ago, everyone reckons I was mad! The bank said, 'Tom, where you're going, this town's dying'. My accountant I'd been in business with since I was 21, and I'm only 26 now, my accountant came over from Perth, because I'd been in business over there for six years, and he was horrified. In a town that was dying, he said 'Tom, you're over capitalising, you're bloody mad'. Today they think I'm a guru, but I started to invite the people to my shop, everyone shopped out of town, it was a government town, an institution town, lunatic asylum and gaol and all that sort of stuff... Anyway people say, who's going to come to Beechworth? Because there is a lot of stigma attached to Beechworth, and I just invited them. I told them I was famous, you tell them often enough they believe you.

PS [laughter] But you also took ads?

TO I did. I did regional TV advertising. Now people would say TV's expensive, but it was bloody cheaper than radio, regional TV that is.

PS And didn't you actually get dressed up in like old Victorian?

Tom
O'Toole

TO I did, I did.

PS And I asked you one day, and you talked about the historic Beechworth Bakery, and I said, 'how old was the bakery at the time', about 5 years old wasn't it? [laughter]

TO Oh yes, I said that for more than a decade! I didn't know how long a decade was because I'm a bit dumb. But anyway, we hadn't been going on long at all. The bakery has been a bakery for many years, it's a very successful bakery and we call ourselves *Australia's Greatest Bakery* and boy oh boy, that's hard sticking your neck out like that because people would love to see me go broke, a lot of people.

PS But Tom also that helped Beechworth become historic and a tourist destination, that's where you get your turnover from now don't you?

TO We get a lot of the credit for turning the town around. The Shire does, the Mayor has been on telly and a lot of other people, other shop keepers said, 'we are here because of Tom O'Toole and the Beechworth Bakery', so we did a lot. Now there's other great businesses in Beechworth, but going back 25 years ago, we were the only silly buggers sticking our neck out.

PS Okay, on the speaking circuit, what are the key messages that you always try and pass on to people who look to you to explain why you've made a success out of a bakery?

TO Well, probably, keep in touch with your dreams. There's so much negativity out there, especially in the bush and rural Australia, 'oh it's hard, it's hard', you know, and you reckon it's hard here? Go to Swaziland! I was over in Swaziland not long ago, you know we live in the luckiest country in the world, there's more opportunities than ever, and you know it's always tough, we've just been in the bush fires in Beechworth, you know there's always challenges, always. Look, it's not easy being in a business, never has been, never will be. My job's never going to be any easier, I've just got to get better, I've got to keep investing in me, I've got to learn, I've got to be teachable, I've got to invest in me.

**Tom
O'Toole**

So I tell that story out there about doing that little bit extra, because everything you want is just outside that comfort zone, everything you want, but we stay there, we whinge and moan, we carry on, 'oh it's hard, it's hard'. I don't see boat loads of people leaving Australia heading for Bolivia, you live in the luckiest country, yet we are fed all this negativity, we love it, the newspapers, everything's full of negativity.

PS You stopped reading newspapers at one stage didn't you?

TO I'd read newspapers, but I don't watch television because it robs you of your life, one hour, two hours with newspapers, I can choose what I read. I read out Peter Switzer, the great guru, but I'm a bit addicted to newspapers, I choose what I want to read but and I don't take the negativity onboard.

PS What about goals, Tom, tell us about your goals?

TO Goals are just dreams for the day, but goals give me that purpose and direction.

PS Do they have to be written down?

TO I do, if they're not on paper, they're not on this planet. Goals, once they're written down you think, is this really what I want to do? And then you break it down into bite size pieces and you know where you're heading. But I tell you what, goals don't matter if you're going nowhere. Go somewhere, put them on paper, it's all about knowing where you want to go, most of us don't know where we want to go, so if you put it on paper you get that focus.

PS What about training people? Some people complain about training young people, what's your view on that?

TO Oh, look, I hear it all the time. 'Look I'm not gonna bloody train, if I train 'em, they'll leave'. Well, what if you don't train them and they stay? And that's what lots of us do in small business, they say 'my staff are my biggest investment' and then they don't invest in them. If they're your biggest investment, invest in them. Send them on the courses, get

**Tom
O'Toole**

the trainers in. We're doing a training course next week and we're always doing training because it's hard enough doing your job but doing your job without the training, it puts a lot of stress, a lot of pressure on you, so you know catch them doing something right and this is it, don't tell them what they're doing wrong. It is so easy. I'll come in and I'll see messy displays, dirty floors, burnt sausage rolls, so easy to see what they're doing wrong, catch them doing something right, they love it. Try it with your kids when you get home, that will test you! They did 99 things right, one thing wrong and I want to rip their heads off.

PS One thing I always remember you told me is that you put a notice board in your shop and you asked your customers to tell you stuff?

TO Oh yes. We do, we have customer comments. We have on average 50 a week in our shop, 50 a week and we write back to every one of them. I talk to other business people and they said, I put one up for my customers and I got all this negative debate, they complained about this, so they took them out. We were loved, most of our comments, 98 percent probably, are terrific and they don't really help us – love it love it love it , all this sort of stuff and sucking up to us – but the bad ones help us a lot because that's where we stuff up, you know your toilets were grotty or my coffee was cold, or the girl didn't smile or didn't give me eye contact, so the customer comments have been a big help. It's very hard though when you're in business you think you know everything, you don't want to listen to these energy suckers and the dream takers, but I tell you what, they can help your business. My customers told me how to grow my business, I had to be teachable and that is one of the hardest things when you're in it, but you've got to be, you get there and you're in there for a lot of years and you don't like being told what to do.

PS Big talker. Now one last thing, I want you to tell us your website because people have heard what you're saying...

TO Oh, I don't know? www.tomotoole.com.au.

**Tom
O'Toole**

PS If you Google Tom O'Toole it will turn up.

TO Oh there's other Tom O'Toole's I bet, but anyway, yeah,
www.beechworth.com.au.

PS Mate, thanks for joining us on *Talking Business*.

TO Thanks Peter.

Dr Christopher Dey

is a Senior Researcher at the Centre for Integrated Sustainability Analysis at Sydney University. Dr Dey unravels the mysteries behind the Green Movement and explains the complexities of calculating your carbon footprint accurately.

www.isa.org.usyd.edu.au

PS Next on *Talking Business* is Dr Christopher Dey, a senior research fellow at The Centre for Integrated Sustainability Analysis in the School of Physics at the University of Sydney. The green movement has become increasingly important, but do we understand all the terminology that gets thrown around in the media. Christopher's research interests are renewable energy and sustainability analysis, and today we'll discuss how businesses contribute to greenhouse gasses, as well as carbon accounting, and the complexity of doing it all properly.

Welcome to *Talking Business* Christopher.

CD Thanks Peter.

PS So why don't you just give us an idea of your background. How have you got somewhere between physics and accounting?

