



# CAG Community Support

*Having Compassion does make a difference!*

Compassion is a charitable organisation that provides sponsorship to children in third world countries that are living in poverty. Whilst it is an organisation that has been built around Christian values the children come from many backgrounds, belief systems, races and experiences.

In late 2014, Richard was fortunate to be part of a group of child sponsors hosted by the children's Minister from Glenmore Park Anglican Church and a senior Compassion representative who conducted a self funded 10 day visit of various Projects conducted by Compassion in North Sumatra, Indonesia.

The trip was designed to allow sponsors time to meet their sponsored children, their families and their local communities, as well as learn in more detail about the work of Compassion and their programmes. The first was the Child Sponsorship Program, targeted at primary and middle school age children, and the second was to visit the Child Survival Program more focused on babies and their mothers that are at risk.

In total the group visited four "Projects", two in Berastagi and two in Medan. Each project caters for around 300 children who live in poverty. These projects provide holistic care for the children including regular medical checks, additional education and vocational skills as well as societal skills in order to give these children the best possible chance of exiting the poverty cycle.

It was clear from the outset that the Compassion Staff truly believe, and can see, the power of their work to actually transform lives.

The only criterion for child selection is the poverty level. Each child has a mentor and meticulous records are kept describing the family situation, the child's aspirations, identified areas requiring assistance and monitoring, and most importantly a vision for each child all the way through to attendance at University.

While we in Australia may think that our commitment is nothing but a small monthly financial contribution, from the Indonesian perspective these small contributions facilitate a world of opportunity. To the children who would otherwise spend their most formative years on a farm assisting their parents as subsistence farmers only to face a predictable repetition of this and the continual oppression that poverty delivers, it is a godsend.

This trip has proven to those who experienced it first hand, they can truly appreciate that we are blessed to live in the wealthy minority part of the world; and as such, we have a true obligation to assist in lifting the majority into a world of similar opportunity. The biggest impression left on us as a group was that children from all over the world deserve the right to live out their dreams, and that the happiness and optimism of children needs to be given a chance at delivering prosperity not only to just themselves but to the community as a whole.

It's easy to feel overwhelmed by the enormity of the task at hand, however one child at a time we can turn the minority into the majority.



Children at Compassion Project in Brastagi, North Sumatra



Child Survival Program Medan

# REVIVE

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## It's Back!

By Schon G Condon RFD

After a regrettable absence of some 8 years "Revive" is finally back, and we are proud of it!

Originally instituted when I was given the responsibility to create and edit a Newsletter for my previous practice, the name was intended to signal part of my, and therefore the Firm's, core belief in what the insolvency system was all meant to be about. A process that provided for renewal, clarity and efficiency. It is an opportunity to bring situations that cannot continue to a halt, prevent the further erosion of funds and formally review and finalise the past.

Unfortunately since its first issue we have seen the industry increasingly brought into disrepute with high-on criminal behaviour, repeated examples of fee gouging and other unsavoury behaviours. Enough of the bad though!

Since the inception of the Condon Associates Group we have been seriously focused on ways that we can solve people's financial problems both without a formal appointment if possible, and certainly for the most cost effective manner possible so as to ensure the maximum return to the majority of stakeholders. Our stance on this issue has recently been significantly reinforced with the appointment of Richard Abela, former CEO of Hettich Australia-New Zealand, as a Senior Associate within the Group.

"On the Beam" will be continuing as our internally written and created technical newsletter featuring updates on relevant legal cases, legislative changes, insolvency and bankruptcy practical tips and other newsworthy items. "Revive" on the other hand will focus on business, management and leadership issues with a particular leaning to turnaround and management in difficult or distressed situations. The most significant change will be that whilst it will still be internally produced, it will feature articles provided by some of our friends, and yes we are more than interested in hearing from you if you would like to contribute.

As a Group we are serious about community involvement and support, not only our own input but also hopefully to inspire others to make similar commitments in their business lives, so we have decided to include in "Revive" a section on some of these

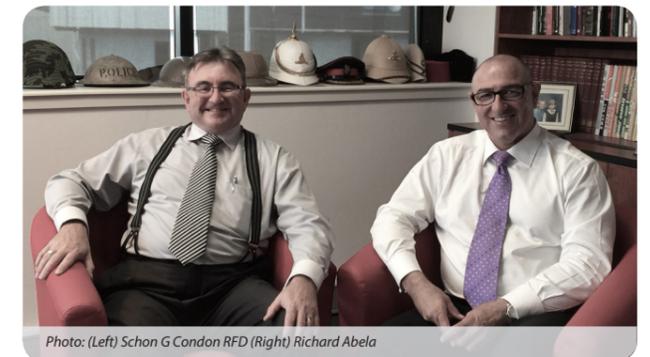


Photo: (Left) Schon G Condon RFD (Right) Richard Abela

involvements by us and again our friends, this Issue its about Richard's recent trip to Indonesia. We do hope you find these of interest.

