CONDON ASSOCIATES GROUP

# REVIVE

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## *Well, We Wander in Interesting Times*

By Schon G Condon RFD

The last month has really become an eye opener, hasn't it? There's the BREXIT, an election result that whilst not predicted should have been seriously anticipated and a continually wavering confidence in the markets.

One thing that the BREXIT poll did show up however is the real value in compulsory voting. There have been a number of pundits that have from time to time claimed that we Australians are old fashioned and out of touch; the majority of other first world nations do not have compulsory voting and we should follow suit. It has never been a view that I could support and the post vote reaction in the United Kingdom (UK) has reinforced my view. To see people say subsequently that they did not vote simply because they were confident that it would be a stay vote anyway is fundamentally laughable. If it was that clear then it would never have made it to a poll in the first place.

On the other side of the coin as the nation may well have said they want to go it alone now, they must wrestle with the fact that they need to find a team that will actually make it happen and maintain a positive momentum. It will have its own impact on the UK, but it will also have a potential impact on Europe.

In planning for the future of your business however, it will remain necessary to build in an allowance for a continuingly difficult European economy. It is reported that the Italian national debt is somewhere about 135% of their Gross Domestic Product (GDP) and that productivity is at an all-time low with the second highest European unemployment rate behind Greece.

The biggest issue for Australian businesses at present is that there is no ability to set and forget. Once upon a time you could review the plan set it into operation and keep an eye out for a significant change on the horizon. Today however there are many more factors that many businesses need to keep on a 'watch-list' and regularly check for negative changes that may impact them.

One factor, that in such an economic situation, one can be prompted

to ask is whether the laws we have actually provide for the best form of recovery in the event of financial or business difficulty. Regrettably we continually seek to complicate things when in reality we really need to seek out solutions that are quicker, more capable of practical implementation and more likely to guarantee success on the other side.

Such a question was recently posed in the media in response to the collapse of the Dick Smith Electronics business, where the whole operation went from a positive audit report in August 2015 to almost non-existence in February this year, a period of approximately six months! One of the biggest issues is that there are so many different approaches that can be taken to try and rectify a situation, but vary as to who can exercise what degree of control over each of the different forms.

Is it time that we move to there being one singular form of appointment regardless of who appoints, be it director, lender or Court. Should we move to a situation where an entity is placed into, let's call it 'Examination' with an appropriate appointee or appointees to oversee both gaining of control and the analysis of the exact situation. Once conducted and a conclusion and recommendations determined then the matter could be moved either to some form of appointment to provide for programmed rejuvenation, or in the alternate a formal process of termination. The timeframes could be statutorily set to be relevant to the size and nature of the organisation and there would only be the need for one appointment with appropriate review and input by all relevant parties.

The other key component being a process designed to maximise

efficiency, minimise cost, maximise the retention of stakeholder value and put meaningful information in front of stakeholders in a legible and intelligent manner. In essence maximise the return to the community as a whole rather than simply pouring funds into the pockets of a limited few with no real result achieved.

There would be one set of rules and a far more even playing field. It's well worth future consideration because we simply cannot predict where the market will ultimately go. Lots of people work to hold it up, but I'm yet to speak to someone that says they have precise visibility of the clear sky ahead. It's at least worth a thought. Enjoy the read.

## *Managing Generational Change in a Family Business*

By Ashley

As Australia`s population ages, the management of the "baby boomer" generation becomes an issue for government and society alike. The same management considerations also exist for many family business structures with the one generation the "senior generation" looking to retirement and a new generation looking to step up to fill the void. Whilst for many businesses this transition is a simple one, for many others this transition is highly problematic with issues such as trust and experience at the forefront of the concerns from the senior generation.

Whilst many of the businesses we service who face generational transition issues come from different industries, the similarities are staggering, quite often the generation who started the business believes that the next generation do not have the skills and ability to run the business let alone grow the business to its full potential, yet the senior generation are often unwilling to give the next generation the tools to achieve a successful transition.

As part of our assistance of such businesses we instigate a generational management plan which allows the responsibilities within the business to be handed from the senior generation to the younger generation, this requires trust from all parties and an assurance that lines of responsibility will not be crossed, this is a challenge for many however it is vital if the transition is to take place. These issues can be exacerbated if there is a sudden illness or even death of a member of the senior generation within a family business structure, for many the stress of losing a family member can be bad enough let alone dealing with a handover of responsibilities within a business.