CD Right, well it's not too long a stretch. Ten years ago we were doing renewable energy work and when you look at devices and energy savings and you look at the embodied emissions and the embodied energy and devices, we got into energy analysis of materials. What's involved in a kilogram of steel we quickly realised that there was quite a large research field in understanding energy use, and now, increasingly, emissions in the economy, and we slowly went into that and we're physics by training or applied physics, so we like to solve problems, but we also use standard economic technique. We're sort of moving into what you might call analysis, generally, but it needs good maths, it needs a good practical and pragmatic approach, and it needs the understanding of things like physical processes, so it's fundamentally interdisciplinary.

PS And because, at the end of the day, the high emitters are going to be charged something, there's an accounting relationship there as well?

CD Yeah, we come from the point of view that we really want to have good measurements, the world is complex and often, particularly in the media, things are simplified...

Dr Christopher Dey

PS Most definitively.

CD But in reality things are complex, so we need complex, but still pragmatic and reasonable in terms of time and effort to put some numbers to how emissions flow through and economy.

PS Is there a big demand from business for people like you to give them a clear understanding of their energy use, especially the cost of energy and the emissions implications?

CD Yeah, there's very much a growing demand for this sort of analysis. All the way from just good energy auditing, onsite emissions and onsite energy use, which is as you say at the moment focused on cost, but all the way through to the whole carbon risk. If you're a long way down a supply chain, or in fact in any supply chain, it just depends how much you're exposed to. There's a measurement in understanding all those linkages which is what we do and that is different from most other sorts of analysis.

PS Let's just help people on the plane to understand this. Give us a good explanation of a carbon footprint?

CD Okay. Well it's easy in this discussion to start with the consumers. If you take your household electricity and your gas and your petrol use, in Australia the average use per person is about eight tonnes of CO2 equivalent, and you might call that your direct footprint. But then if you think, 'well my lifestyle involves a lot more emissions than that', then you start to think, 'well what about my diet, what about my goods and services I buy, what about my flights and so on', and the carbon footprint represents all the emissions which occur somewhere in the world. In fact, you can take it outside Australia and think of trade as we are starting to do, all the emissions which are involved in a lifestyle, so that's for a household or an individual, but you can apply exactly the same thinking to an organisation, or a product, or a division, or a project, and in our framework that sort of accounting is done. The entity doesn't really matter, but it's all the upstream or often all that is offsite, and just like in the household case, it's about eight tonnes. Let's say the total

Dr Christopher Dey

carbon footprint for a typical household is probably more like 22 to 25 tonnes per Australian, and the difference between that is the indirect bit that happens out there if you like.

PS And clearly someone who flies five days a week is going to have a much bigger carbon footprint than someone who never flies?

CD Clearly, but also you can be surprised. We constantly appraise different types of lifestyles depending on where you spend your money. You spend your money on services, that tends to be lower in carbon intensity than buying goods, and flights are a standout, but there are a lot of other contributors to a carbon footprint in a standard or, sort of, typical Australian footprint. Flights are only about, at most, 10%, so it's all the other things that we generally don't think about?

PS Okay, so I guess someone like you would have thought about how the world's going to be in 10 years time. We know there's going to be a credit crunch, which is probably slowing down the enthusiasm for addressing the carbon crunch, but in 10 years time it seems likely that governments right around the world will be embracing a different approach. How do you imagine our lives will be changed?

CD I would hope that the sort of measurements that we do involves real positive decisions for households and for businesses. In response, I am focusing on the measurement because there's a lot of understanding that the measurement can bring, and you can really inform... not negative action, our economies and our lifestyles that you're eluding to have to transform and there's a real urgency with climate change to do that almost as fast as our social and economic systems can handle. That's a very easy statement for an academic to make but it's a very true statement. So we have to get on the path to transformation but being mindful of stability of how our economic system works.

PS Okay, so what you're effectively saying is, if we can measure really well the carbon implication of all our actions... and in business if we say you can't measure it you can't manage it. It will then mean that down the track

Dr Christopher Dey

Australians and people around the world will be able to make a decision that I'm being an eight tonne carbon household, I want to cut that in half, but am I going to need price signals to make me behave better?

CD Yes. Price signals undoubtedly are probably on the top of the list, and some sort of cost on carbon.

PS It does motivate us, price, doesn't it?

CD Exactly, yeah. Some sort of cost of carbon would help us address the large externality of the emissions problem, but just good information can lead to behaviour change and just give you options. In our work we do a lot of work with industry and you can be quite surprised about the detailed components of a footprint and there may be very cost effective abatement options which you have not considered.

PS Like recycling?

CD Yeah, but more so than that, like switching supplier or really examining the materials you use. I'm talking very generally here of course, but for a household, green power, especially for a low income household, buying green power is actually quite an expensive response to kind of reduce their emissions, but there may be other things in terms of spending habits which are not too much of an imposition of their lifestyle but can actually achieve a similar result overall. The same applies with business, so again as you say, good measurement is not the aim of everything but it can really inform some options you didn't realise.

PS Thanks Christopher for joining us on *Talking Business*, and if anyone what's to check out your website we have it in the copy of *Australian Way*.

CD Thanks Peter.

Herb Elliot

is a former Olympian who has achieved greatness in both the sporting and corporate spheres. Herb is now the Chairman of Global Corporate Challenge, a company with a unique health initiative aimed at keeping corporate employees active at work. He shares with us some interesting new research and the benefits of having fit and healthy staff.

www.gettheworldmoving.com

PS Joining me next on *Talking Business* is former Olympic middle distance runner, Herb Elliot. Today Herb is the Chairman for the Global Corporate Challenge, a world first corporate health initiative which encourages corporate employees to get active and healthy. Recent studies conducted by Monash University show that Australian corporate workers really need to improve their health and lifestyle. Herb is going to discuss his research in how being healthy can improve performance at work.

Welcome to *Talking Business* Herb.

HE Peter, thank you.

PS Now, you're more than just an Olympic middle distance runner. Why don't you just give us a rough idea of what your sporting achievements were?

HE I suppose the greatest moment of my sporting career, which is almost so long it's tickling the back of my memory buds, was when I won the Olympic gold medal in the 1,500m on the track in a world record time, so that was pretty much the swan song of my career and the greatest moment of my career.

PS Now tell us Herb, since then you've had a career in business. Why don't you just give us a sketch along your business career as well?

HE Sure. Just after I retired from athletics I was with the Shell company for a number of years, ended up as a sales manager of their plastics division – plastics were quite new in those days, believe it or not – and then from there I eventually ended up as Chief Executive of Pump, the sports goods company in Australia, and from there to President in North America for the Pump Sports Goods Company. After that I came back to Australia and worked with the Australian Olympic Committee in the build up to the Olympic Games in 2000. It was a fantastic thing to be part of, and then I retired from all those sorts of things in 2001 and started to take up some board appointments. My first was with Pacific Dunlop and then Ansell, and I'm currently Chairman of Fortescue

**Herb
Elliot**

Metals Group, Chairman of the Telstra Foundation, which is a philanthropic arm of the Telstra Corporation, and most important of all Chairman of Global Corporate Challenge.