We will all in our business lives, continually confront change and as many say, 'we have been living the new normal since 2008' so we must continue to appreciate that the market in which business exists today is both fickle and fluid. At this stage, continuing it would appear that low interest rates, potentially increasing unemployment and almost unsustainably high real estate prices will continue. Interestingly as a regular reader of Alex (business cartoon in the AFR) there are little gems, both humorous and serious, that pop up from time to time. One of the recent ones referred to "Greece's departure from the European Economic Union and it always being initially jibed that the issue comes up regularly but gets ignored because everyone knows that after a whole lot of carry-on the EU will come up with the solution and fund them -anyway." Alex and Clive then consider the possibility that the Union don't and observe "that it would take everyone by surprise and would no doubt have the impact of Lehman cubed." Clearly such an impact would strike many Australian businesses significantly.

We can't guarantee that we'll have a solution to every problem in the world, but for those within our scope I can assure you we'll give them a really decent crack!

We trust you will enjoy the new format and the new content; Please enjoy the read.

# The Right Advice: *The Challenge of the Middle Market*

By Richard Abela

When we split the economy into its layers the bigger end of town are often happy to seek the advice of others, and hopefully for the right reasons. Certainly some of you can point to circumstances where there is an unnecessary preponderance to get advice because the decision maker is seeking to 'pass the buck' but that's a story for another day.

Predominantly these companies are checking their strategy against what they agreed their objectives would be, looking for new channels to market, and investigating new ways to become efficient. They recognise that they don't have all the answers and thus seek an external view on a regular basis to keep them on track. In the case of the big end of town, this is generally sought from top tier firms such as the Big Four and other consultants in this cohort.

So why is big business happy to seek advice while the middle and lower segment businesses generally do not?

There are various reasons but the most significant appears to stem from the basis that small business sees the advice as too expensive, not necessary, or they are unaware of the right place to go to receive such information. Is it because the senior managers or family members running these businesses may not want to alter a strategy that has worked well (or they perceive works well) for them in the past, or maybe such advice will create so much upheaval that's not really welcome while they are trying to run a business. Regardless of the reason, the fundamentals are; they simply don't get decent advice.

In all cases, businesses need to regularly keep an eye on the shifting sands; both internal and external factors may change the landscape so quickly that it may one day render them uncompetitive or worse unsustainable. Adjusting ones course is normal for bigger businesses, but not so much for everyone else. However that is a fallacy, all operate in the same market! During the current tough economic conditions the SME sector would do well to take note from their bigger brothers and sisters.

A word of caution though; before you head out and start paying for an advisor, there are a few tips you can really benefit from. The reason for this is that names like the Big Four already come with some level of credibility, even if it is only perceived. In the middle space this is not always so clear, and there is a plethora of folk that call themselves advisors, mentors, coaches and so on that can really add value and an equal or greater number that will destroy you.

So don't be scared to check the advisor first, ask for credentials and references and be prepared ask yourself and your potential advisor the following questions.

## 1. What do you want from the advice?

- Make sure you can articulate a problem or set of circumstances that will provide a clear brief. A loose brief will cost money with no outcome.
- Ensure the advisor explains back to you the goals and that they are not simply telling you what you already know or what you want to hear.

## 2. Be open minded to the advice.

- Often the answer you may receive may not be the one you may have been expecting, so be ready to think outside what normally may have worked for you in the past.

## 3. Follow through;

- The real action happens after you receive the advice. Advice without action is an expensive report.

## 4. Seek help to implement;

- You cannot afford implantation teams like the big guys, so an impartial and pragmatic implementer will be able to give you the space to be able see through what is best for your business. While this may seem an unnecessary extravagance, you will probably waste more time, money and be less effective if you try and squeeze this change program in when you get a spare hour in amongst your day job.
- Make sure you have set timeframes and costings so you don't receive unexpected surprises and an unfinished project.

Whichever way you decide to go and no matter how big or small you are, a fresh set of eyes and a genuine impartial point of view will be refreshing and hopefully stimulate your business into the next phase of growth and profitability.

## The Real Cost of Good Advice

By Michael Maketerian

When business people seek advice it is sometimes when their world is falling down around them because they were given dreadful advice by people who promised them a solution for what appears to be a bargain.

I have to say it: you often get what you pay for. The following is a true story.

I was referred to a business which had only been operating for four years and they were already turning over more than \$6 million annually. Impressive. Until I found out the 'real story'. They had made a small taxable profit in the previous financial year of \$150,000. They were experiencing big losses this year and on top of that they owed the ATO \$250,000 in Income Tax, GST and PAYG. Their cash flow wasn't enough to cover wages, clear shipments and take care of the tax debt. Despite this the business owners told me that the structure of the company was sound and they had their own rescue plan.

It didn't take long to find out that what they had thought in respect to the health of their business and more importantly their plan into the future was seriously based on flawed assumption, and if they did not take corrective action quickly they might lose the lot.