Depending upon the industry, it may take many years for the transition to be complete and the business needs to be honest about its own abilities and staff skillset. In some situations it may be best to bring in individuals from outside the family who have expertise in multiple organisations in the same industry, they bring varied ideas and often best practice experience that the business is lacking, as the family members often have only ever worked in the family business.

Another recurring theme in these businesses is technology and its use, many of these family businesses use antiquated, outdated technology that is no longer cost effective to run, yet the senior generation are still reluctant to move with the times, this is where industry expert consultants can be used for a short period to advise on the best path forward and best practice for the business.

Whilst the issues above are important generally the whole situation comes down to one word – trust, there is no doubt that the senior generation want what is best for the business and the family, years have been spent working hard to create a business of value that can be handed on from one generation to another but the senior generation have to be able to trust that the next generation have the skills and drive to see the business grow, which in most situations the younger generation does have.

The path to generational change is a long and difficult one and the challenges should never be underestimated, having a specific plan in place is vital and the instigation of the plan must be faultless in order of the business to grow and prosper into the future. Condon Associates are experts in advising family businesses in generational change, feel free to contact our office for confidential expert assistance in managing transition.

## *Brave New World for Borrowers and Lenders*

By Roger Byrne, Interface Financial Group

Go to any talk, forum or workshop on SME's these days and you will be told you must 'adapt or die' and that you need to embrace the new technologies and the brave new world that they bring . . . What about Kodak, where are the video, book and music stores, what happened to the taxi industry are all examples of this change.

The finance industry is being affected by major technological changes as we see the development of digital currencies and peer to peer lending platforms. These will undoubtedly disrupt the traditional banking market. This does not mean that the basic financial fundamentals of a business will change.

Business finance and lending has always been about the management of risk from the lenders perspective, and the ability of small business to get a loan and the applicable interest rate will be a factor of that risk.

This has always been the approach from the banks, who have traditionally displayed a lack of flexibility with regard to dealing with small business. This is hardly surprising given that banks specialize in large volumes where it is difficult to understand the intricacies of a small business.

This has opened up the playing field for non-bank financiers to engage with small business and it is this interaction that will determine the ability of small business firstly to secure the access to capital and secondly the cost to the business of acquiring that capital.

For businesses seeking capital there are now more options available but it is still important to have good financial reporting, be able to show that the business is moving forward, and for the most part have some

assets as either a company or a director. Many 'new world' lenders are advertising loans up to $250k approval in minutes and funds available in 48 hours, with rates as low as 6-7%, however you will find that you will need to have very good business basics to secure these terms and what will eventuate will be higher rates, longer approval times with more stringent reporting required, and some asset backing.

It is advisable to be able to lock in approval before committing to the investment to avoid placing the business in the position of having to accept higher rates.

For investors, particularly those who may use peer to peer platform lending to small business, to achieve higher rates of return e.g. from 7-20%, there will be higher risk, and that risk will not be borne by the platform providers. It is necessary to do your due diligence on any proposed transaction, as one loss on a bad transaction can write off a lot of profit from successful transactions.

Moving forward as well as 'Buyer/Borrower beware' we should also add 'Seller/Lender beware' to cover all bases.

## *Money making marketing*

By: Edward Zia, FAMI CPM – Marketing Mentor, Blogger and Consultant for Condon's.

One common problem we have seen play out hundreds (if not thousands) of times is how people see Marketing as a 'Cost Centre' and not a 'Profit Centre'.
This would involve many seeing it as a necessary evil and spending as little as possible on the growth and development of their business.

This can make some reasonable sense in certain situations, however in many situations the weaker marketer gets eaten up by the stronger players.

The first step with any company is product / service strength and quality. That is it comes down to having the 'best goods' (or service) available which sets the foundation for expansion. At this point, one can market with confidence bringing in high value clients with the knowledge that they will become regular purchasers.

In this type of thinking, 'Marketing' becomes an investment into the business where it's important to measure it as much as possible. The most obvious way of this of course is how much you spend compared to the profit (from clients) that it brings in.