PS Okay, so tell us where this came from Herb?

HE My son-in-law, Glen Risley, is the Chief Executive of the Global Corporate Challenge now, and there's a bright young man called Shane Bistraba who's a well known nutritionist, particularly in Melbourne, who writes for the newspapers down there.

PS I think he's been on my program in the past.

HE Has he? Okay. Shane and Glen came to see me to tell me about this idea where they were going into corporate health, giving pedometers to people and setting up some sort of software system that recorded their daily activities. They mumbled things about teams and stuff, and corporations and stuff, and I just said to them, 'you really think that little machine on a person's belt is going to change their lifestyle in any way at all?' I said, 'honestly, I don't think this is going to work.' But they persisted with the idea and they even rewarded me by making me Chairman of the company that they established.

PS So you were a doubter but they made you Chairman?
[laughter]

HE Absolutely. So that's a big risk on their part. In our first year, which was 2004, I think we had 2,800 participants, so that wasn't a bad start really.

PS So, each one who signs up from a corporation has a pedometer so they can count their step effectively?

HE Exactly.

PS Well, we've used those.

HE You know why it works? I mean, looking back on it, I know that it was probably inevitable that it would work because you've got three ingredients to it, each of them

**Herb
Elliot**

motivational. One is that this little machine that you stick on your belt each morning, it's just surprising how it motivates you. Look at it on the first day when you get in the car and you drive to the office and you sit at your desk, you get in your car, you drive home, you look at it at the end of the day and you find out you've done maybe 2,500 steps or 2,200.

PS When 10,000 would be a better target? [laughter]

HE Well that's not enough to keep you healthy.

PS Really?

HE You think, okay I did 2,200 yesterday, tomorrow I'm going to do 3,000, it's the natural competitiveness of the human being.

PS That's good metrics as well, you can measure what you're doing.

HE It is. Then the next thing, and I think this is one of the clever parts of it, you actually become part of a team, your corporation assists you to establish teams. The teams can be either in a division, or if, for instance in the case of a merger acquisition where you've got cultures that are different from one another and you're trying to bring them together, you can have them across divisions or across companies if you wish to have them... You get these seven people in each team, you've got your pedometer and they've got this wonderful software system, Global Corporate Challenge, it enables you every day to put the number of steps that you've recorded on your pedometer, you've keyed them into your little spot in the software system, the software system aggregates your performance of the day with the other six members of the team and gives you a total. So if there's somebody in the team that's slacking off you don't know who it is because your information is private to you but you can see that there's somebody in the team who's not doing their bit, and all of the sudden the phones start to ring. So during the period of the event, which I think is 120 days or something like that, you've got this daily team commitment, basically, which is pretty powerful motivation.

**Herb
Elliot**

PS How do you guarantee a slacker also being a liar?

HE No guarantees there, they do have, and I'm probably not even suppose to say this, they do have auditing systems within their software systems so if anything looks a little bit out of the ordinary they then contact the person and may well ask them about it, but it's no different to golf. I mean, who are you cheating if you cheat? You're only cheating yourself, and this is not a race, the Global Corporate Challenge is not a race, the Global Corporate Challenge is a device to help you change your lifestyle just a little bit.

PS Self improvement.

HE Yeah, self improvement. There's no big rewards or no big prizes for the people who do the most number of steps in a day.

PS Tell me how many people are in it now, because the first year was?

HE 2,800.

PS And how many have you got now?

HE In the challenge last year we had just on 50,000 people, this year we close off at the end of March or early April, we look as if we're going to get up to 80,000 people, out of 55 countries, so it's come from this little idea into now an international corporate global exercise of quite some substance. The third motivation, which I haven't got to, is that the software system accumulates the numbers of steps that the team has taken, turns it into meters and then moves you around the world so you can see where your team is moving around the world. You actually, as a team, share the experience of going through these various cities and various places of interest around the world, and there's a travel log about the place, about its history, about its politics and so on, and it's quite extraordinary how senior self movers are dotting across a map of the world, it's also motivational, you want to get further, you want to see more things. Those three things, the personal challenge of the

**Herb
Elliot**

pedometer, the team challenge because you don't want to let the team down, and the reinforcement of seeing yourself move around the world, those things mean that, for the whole of the event (that's four months), that that whole four months the retention rate and the participation rate remains exceptionally high.

PS And I know I've heard you say to me in the past that a lot of people had the little voice that goes against you that encourages you to stay in bed and not to do the hard work, by doing it as a team it works against that little voice that brings you undone.

HE I've been talking to people who've participated in the Global Corporate Challenge who had to work late and got home at midnight and go out for a walk at 1am in the morning just so they wouldn't let their team down.

PS Fantastic mate. Now if people want to learn more about it, what's the website? Where do they go to?

HE It's www.gettheworldmoving.com.au, and it's all in there. You get into the website, you can experience the way that it moves around the world and so on. The evidence that we've got, that this works is outstanding, it has been anecdotal, it overcomes people's depression, it does increase their turning up to work, the number of sick days decreases enormously. It more than pays for itself, and the waist measurement goes down quite substantially and the blood pressure goes down, and we've now got the Monash University providing us scientific information about this rather than just the anecdotal information. Your workforce benefits with higher productivity, the workers benefits personally by feeling a hell of a lot better about themselves and about their life, and it's fun, so it all works really well.

PS Well Herb, as a young man you set the pace for the world and I think you're doing it again in a different area, but I think it's going to be just as worthwhile. Thanks very much for joining us on *Talking Business*.

HE Pleasure Peter, thank you.

Gail Hackett

is the head of Women's Banking for the Commonwealth Bank. As the Chief of this newly created business unit, Gail shares her opinions on gender diversity in the workplace and the affect that clear business strategies have on workers.

www.commbank.com.au

PS Joining me now on *Talking Business* is Gail Hackett, head of the newly created business unit, Women's Banking, at the Commonwealth Bank. Before joining the Commonwealth Bank at the end of last year, Gail worked as a business coach and investment banker. In her current role she encourages and helps women identify and achieve their business, professional, and personal goals.

Welcome to *Talking Business* Gail.

GH Thank you, thank you for having me.

PS So you had been in business for yourself, you've been working for the big end of town, you're back in the big end of town. What's the goal in this newly created division for you?

GH The goal in the newly created division is really to help women, I mean, fundamentally. I've worked, as you said, in the corporate end of town, and then I left the corporate end five years ago and started my own business.

PS That's easy isn't it, starting your own business?

GH No actually, it's not easy. It's quite interesting because I completely underestimated how much it would take for me to actually get up and running and actually get cash in the door. I actually thought it would be a couple of months, but no, it was more like nine months, and about a year and a half before I really felt comfortable. So while I do come from the corporate end of the market, I have a very real appreciation of what it takes to start a business.

PS So I guess also you've had an ability to look at the history of banking and how it's related to women. Where do you think it was and where do you hope something like this will take banking and the relationship with women?

