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Happy New Year!

We trust that you've had a good break and that 2010 will be an exciting and rewarding business year for you.

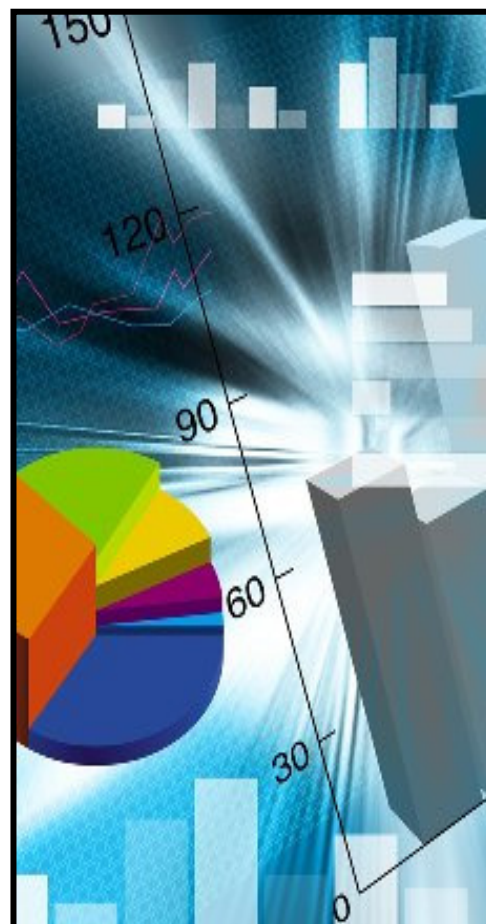


2010 Should Be Better – But be Cautious

2010, the start of a new decade, should be far better for most Australian SMEs than 2008 and 2009, but there will be problems for some and events overseas could severely impact on Australian SMEs.

Let's consider the economic climate in which you operate your business:-

- The growth of the Australian economy over 2010 is expected to be in the vicinity of 2.8%, with unemployment projected to be in the vicinity of 6.7%.
- There is an expectation that the Inflation Rate will be about 2.8%.
- The Reserve Bank of Australia is expected, by many commentators, to increase interest rates from the current 3.75%, depending on economic activity in Australia and overseas, to around 5% by the end of 2010.
- There is also expected to be wide fluctuations in the relationship between the Australian Dollar and the US Dollar. Forecasters are indicating a range of 65 cents to \$1.05, but most economists expect the rate to be about 82 cents average for 2010.
- Most commentators believe that the Chinese economy will continue to grow. There is an expectation that the USA economy will improve.
- Banks are tightening their lending criteria and liquidators are forecasting increased activity during 2010.
- The Fair Work Act is operational with more regulations for SMEs.



Cashflow management will be extremely important.

This includes the monitoring of debtors; stock; work-in-progress; capital expenditure; drawings or dividend payments and business expansion. Hopefully, business angels and other investors will be more buoyant as the year progresses and will be prepared to invest in businesses which have realistic prospects and that articulate their commercial plans sufficiently enough to attract the interest of investors. (This highlights the necessities to prepare business plan; budgets; cashflow forecasts and regular financial reports.)

There are forecasts that unemployment could be as high as 6.7%. This highlights that there is a pool of potential employees available for many SMEs. Many organisations are bolstering their recruitment programs so that they can build a talent pool to meet the expanding business opportunities that are expected to emerge during 2010 and into 2011.

There are now 3.2 million part-time employees in Australia and many businesses will be viewing the possibility of part-time employees or offering full time employment to people currently working part time as part of their strategies for building of a talent pool.

If you require any assistance with the development of business strategies; plans; budgets and/or cashflow forecasts for your business, please do not hesitate to contact us.

Marketing to Existing Clients

It is common knowledge that keeping your old customers is cheaper than trying to attain new customers. So why is it that we forget this when considering our marketing & advertising strategies? The fact is, if all of our efforts are focused on obtaining new clients, who's marketing to our current clients?