This viewpoint creates more of an 'investor' type of situation where one can choose to invest more into their business with a strong confidence of making whatever they spend back quickly and then creating a lot more.

Our advice and thinking? The first move is to measure how many clients your marketing brings in. Know where they are coming in from. Work out how much it's costing you and then do the math. If you are making a strong profit, increase your investment. If you behind, time to improve your marketing. This may be making cuts of what is not working, changing the message or even going into new media.

Trust that helps and wishing you luck in your business success. Condon Associates Group and the team are here to help you.

# *Condon in the Community:*

"Charity Lunch and Auction to benefit the Diabetes Centre at St Vincent's Hospital"

The Order of Saint John Knights Hospitaller ('OSJ') is an Ecumenical Christian Movement committed to charitable works in aid of the sick, poor and the disadvantaged and fostering Christian unity.

The OSJ have an established Priory in New South Wales which also, at this time, includes the Australian Capital Territory. Composed of a diverse group of individuals united in the support of Charitable works and giving; it has Business People, Professionals, Former & Active Military Members and those with the desire to help others beyond themselves.

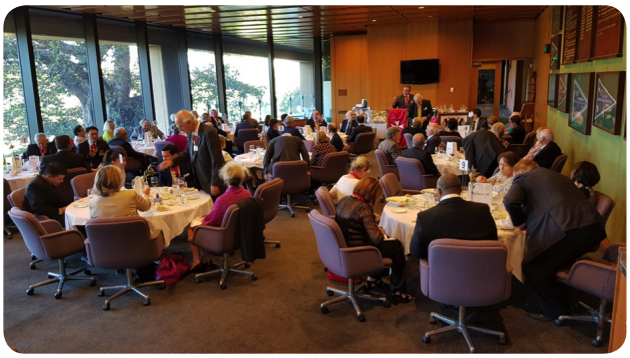
On Friday 20th May at Parliament House in Sydney CBD, Condon Associates Group (including our own Schon and Richard) supported the NSW priory of the order of St John in running a charity luncheon and auction to help St Vincent's Hospital.

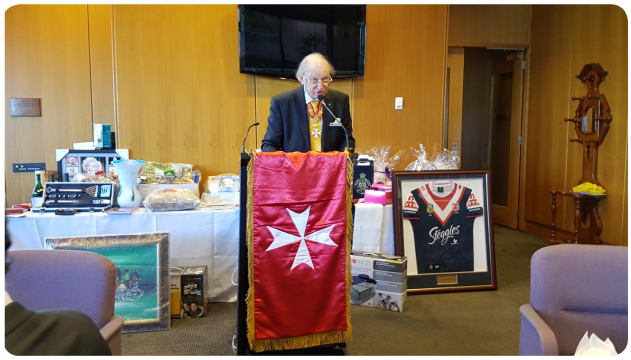
This involved the active auctioneering of many donated gifts, treasures and items of practical use being sold to generous souls with the profits going straight to fighting Diabetes.

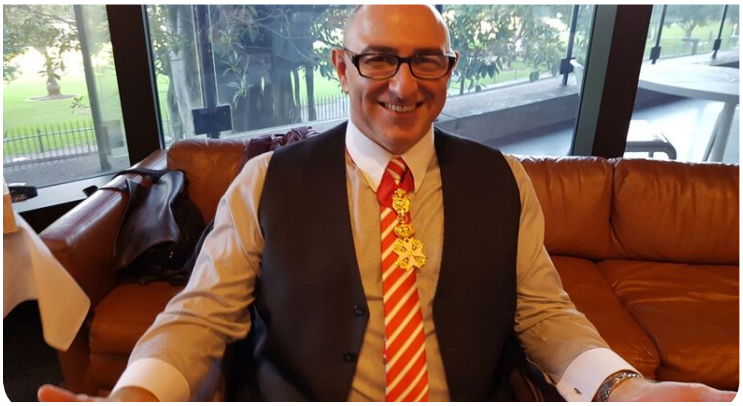
It was serious, fun, dynamic, interesting with some compelling moments from 'over competitive' bidding, to that of fine wines and company enhancing the comradery of those supporting a great cause.

Enjoy some of our favourite photos attached and to learn more about the Order of Saint John, visit our website @ http://theorderofsaintjohn.org/

## *NSW Priory of the Order of Saint John*







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