The previous year's profit was questionable as they felt the current year losses were expenses that may have related to the previous year. The so-called 'structure' was like a can of worms. The head company had signed leases for branch companies meaning they couldn't go ahead and wind up the head company as it would drag down the branches. Their plan? Well, they didn't have a budget or projected balance sheet and they couldn't tell me what their GP was...they were simply going to open more branches or stores. And, this apparently was going to save the day for them. Remember, this had all come from 'paid advice'.

It was very clear early on that their advisor who was a qualified bookkeeper was clearly out of their depth. They had promised monthly reports to measure progress and this didn't happen and the bookkeeping itself was so bad it had become meaningless. When they told me the fee they were paying this 'advisor' it all became clear. Peanuts for monkeys. His limited experience was causing this potentially strong business to

topple over.

New proposals for a three-pronged solution was presented, which included the following:

**Firstly-** A true 5 year budget, including projected balance sheets, and cash flow forecasts.

**Secondly** – Immediate up the bookkeeping, internal controls and procedures, a new reporting regime,

**Thirdly** – establishing an Advisory Board to drive strategic direction .

The immediate concern was to establish for certain if the business was profitable or not, and if not, find out what had to be done. We would determine exactly what the business was worth in the short and medium term and if the cash flow was not achievable we would need to seek expert help in restructuring and investigate borrowing options. The introduction of daily and monthly reports against budget and other KPI's would monitor their results in real time and put a lot more accountability on the employees.

Discipline would be introduced by documenting policies and procedures and to lower operating costs and finally an Advisory Board would bring a wealth of knowledge from successful business people in a variety of sectors and this would help to identify pitfalls and look at smart solutions.

Happily the business owner agreed with the analysis and solution, however sadly he decided against proceeding with the service as the fee was not affordable, so we went our separate ways.

So what happened to them? Unfortunately they were forced to sell the business and the owners are hoping that, at best, they would break even. A lot of effort from all sides was trashed at the sign of potential fees to retain the correct advice.

It fair to say the projections from the analysis and advice from a strong advisory board to save the business was far more optimistic than what they ended up with.

Sometimes the real cost of bad advice is the cost potentially losing everything.

*About our Guest Author: Michael is a Founding Partner and Director at ATB Partners. For more information visit: [www.atb.net.au](http://www.atb.net.au)*

## BLOG

### Marketing Tips for Businesses in Financial Distress

By Edward Zia

The reality is that in the modern world, all businesses carry more risks that they would have 20 years ago. We can do our best to mitigate these, however sometimes things within our control & outside of our control can negatively impact us.

Financial Distress is an extreme situation that impacts people, staff and their families. Extreme situations require an extreme response to turn the "Last Stand" into a "Winning Battle".

The following key Marketing Strategies & Ideas can help one to turn things back from the brink:

## Work out what you need in terms of Clients/Patronage to survive:

It all starts with working out what you need to survive. As you may be in an extreme situation, you probably need to make some extreme moves to make it. How much extra revenue do you need to bring in to survive? How many clients / customers is that? Are there any longer-term projects or costs you can cut so you survive the short-term?

Determine exactly the right type of clients you need:

Many businesses don't get into trouble because they don't have enough clients. THEY HAVE THE WRONG CLIENTS. This may be in the respect of them not paying their bills, not being of high enough margin or they take too long to acquire. Look into what you have already and work out "The Best" clients you need.

Decide on the best "Low Cost / High Return" Tactical Marketing to use:

It's good to look back into what worked for you and what didn't in terms of Sales & Marketing Strategies you have previously employed. You need to use Tactics that \*you know\* will bring you clients right away.

## Increase Your Prices / Tweak Your Product Mix:

Most businesses (especially those in trouble) have a problem with their Product Mix. They either aren't charging enough, adequately collecting money or are missing something critical. If you know you can increase your prices, it may be time to take a deep breath and do it.

## Mine Your Database & Market to those who already like you:

Creating "Brand New Clients" often takes a great deal of time and energy. Established companies often have great potential databases and people "On the Edge" ready to buy. Email Marketing & Pro-Active Phone Calls are great techniques to pick up these new clients.

## Use the Latest Marketing Technology available:

Mailchimp Email Marketing, Facebook, LinkedIn, Business Networking, Referral Networks, Phone Calls and the like can be very low cost Marketing Strategies that can get new clients right away. All of these mentioned are also very inexpensive and can produce a great return on spend.

## Build a Strong 90 Day Action Plan with Clear Actions, Goals & Measurement:

Top Marketers never "Wing It" and especially in times of Financial Distress it's the last thing you want to do. Work out what you are going to do every week to make it all happen. The other key point too is that you must be doing things differently. More of the same won't win the war for you.

Once you have the plan in place, you must then go and do it.

You will want to speak to Condon Associates Group first and then use the necessary professionals / consultants available to give you the edge you need. Then, once you are out of Financial Distress and surviving – it's then a perfect opportunity to sit back consolidate, consider strategy and think in a longer-time frame.

*About our Guest Author: Edward Zia, Marketing Mentor, Excellence Above. To find out more visit: [www.excellenceabove.com.au](http://www.excellenceabove.com.au)*