There are some great, cost effective ways of marketing to our current clients in a non-evasive way. There are some rules though: never over contact your clients (once a month is sufficient, you don't want to look desperate!), always think of the customers' needs before contacting them and what will have the biggest impact (after all, you are providing them with a solution to their need), contact your #1 clients first and treat them like royalty (these customers are your priceless jewels; make sure they feel like it) and finally, put dates on special offers or promotions (this creates urgency in the eyes of the consumer & increases your chances of a quick sale).



Newsletters like this one are great as they do a number of things:

- keep your business & logo in the mind of the customer;
- allow you to promote products you supply that the customer may not have known about;
- inexpensive to create and distribute (whether by email or Australia Post);
- increases the credibility you have in your field making you look like an expert;
- non-evasive information that can be viewed at the customer's pace; and
- interesting well written and researched articles could lead to customers talking about it or passing it on to friends (for a marketer this is like winning the lotto!).

Be warned! Never confuse your newsletter with a sales brochure or a letter. Don't base your newsletter around how your business is performing or your business' highlight of the month. Save that info for Christmas! More than likely your clients don't care and these approaches will annoy them and cause them to opt out or throw it in the bin. You can however add a simple "have you heard about our new product?" or "this month's product feature" section so long as you keep it straight forward and light.

Above all, your newsletter should be fun, informative and always keep your customers' interests in mind.

Commercialisation Australia – Skills and Knowledge Specialist Advice & Services

Grants of up to \$50,000 on an 80% grant basis are available for businesses with turnovers under \$10 million to upgrade the skills, knowledge and connections required to commercialise new ideas.

The funding must be used to obtain expert advice and services to assist in the commercialisation process. This program is aimed at assisting people new to commercialisation including:-

- researchers;
- entrepreneurs; and
- small companies;

who know their idea has commercial potential but don't know what to do next.

Examples of expert advice and services include:-

- business planning;
- market research and developing a market strategy;
- developing an export strategy;
- commissioning of an intellectual property landscape report;
- developing an intellectual property protection strategy;
- undertaking management skills and development courses; and
- developing a partnership or collaboration agreement with other businesses or organisations.

Each successful applicant will be assigned a private enterprise Case Manager who will assist in the company's commercialisation process.

If you would like further information on Commercialisation Australia Skills and Knowledge – Specialist Advice and Services, please contact us.



Business Plans - Questions to Consider Part 18 Sales

- Do you know your major sales segments?
- What are your projected monthly sales on a departmentalised basis?
- Who is your target market?
- Have your staff been adequately trained to prepare for a sale:-
 - greet the customer?
 - explain the product or service?
 - close the sale?
 - document the sale?
- check that the customer was happy with the entire sales process?
- Have you developed special "sales" days?
- Have all staff been trained in the concept of "companion" selling?
- Do you encourage customers to refer friends to your business?



To be continued.....there are over 50 questionnaires relating to the preparation of a business plan, in the next issue we will consider "Distribution".

What's It Mean?

Financial Stress Testing... is a test that the banks require their customers to undertake to satisfy the bank that the small business has the ability to repay the loan irrespective of the prevailing financial conditions.



Pitfalls in Starting a Business

If you are contemplating starting a business you will need to avoid the pitfalls. Here are some tips before signing any contracts:-

- seek good advice from an accountant, solicitor and bank manager;
- prepare, or have prepared, realistic market analysis and verification;
- prepare a realistic business plan;
- honestly review your management skills;
- undertake training to overcome management deficiencies;
- ensure that you will be able to receive prompt and regular financial information and accounts eg weekly financial information and monthly financial accounts;
- instigate systems so that you can regularly monitor the investment that your business has in stock, work-in-progress and debtors;
- promptly chase up debtors;
- instigate ongoing staff training;
- supply motivation and leadership to your team;
- understand the business' products, services, customers and suppliers;
- identify the business' unique competitive advantage; and
- be aware of the hours that you will need to work in the business.



If you would like to have discussions with us relative to an investment in a business, please do not hesitate to contact us.

Research and Development Registration

If a company has spent in excess of \$20,000 on research and development for the year ended 30th June 2009 and it wishes to claim an accelerated income tax deduction at 125% or 175%, or be eligible for the research and development tax offset, it must register with AusIndustry by 30th April, 2010.

We can assist you in the registration process.

An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.



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