GH Look, I think generally, not just banking but just in terms of corporate Australia, so more broadly, I think women have been marketed as though they're men, and if you look at men and women, they're actually very, very, different in where they buy.

**Gail
Hackett**

PS I've tended to notice that Gail, yeah. [laughter]

GH Yes, they're very different. [laughter] So, you know, the research shows that even our brain structures are different. Women actually like relationships, it's their language of connection, they'll actually look at that first in a buying decision before they'll look at the product or the service or the price, so especially in business to business buying decisions. If they're thinking about connecting with someone and actually buying their product in business, it's almost as though you're coming into their family. So relationships are important, and from the banks perspective we recognise that women have a huge voice in this country. I mean, they're 45% of the part-time labour force, they own 32% of businesses, they do 65% of start-ups, and they have 80% of buying decisions in the home, so they're a powerful voice.

PS And I always say, behind every successful man's a very surprised women as well.

GH And a very successful woman. [laughter]

PS [laughter] Who invariably, and I've got to say in my experience with small business, lots of businesses that primarily might have a male front turning up doing the plumbing or the carpentry, invariably has a fantastic partner at home who really is doing the business stuff – you know, making sure the books are right, dealing with the accountants, the lawyers and all that sort of stuff – and it's often underestimated. I guess as bankers you're confused in who you're actually dealing with because often the front person is a male and the woman is actually, probably, the real business brains behind the outfit?

GH Well, I think you're dealing with both. I mean, we've looked at our database of clients and there are a lot of women in business with male partners, either actually their partner or just a business partner, so really this isn't about ignoring either gender, it's about looking at women's needs and men's needs, so in terms of financial services it seems to make sense to talk to both parties.

**Gail
Hackett**

PS So, historically the marketing advisors didn't see that the messages had to be different?

GH I don't think they did. There's been a lot of work done recently on how to market to women and really to capture them, and because women like relationships and like language and they like connection, when you put those messages to women they actually pick up on them quite significantly. You also need to create products that resonate for them. So the purpose of women's banking at the Commonwealth Bank is really to support women in their businesses and their personal lives to help them with those decisions.

PS Can you give us an example of a product that would resonate more with a woman than say with a guy?

GH Well, I'll give you an example of a seminar I attended, and it was quite interesting. At this seminar they played eight ads, and then they asked the audience, which was about 25% male and 75% women, to recall the ads in order, and it was interesting because all of the women recalled the ads which were very, sort of, emotive. There was an ad for Melbourne and it was all fluffy pillows and beautiful sort of hotel suites and champagne, it was actually advertising Melbourne as a great place to visit, and there was another one for detergent which was very, very, similar, and it creates a story. So all of the women in the room remembered those ads, they did not remember the ad which was at a petrol station, it was talking about engines and talking about cash back.

PS Sounds like a very good ad to me. [laughter]

GH Well there you go. It resonates for a male, so if you want to reach women you have to reach them in a way that resonates for them in the communication style that works for them. Quite often if you're reaching women, you're actually going to reach the man, because if she's making 80% of the home's decisions, she's going to have a conversation with her partner because the ad would have resonated for her, and then she'll have the conversation.

**Gail
Hackett**

PS Does it change the features that you emphasise in the ads, and/or does it change the features you actually put in the financial products of what a woman's looking for?

GH I think both, I think both. I mean, there'll be some products where you know the product might be the same but will bring out different components for the woman and will actually make that very clear, but it's also about when you go for a loan, there's no reason that a man and a woman can't both have that conversation with their banker. When you go to a childcare centre, there's no reason why a man and a woman can't have their conversation that runs a childcare centre. Communication is a very powerful thing, it's not just what we say, it's the tone, it's our body language etc. So relationship managers at any financial institution need to be very well aware of who they're dealing with, and it's all about the customer, it's all about what the customer wants, and I think quite often in business just generally, whether it be financial institutions or corporate, we forget to ask our customers what they actually want.

PS Is it through feedback from female customers that you've actually seen the way that you want to take the products to women customers in the future?

GH It's through our own internal research, external research, and lots of conversations with women, and what we're going to be doing with the Women's Banking Initiative is actually offering a program of events and workshops and seminars to support women in their business. So it's very innovative, it's very creative, and it's quite a first for the market actually.

PS Will women as a consequence see that banks are better at understanding women as customers? Particularly going for loans, because in the old days it was very hard for woman to get a loan compared to a male.

GH Yeah, it was very hard. And today, if you think about where women sit... I mean, there's a lot of women going through university and coming out, and in fact, if you look at

**Gail
Hackett**

law, commerce, accounting degrees, there's more women coming out of those degrees than men. If you think about mortality rates and the population shift, women still outlive men, and so they're going to be in charge of a lot of assets.

PS Hard to ignore.

GH That's right, so they have a lot of financial needs and will continue to have.

PS So, if someone wants to learn more about what you guys are doing in banking, what's the website?

GH The website is www.commbank.com.au.

PS Well thanks for joining us on *Talking Business*.

GH Thank you Peter, thank you.

Bruce Hayman

is the Chairman of Chartwell Management Services and former CEO of the Australian Rugby Union. As a Leadership Consultant, Bruce builds leadership and teamwork programs for businesses, and today he shares his knowledge on how to build the potential of your team.

www.chartwellmanagement.com.au

PS Joining me now on *Talking Business* is leadership consultant, former CEO of Australian Rugby Union, Bruce Hayman. Fifteen years ago Bruce had a quadruple bypass following a heart attack, but in 2005 led a group of fellow bypass patients across the Kokoda Track to prove that heart disease does not mean the end of an active life. He's now developed the NRMA Kokoda Project with NRMA Motoring and Services, and today we'll discuss what makes a great leader and how to develop strong leadership skills in your staff.

Welcome to *Talking Business* Bruce.

BH Thank you very much Peter. Nice to be with you.

PS Now mate, you had the job that most Australians who love rugby would love to do. How did you get it?

BH Well, it's very interesting Peter. I'd spent a number of years overseas in Chief Executive and General Management roles, and in 1992 Segrum managed to sponsor the Australian International Series, the Severus Regal Series. I'd been born and bred to play rugby, my late father had played for New South Wales, and I love the game and knew all the people. We had a great series, Wallabys won, they were the world champions and it was great, it worked extremely well for Segrum and it worked well for rugby. The next year the then Chief Executive, Bob Fordum, moved on, and by this stage of the game I'd had a quadruple bypass and thought that perhaps running around the world as a Chief Executive was probably something, at the age of 50, that I'd done more than enough of, and I was asked if I would like to join. I thought, what a wonderful idea, I'm going to make my passion my job, and I learnt a very interesting lesson out of it actually, I spent two years there and it was a very hectic time. We took the game professionally, we did the deal with Murdock, setup Super 12 (which is now Super 14), Tri-nations, they were wonderful, wonderful, times.

PS Well, change management time wasn't it?

**Bruce
Hayman**

BH Absolute change management, but it also taught me that if you make your passion your job, you need to find another passion, you really do need to find another outlet. I found, because it was so busy (I had a wonderful time, but it was unbelievably busy) wherever you went everybody wanted to talk to you about your job, and you'd go out to dinner and people would say, 'Bruce, now what's happening with...?' and I'd say, 'I don't want to talk about that. I'm here socially, we're going to have fun.' And so it was a really interesting period, but getting through, it was a tough time, it was World Rugby Corporation time, they were trying to take the players away from us and we got through it. A wonderful team of people that I was working with, and it was time to make sure I didn't get another quadruple bypass, apart from which the change I think was very necessary. We all have a shelf life, I identify my shelf life in that role as five years, but we moved the corporate culture of rugby through that and would have taken in a normal business environment, probably 50 years ago from the amateur game to the professional game. It was really necessary that somebody else took over.

PS Now, why don't you tell us about the Kokoda experience, and we'll talk about leadership after that?

BH I'm Chairman of a group called the Zipper and Stent Group. We've all been opened up and zipped back up at the SAN, the Sydney Adventist Hospital at Wahroonga, where I was operated on, and I had the opportunity to join with some people from the SAN in going up to New Guinea. They were going up to a program they call *Operation Open Hearted*. At the end of it a few of them wanted to do Kokoda, and they said, 'Bruce, what about bringing some of these Zipper and Stent mates with us?', and I said that sounds fantastic. But there's a story in it, and the story really is that bypass or open heart surgery doesn't have to be the end of the road. If you get your mind around it, like life in general, the first thing you win in any battles in the mind, and the best way to tell a story is make a documentary. They said, 'fantastic Bruce, how many documentaries have you made?' And I said, 'well none, but there's always a first!'

**Bruce
Hayman**

PS It couldn't be too hard could it? [laughter]

BH [laughter] Well, it was interesting. I've got a great bunch of people, Scott Higgins is my director and we put it together. Channel 7 was suitably impressed with it, and *Kokoda With Heart* was the end result. It's now been seen by one and a half million people on the 7 Network across the country, and we've done DVDs of it... it's great! It was through that that Tony Stewart, who's CEO of NRMA Motoring and Services, saw it and said, 'Bruce, there's a leadership story that comes out of this which is what I wanted to use it for anyway,' and that's what led us to where we are now.

PS We're talking to Bruce Hayman, and in particular let's talk about the NRMA Kakoda Project. What precisely is that?

BH Well, NRMA have been through a major change on the Motoring and Services side, and with the acquisitions of various companies, Tony was keen to start to bring them together rather than have them operating solo, and wanted to obviously be able to identify a leadership program that would enable people to emerge through that. He saw Kokoda as being a part of it, which certainly is something that I had learnt myself, because if you want to learn then take yourself out of the comfort zone.

PS And there's certainly a discomfort zone, isn't there?

BH There ain't a lot of comfort up there, I can assure you of that. And so we put the program together, spoke to large numbers of staff members across the organisation, and from that I called for expressions of interested from people who wanted to be a part of the program which would include goal setting, both personal and business goals, of course health, and a training program, and their understanding of Kokoda, what Kokoda meant to Australia, did they have family connecting to Kokoda, etc. I was amazed to find that 122 people across the group said they wanted to be in it, and we had to bring that down to 15 who would eventually do the 10 day trek across Kokoda. So I interviewed all of those people, we set their goals, and then I had to whittle it down

**Bruce
Hayman**

from 122 to 40, and then from 40 we took it down to, in fact, 20 people that we took across the track.

PS Is it ongoing or was it one off?

BH It was initially a pilot program and where we're sitting at the moment is that we're looking to try and expand it to offer it to more people but over a longer period.

PS And also outside of NRMA?

BH I'm happy to do it outside of NRMA. My company actually developed the program and Tony contracted Chartwell to actually run the program within.

PS So you're going to become Mr Kokoda?

BH I don't know if I'll be Mr Kokoda, but I have an unbelievable belief in the importance of Kokoda to Australia, and I think that what you get out of it... I mean, nobody does Kokoda and comes back the same as they were. It's hard, especially if you've had a quadruple bypass, you need to get yourself fit, but even if you're fit it's still hard. Peter Fitzsimons, who will tell everybody that he's very fit...

PS Oh bull! He's a liar! [laughter]

BH [laughter] Well, we know that in Fitzzy, but he said that it's the hardest thing he's ever done. You don't do Kokoda to prove your fitness, you do Kokoda, in my mind, to prove your mental ability, to drive yourself through hard, out of comfort zone, activities. And hey, in a business sense, who today is sitting in the same comfort zone as in 2009?

PS One last question as we are running short of time. Do you think leadership can be taught? Because some people think that it's a natural born thing, but do you think it can be taught?

BH I like what I once read, the three E's of leadership. Education, Example and Experience. The mix of that is Education 10%, Example 20%, and Experience 70%, and I think that's true. Certainly you can learn about the principles of leadership, then look around, and if you really want to be

**Bruce
Hayman**

a leader you've got to look to examples, like who are good leaders and why. And then of course you've got to get out there and you've got to experience it. The thing that a lot of people miss is that leadership happens in any organisation, at all levels in the organisation, and I think the services are the best example of that. Whether you're the lance corporal who is the leader of the section, or the field marshal who's the leader of the army, all the way through you have leaders and I think that's where many, many, companies miss out. They think of leadership only as their executive leadership team or whatever, and they don't treat the whole organisation as being required to have leaders within it.

PS Because, in a sense, what you're saying is that a good leader is creating other leaders below him or her, and that ultimately creates a great opportunity for the business going forward as well?

BH Without doubt. I remember when I was about 12 years old my maths master at school actually wasn't teaching us maths one day, we mustn't have been paying attention, but he taught us a huge amount about life, and one of the things he said that has stuck with me forever is if you want to go on and become leaders, you need to remember to surround yourself with brilliance, and working yourself out of a job team is what makes good leaders, and good leaders motivate teams.

PS And I guess if you want to go back to the Wallabys example, Dean's a leader, Sterling's a leader, and George Smith's a leader.

BH All of that.

PS Fantastic. Mate, if people want to learn more about what you're doing, where do they go to?

BH The website is www.charitablemanagement.com.au. My own email is charwell@lec.net.au, and I'd be more than happy to talk with people.

PS Okay, thanks for joining us on *Talking Business* mate.

BH Thank you Peter.

Paul Lahiff

the MD of Mortgage Choice, is responsible for the company's continued growth and development. Paul shares his outlook on the lending market, and the factors to think about before buying a franchise.

www.mortgagechoice.com.au

PS On *Talking Business* I'm now joined by Paul Lahiff, Managing Director of Mortgage Choice. Paul has had over 25 years experience in the financial services industry. He joined Mortgage Choice in 2003 as CEO and is now responsible for managing the company's operations to ensure continued growth and development. We'll be discussing what's happening in the housing and mortgage market and how this is reflected in the broader Australian economy. We'll also talk about how to grow and make a successful franchise.

PS Welcome to *Talking Business* Paul.

PL Hello Peter.

PS Paul, why don't you tell us your background?

PL Peter, it's somewhat a convoluted track. I started off as an Agricultural Economist and worked the first three to four years in the New South Wales Department of Agriculture in wonderful places like Leeton, Tamworth and Wagga Wagga. But probably the best thing that ever happened in my life was I got involved in banking and finance in 1980 with the credit union system at a really heady time in the Australian economy as the banks were being deregulated and Hawk and Keating brought to bear all of the power that deregulation put into play. I worked with the Credit Unions, then with Westpac, ultimately up to Queensland to run the Heritage Building Society, back to Sydney, Permanent Trustee, and ultimately Mortgage Choice, with three years in London at Westpac in the midst of it. So I love this industry, it's just one of those industries that is continually changing, providing opportunity, it's incredibly dynamic and I think by any standard it's pretty much world's best practice.

PS And in your case you're giving something to somebody that generally makes them happy for a long, long, time?

PL I think being in the mortgage space you really do add something to people's lives. We've got a franchisee up on the Gold Coast and he said to me that he had a phone call from somebody that said, 'we want to come and see you,

**Paul
Lahiff**

we just want you to tell us we can never get a loan, we've got a bit of a dodgy credit history and if you tell us we can never get a loan, we'll be happy and we'll rent for the rest of our lives'. So he saw the lady and her partner, at the end of it he got them a loan, it was slightly more expensive, it was a non-conforming loan, and she'd ring him up every Wednesday at 3.15 to thank him. After 12 months he said, 'you can stop ringing, I've got the general idea'. She said, 'you've changed our lives, we're talking about starting a family, my partner is now spending more time at home with me. David you're just the best thing since sliced bread'. Now he said every Wednesday night he drove home with the car about 6 inches off the ground, so you're right, it is a pretty special thing to be able to do.

PS Okay, you're part of the industry has had a tough time with the loss of non-bank lenders since the credit crunch. What's it like now for you guys and mortgage brokers generally?

PL The demand is up, Peter, which I think is a fairly new phenomena. Since about September/October we've seen housing finance approval levels rise after about 12 months of decline, and that's a combination of obviously lower interest rates, the boost from the first home owners grant scheme, rents going up, and people saying it may be a better time now to take a mortgage out than continue to pay rent. So we've seen a real surge in business since about September last year, and our franchisees are incredibly busy. Probably around half their business is now first home buyers because the first home owners grant boost is only due to run until the 30th of June, so this is a good time for us in an otherwise gloomy economy. Housing finance and housing demand still seems to be holding up pretty strong.

PS We're talking to Paul Lahiff, the CEO of Mortgage Choice. One interesting thing is that you're much closer to the banks nowadays because they are the major funders. How are the banks behaving towards a company like you?

PL They still have a strong and ongoing appetite to do business with us, and I think that's largely because the

**Paul
Lahiff**

Australian public have determined that they like the idea of dealing with a trusted third party before they ultimately end up with the bank, so around about 40% of all mortgages in Australia now emanate from the broker channel, and that's showing no sense of decline at all, I think the public have voted with their feet. They say they like the ability to go to somebody who they trust, that's going to cover the span of the market as you say, be it slightly reduced than what it's meant to be, babysit the loan through, worry all about the stuff that you can worry about when you take out a mortgage, and explain it all in very simple terms. So I think the broking proposition is alive and well, and the banks have got a continuing appetite to do business with us because it's stuff they wouldn't get ordinarily or otherwise.

PS Just to explain to people who don't realise how the industry's changed... If we go back two years, how many lenders did you have on your panel, and how many do you have now?

PL We're probably dealing now with six or seven key lenders where we were probably dealing with 10 to 12 a couple of years ago, so there's still competition out there and the big guys are all slugging it out for people's business. I'd ideally like to see it expand back to that 10 to 12 because I think the more choice there is in the market, the better the customer is off, but in the shorter term we're part of just what's happening globally, and the reality is that there is just less competition at this point in time.

PS Okay, just some short sharp questions for people on the plane who I know would love me to ask, are you confident that Aussie banks are strong as many people are saying?

PL I think they're very strong, their capital ratios are strong, I think they're liquidity has certainly improved since October of last year. They're one of the best regulated financial systems in the world. I think APR and the Reserve Bank need to get a fair bit of credit for the way that they've regulated the system here, and, by and large, Australian bankers have tended to be fairly prudent. They weren't

**Paul
Lahiff**

into giving loans to trash that never really had a chance to pay the money back, or never really had an intent to pay the money back, so I think they stand in reasonably high esteem in terms of world practice and that they are safe, they are well managed, they are well regulated, and I think that's helping the whole Australian economy come through this process.

PS Next question. Aussie economy, second half of this year, do you see a recovery coming through?

PL I think that might be ambitious. I'm looking more like 2010. I think there's still more pain to go, I think the Australian economy will come through better than most of the Northern Hemisphere economies, but we can't be immune from it, there's no doubt about that, so I'd be thinking 2010 before we really see a recovery.

PS Okay, you're experienced with growing a franchise like Mortgage Choice... How's it going as a franchise?

PL Franchising is a wonderful business. It gives people that want to run their own business the ability to do it but with a safety net. So a lot of the people that come to us aren't banking and finance specialist, they're ex-school teachers, ex-federal policemen, geologists, sales people, and we can help them become mortgage specialists, but the three things that I look for when I look to a franchisee are strong family support network – you've got to have that because you're working by yourself in many cases and you're going to have bad days so you need people around you that are going to keep building you up. Secondly, you need bucket loads of enthusiasm, you just need to be able to take the bumps and keep on just plowing forward. And thirdly, as part of a franchise system you've really got to play as part of a team, so if I find those three attributes, you're going to find the basis for a successful franchisee. As the franchisor, our objective is to make our franchisees wealthy, if we can make them wealthy we're going to be profitable along the way, and I'm pleased to say it made very many Mortgage Choice franchisees very wealthy.

**Paul
Lahiff**

PS Do you think the individual mortgage broker is sometimes portrayed as a panel beater by day and mortgage broker by night? That kind of model is dying out, it's more likely that people are going to look for the comfort of a well-known brand and all that sort of thing?

PL I think if you're dealing with people's finances you can't be part-time. We require our people to be 100% committed, and I think many of them are even more than that, so you've got to know your business, you've got to know the lenders, which lenders are going to be able to take the loan for your customer, you've got to be able to advise the customer once the loan is settled because you know it's something that you're probably going to refinance in four or five years time. So the idea of people doing it part-time isn't going to work. I think we're seeing some of those people disappear from the industry and as we see regulation come into play under ASIC through the middle of this year, we're going to see even more of that.

PS So there'll be less competitors for people who eventually get into a franchise model?

PL Yeah, I think so. I think a customer should be looking for somebody that's been around for a while, that's got a good reputation, and brand certainly helps in that regard. Mortgage Choice fits that category.

PS Great mate. Thanks for joining us on Talking Business.

PL Thanks Peter.

Don Grahame

is the MD of BusinessNAV, a business that provides a range of finance management systems for SMEs. Don shares with us the five key financial management factors to help businesses endure the tough times.

www.businessnav.com

PS My next guest on *Talking Business* is Don Graeme, Managing Director of BusinessNAV, a management systems and software company. In these tough times, businesses are looking at cutting costs and staff. Some businesses didn't plan for tough times and have unfortunately had to close shop. Don has had 20 years experience in accounting across a number of industries. We'll discuss the five financial management factors for weathering the economic storm.

Welcome to *Talking Business* Don.

DG Thank you Peter, great to be here, although they are tough times.

PS They are tough times and that's why we've got you here. Now, you are an accountant, why don't you tell us a little about being an accountant and ending up with BusinessNAV?

DG Good place to start Peter. I spent a number of years, five or six, working in public practice, what people traditionally know as your tax accountant firm, and I had a real interest in business and commerce. I was given a job as tax accountant for the Bundaberg Sugar/Bundaberg Rum Group, so I stepped out of that public arena and working at the cold face...

PS With Bundy Bear?

DG With Bundy Bear, and you really get to understand the people who work in those environments, what the systems are that make big successful operations run. So I was doing that for a number of years and then moved out into varied roles in those bigger operations before making my return to Brisbane and capital city operations and starting our consulting firm. We've been a consulting firm for a number of years and the frustration I had with it was working with small to medium operations and them not having those systems that we built up over a number of years. Just by default I needed to come up with the short cut solutions for cash flow and sales and marketing metrics to help these business owners understand. And so that's what we've

**Don
Grahame**

done, we've developed applications to make that happen so that the business owners can run that as they move from small through to medium.

PS So BusinessNAV is actually a software program that a business can monitor how they're doing and what happens if they cut prices, what happens to their bottom line, all those sorts of things that people don't think about when they're doing it?

DG That's right, Peter. You can have an accounting application out there, and accounting applications are vitally important, they track your transactions, they do the tax part of it for you so you can lodge your GST and your BAS statements and so forth. However, you need to get on and do more than that, and that's something I wanted to focus on today. All those other pieces that businesses need to get involved with in-house.

PS Okay, let's get started. You've got five big ones, what's the first?

DG First is, you know it starts and ends with cash flow, and I talk in terms of cash flow structure. Everyone talks about cash flow but what is it really? Cash flow structure is about knowing every month, every week, every day, am I in front of the game, am I behind, am I positive or am I negative? And what I mean by that, Peter, is, is your firm making profits quicker than it's costing you in working capital? And sadly in that small range, and it's getting tougher now, there's so many firms that are negatively geared in terms of their cash flow structure.

PS Do you reckon people actually cause a problem for themselves by being too scared to confront the brutal truth on the daily, weekly, monthly basis in terms of their cash flow?

DG Perhaps that's it. What they are doing is turning a blind eye, they're probably saying that's the accounting thing, that's too hard, I'm going to stay away from that, and that denial, whether it's fair I don't know, but if it's denial then that's got to change.

**Don
Grahame**

PS Okay, we're talking to Don Graeme. Now, let's go through it. You've got five things, you've hit the first, what's the second?

DG The second thing would be a budgeting or a forecasting cycle in business. Now, I picked up an article just in the CPA Australia magazine, everyone's familiar with that brand, big circulation, and Jerry Harvey, Chairman of the Harvey Norman Group, spoke about the importance in these tough times of being ready for a future up-turn because it will come, we've just got to work through this, it's being right across those numbers all the time and planning and being flexible. Okay, so what's planning and being flexible at the same time mean, because planning sounds a bit ridged? We're familiar with what a budget is, let's have an attempt at defining what's going to happen over the next 12 months, two years, bigger businesses do the math for a longer period, so set that budget, but it doesn't stop there. What I'm suggesting is that businesses actually put down on the calendar these given months, I'm going to do a reforecast because you've set a strategy in place for the year, that's your strategy, you've done a budget according to that. Now everyone knows that the actual and the budget divert at some point.

PS They can do it positively or negatively can't they?

DG Positively or negatively, so that's a sign, not that you did your budget wrong but you're diverting from your strategy. Look at it that way and then reset it during the year. That might sound like a lot of work but that's what the successful operations do.

PS But Don, the great part about setting yourself even big goals on, say, for example, revenue, and then you find three months out before the end of financial year you're half a million down, you actually work harder to make it happen because you've got this goal there that you set a year ago. I know it happened in our businesses exactly the same way. Three months to go we were half a million short of what we wanted and we went out there and got it because we knew

**Don
Grahame**

that's the goal we actually set. Fantastic point. Number three?

DG I like what you said, Peter, it tells me that you're actually going back and looking at that stuff, super. Number three and number four are simply issues. Number three is about timelines of your information, number four is about accuracy of information. Think about your business, you're down in the trenches, you're doing it month in and month out, the month has finished, you want your numbers out very quickly, analyse it and move on. I'll make the point that businesses out there, once they're in that small to middle market, they are probably running on a cycle based around their BAS statement. Their accounts people are creating a set of accounts to produce a BAS.

PS Which is mainly quarterly.

DG That's not the purpose of doing this information. The GST has been fantastic for us over the last nine years because it's forced businesses to have sets of accounts and now we need to use them, so here's the opportunity to do it. Look, I chaired a business forecasting conference last month and there are big businesses there trying to grapple with some of these issues. It's not too late, you can get in there, ask the silly questions of your accountants and advisors and get this stuff going.

PS Number five?

DG Number five is really about getting a solid robust decision making structure in your operation. You know, I skipped over four a little bit, and four is about quality. Businesses out there haven't got their balance sheets right, everyone understands the profit and loss stuff, they don't understand a balance sheet.

PS I bet they don't. They hate the word balance sheet, it's scary.

DG There are simple steps. You can sit down with your accountant or your business advisor and go step by step and put an end of month checklist in place. They are the simple things.

**Don
Grahame**

PS A balance sheet is a true story.

DG Yeah, if you get your balance sheet right you know where you're at, you go off to the banks asking for money and if their debtors list doesn't match what's in the balance sheet, they're not counting their stock, doing all these things, finally you end up with a decision making structure and have a formal meeting, if it's not working on site, go somewhere else and have your accountants make decisions.

PS Don, I tell you what, blokes like you are very organised, very systematic, they really, really, bore the pants off me [laughter]. But I tell you what, you're an exciting partner to have in a business for marketing type people like me, and I think this is the powerful lesson that you've brought today, that people need the hard working foundations for a person, and I guess BusinessNAV is all about that?

DG Look, if I was to summarise anything, cash is king, everyone knows that. Plan ahead, keep replanning but make sure it's timely and accurate, and having put all that hard work in, actually put the management in place to make the decisions. If you make a decision to do nothing, that's still a decision.

PS Good point. Website if people want to know more about what you do?

DG Okay, if you want to get in contact with us go to www.businessnav.com, you'll find us, or contact us via your accountant and so forth, and we're happy to work in with that structure.

PS Thanks for joining us on *Talking Business*.

DG Tremendous, thanks Peter.

Yvonne Howie

is the CEO for the NSW branch of The CEO Institute. Yvonne discusses how the recent tumultuous times are affecting those occupying CEO roles, as well as the steps executives should follow in order to move up the corporate ladder and become a CEO.

www.ceo.com.au

PS On *Talking Business* is Yvonne Howie, CEO of the CEO Institute New South Wales. The CEO Institute has 800 members nationally, and covers all business heads of major not-for-profits and government agencies. Heading up a business can be a tough job so there are a number of skills that CEO's require to keep things running smoothly. These skills have certainly been tested for a number of CEOs in recent times

Yvonne, thanks for joining us on *Talking Business*.

YW It's a pleasure Peter.

PS Why don't you tell us your background because you're the CEO of the CEO Institute, does that mean you're the best CEO in town?

YW I'd love to say yes but I must be a bit more modest. I guess what I do, it's like any membership organisation in a sense, Peter, we are concerned with obviously doing the very best for our CEOs, we are also in the business of looking for great Chairpersons to lead each of our groups, so it's the sort of role that people can come to from a number of backgrounds. My own background is in public relations, working for major companies and also in my own agency, and that's not a bad background for what I do, but equally people could come to this from an educational training background, or many others for that matter.

PS Tell us where your CEOs come from?

YW Peter, they come from all over. With 800 members, we cover virtually every industry sector in Australia. We have everything from companies that turnover about \$2 million, right up to well over \$100 million, so really everything from small to medium enterprises to very large companies. And our members are grouped when they join us, they become a part of a very small group of up to 16.

PS So it's like a support group in a network?

**Yvonne
Howie**

YW It's like a support group in a networking group. The member is joining so that they can keep on developing their leadership skills. I guess the thesis behind what we do is that life is quite lonely up the top, and typically the CEO is looking for a peer group, somewhere there are no competitors and where he or she can keep on developing in a confidential environment. They can come along and air any kind of business challenge or opportunity, knowing they won't see the light of day outside, so they're learning from each other, they're learning from the Chairperson, who's a former CEO, and from expert guest speakers. So, as I said, the thesis is it's lonely at the top, and people are looking for these kind of groups where they can share and keep on growing.

PS Does the membership of an organisation like yours increase or decrease during tough times?

YW Peter, it's a fascinating question. The institute was actually founded in the early '90s in Melbourne, other states have been a little more recent.

PS The recession of the 1990s.

YW But it was founded in the depths of the recession in Victoria at that time and, I guess again, this is what the institute is all about. So the thinking was that people were really looking for this sort of group where they could indeed interact with other CEOs who are going through the same times. In answer to your question, we do still have members coming through, which is terrific. Our members, we think, are probably more optimistic really than the rest of the business population, a lot of them are season leaders, people who have been running businesses for well over 15 years. As one of our members said to me just lately, 'it's the times like these that I really have to be quite careful who I mix with, but if I'm out there mixing with people who are full of doom and gloom, some of that is going to rub off'. So what people find at the institute is that they're mixing with successful leaders, people who are stimulating, people who, in many cases, have been there, done that. They're realistic, but they're also looking for opportunities as to how, in these times, they can keep on growing their business.

**Yvonne
Howie**

PS How many of the CEOs do you think in your group, the New South Wales chapter, are entrepreneurs who are also CEOs?

YW Look, it's a fairly high proportion Peter, but equally we would have cause to have a number of people who are running major organisation. We have, for example, heads of major non-profits and government agencies. I think what they do all share, though irrespective of whether they own their own organisation or not, they do share an entrepreneurial zeal, think like entrepreneurs, even if they don't own the business themselves.

PS Because a lot of great businesses, when they get really big, particularly when they become publically listed, the entrepreneur is often perceived as not the right kind of CEO because they are optimistic, they will take risk maybe with shareholders funds, more so than what they would want. So, in a sense, do you have the kind of people who, for them, the glass is always half full, or else they just get a smaller glass and top it up?

YW They get a smaller glass and top it up, and equally I think we're perhaps inclined to forget that in any kind of downturn there are people still out there who are growing their businesses aggressively and perhaps taking market share from other people.

PS Exactly. We're talking to Yvonne Howie from the CEO Institute, New South Wales. Do you sometimes worry as someone who is, in a sense, leading a group of CEOs when you look at the headlines in newspapers and radio and television, colleagues in the media, do you think they overdo the negativity?

YW Peter, I do. I think that it would be naive to suggest that the times aren't challenging and they will continue to be challenging, but I do perceive that there is a bit of a gap between the way things are in practice, and the way that they're reported, and, as I said, our own members are certainly more positive. We believe in the rest of the business community, and I guess I might just quote

**Yvonne
Howie**

something that Craig James of the Commonwealth Bank had to say just a couple of days ago.

PS Who's the Chief Economist for CommSec.

YW Chief Economist for CommSec. Now, what Craig had to say about the latest employment data made it clear that the Commonwealth should get out of their ivory towers and find out what's happening in the real world. He makes the point that there are many businesses that aren't letting good staff go, they're not necessarily hiring, but they're not necessarily firing either, and he went on to say that businesses are getting smarter in the way they operate, and so really the figures that are out there at the moment need a little bit of delving into.

PS Well, for two months in a row unemployment's gone up, but primarily because participation rates have gone up and that Australians are actually looking for work?

YW That's right.

PS So, what do you think is the most important lesson that you've learnt working with CEOs since you've been at the CEO Institute? What do you think the CEOs benefit most from in terms of the outside speakers or the things that you do?

YW I think the major benefit really is in finding a peer group that they can become close to, that they can bounce ideas off. There really isn't any kind of business opportunity or challenge that people around the table, even if they're from very, very, diverse industry sectors, haven't been though and haven't shared before, so it's really the ability to share, to be able to debate and workshop ideas, to bounce them off others, to, if you like, road test what you may be thinking of doing in your business and the ability to be able to do so in a comfortable and confidential environment. So I think that's a fantastic benefit for sales.

PS And I presume by being in the company of other leaders and CEOs that people actually learn more about leadership at the same time?

**Yvonne
Howie**

YW Their leadership skills do improve and it's very often we see that happen. I mean, we're talking in many cases about people who are already successful, who are already experienced. But equally, when we look at the range of businesses that we have and organisations we have as members, certainly there are people who are still starting out, and it's great that a lot of people seem to want to put back into the further development of up and coming CEOs.

PS Without a doubt. Now, before we go, the website if people want to look more into what you guys are up to?

YW Well Peter, this is a very easy one to remember, it's www.ceo.com.au.

PS That is an easy one. Thanks for joining us on *Talking Business*.

YW Thank you Peter.