

# Talking Business

with PETER SWITZER



## April 2008

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## Christopher Wright

Senior Trade Commissioner with Austrade in Shanghai, is an expert on the Chinese economy. Christopher outlines some of the factors behind China's booming economy.

**PS** My next guest on *Talking Business* is the Senior Trade Commissioner for Austrade in Shanghai, Christopher Wright. Austrade has a wonderful role around the world promoting Australian exports, and no place is more important to Australia now than China.

So welcome to *Talking Business*, Christopher.

**CW** Thank you very much, Peter. It's great to be here.

**PS** Where does China actually rank at the moment in terms of Australian customers – first, second or third?

**CW** China is currently our second biggest trading partner. If you added in Hong Kong, it would be the biggest.

**PS** Okay. So Japan still has the mantle of number one, I suppose?

**CW** Japan still has the mantle of number one but it will be passed by China in the near future.

**PS** Okay. Now on the subject of China, there's lots of people on the plane, lots of business people, investors, they know the important role of countries like China and India, particularly China, for keeping the global economy strong and keeping share prices up. So what is from your point of view the outlook for China?

**CW** The outlook for China is absolutely incredible. The Chinese economy is going gang busters. The amount of demand there is sucking in goods and services from all over the world. Because that demand is largely investment driven, it's great for people who are selling commodities and capital goods, and that's good for Australia.

**PS** Australia, exactly. Now there has been talk that there could be some kind of, like, a hiatus in terms of demand from the Chinese government around or just before the Olympic Games. Is that a view that you share?

**CW** No, it's not. I think the Olympic Games have provided great focus for activity around Beijing, and clearly

**Christopher Wright**

they're going to be an event of national and international importance. The Olympic Games is China's way of saying we're here, we're on the international stage, but in terms of the growth that's occurring across China, it's happening independent of the Olympics.

**PS** Alright. So let's try and get an understanding of how you see the demand that is driving this unbelievable economic juggernaut, 11 percent growth a year. Do you think it goes on for four, five, 10 years or more?

**CW** The economic consensus is that it will go for the next 10 years and probably beyond. If you look at the amount of infrastructure development that still needs to be done in China, if you look at the funding that China has available and the line of revenue that it has through exports going forward then we can't really see an end to the process that's been rolled out in China today.

**PS** So I guess it's always possible, and there's talk of it right now, that the US could go into recession. What impact do you think that will directly have on China?

**CW** Two years ago I would have thought that would have a significant impact. Today I think actually it will have a lot less impact than it would have. China's exposure to the international market is now much more diversified; two years ago it was much closer to the United States in terms of the United States as a market for its exports. Other players – the EU, Japan, Australia, the rest of the world – are now such that its exposure to the US is greatly reduced.

**PS** And a significant demand input also comes from the government itself?

**CW** It certainly does. And if you think it's the government that is also sitting on a lot of those reserves, the government has rolled out programs to build infrastructure across China that in itself will generate more growth. For example, they have a program to roll out another 85,000km of high speed expressway linking up every city of 200,000 or more in China. Now you think about it, that's an arterial system

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**Christopher Wright**

through which goods and services will flow from the rich east coast through to central and western China that will generate growth.

**PS** And redistribute income around the country, which of course creates demand and more growth.

**CW** Correct, and not only do that but also start to redress the issue of equity, where there has been less development in the centre, in the west, compared to the east and also between the rural and urban environments as more people are moved from the rural environment into new towns and cities that spring up across this web of highways.

**PS** We're talking to Christopher Wright who's a Senior Trade Commissioner for Austrade in Shanghai. We often hear talk that China is not all that respectful of the planet. They're growing too fast, they're spitting out fumes and emissions and it's going to be tough on our athletes. Is that the true story or is it a story that needs to be tempered with the reality?

**CW** I think the truth of the matter is that China has been on an economic development boom for the last 25 years. We've seen growths that have averaged 8.5 percent over that time. Now the early period of develop has been growth at all costs and for sure there have been costs in the environment on that although perhaps not as great as some people might assume because it was growth off a very low base. Today, however, there is intense recognition of the needs to take into account environmental values as you role out new growth, so we're seeing changes in that area and I think greater political sensitivity on the part of the Chinese leadership to the concerns of the average Chinese citizen about what he eats and what he drinks and what he breaths and the environment his children grow up in.

**PS** The Chinese are quite ingenious in responding to problems or challenges. One of the great challenges is that they're heavily dependent on our resources and also resources from the Middle East like oil. What are they doing to respond to those sorts of bottleneck challenges?

**Christopher  
Wright**

**CW** Well, certainly China itself has very significant natural resources of its own which it's developing, however, it also needs to rely, as all big nations do, on resources from other areas of the world and Australia is blessed in this area and a resource rich country. One of the things they are doing is they recognise that they cannot simply rely on others funding the development of resources for their economy, so China's beginning now to invest in Australia, in mines and in resource projects, in order to secure the supply from those mines and resources projects for China's demand in the years to come.

**PS** What about alternative energies? Are they looking at those sorts of alternatives as well?

**CW** They certainly are. In fact in many regards I think they're further down the road than Australia is. You will find wind turbines, wind farms across China generating electricity. If you drive between Shanghai and Nanjing you will find solar cells on the roofs of half of the houses you drive past. There's a gentleman that's developed a big solar cell industry over there, a company called Suntech, trained in the University of New South Wales. He's about to open a new plant in the town of Wushi which has a zero energy footprint. It will generate as much energy as it consumes.

**PS** Oh, extortionary stuff. And I guess it's fair to say that in China you don't have a lot of capitalist yuppies complaining about wind turbine things going around or solar panels making houses look ugly?

**CW** Maybe not yet, although we call them Chuppies in China actually, which is Chinese yuppies.

**PS** [laughter] Okay. What about Aussies doing business in China? What's the best way of doing it? You've been there for a while, you know the ropes, what's the best way for a business person in Australia to get into the Chinese market?

**CW** Well firstly, all businesses need to ask that question to start with, should they be there? And how should they be there? Should they be selling there? Accessing that market? Should they be producing there in order to get the

**Christopher Wright**

benefit of the cost efficiencies that are available? That's the first question. The second is then okay, how do I go there? Get advice? My advice is get advice early and get it often. Come and see Austrade, talk to the Australian Chamber of Commerce, talk to other companies that are already in China and doing something there. There's probably a company near you, down the road, that is already doing something there, maybe even in the same industry. Get advice.

**PS** Is it still very important to get a Chinese local partner who does represent you?

**CW** Not necessarily. In fact, things have opened up extensively in China over the last several years such that you can now set up an entirely wholly foreign-owned enterprise in China. You could go in as a joint venture if that was the right vehicle for you but again, there's a number of alternatives there. You can talk to us at Austrade, you can talk with your accountants and your lawyers. These are the people that will be able to help you. It takes time but it's worth it.

**PS** So I know you've worked in countries other than China. In terms of the hurdles, the challenges, the cultural struggles to get into China and to do well, how would you rank it?

**CW** Well, I think doing business anywhere isn't easy and doing business in China falls into the same category. [laughter] Which means, yeah, you've got to work at it, but language is not an impenetrable barrier, there are interpreters, there are translators that you can use, there's a lot that can be achieved.

**PS** Excellent. And I guess if people want to learn more about this, the Austrade website would be a great place to start?

**CW** Great place to start. There's lots of information there and you can always shoot through an email to us and we will be able to give you some specific responses.

**PS** And that website is [www.austrade.gov.au](http://www.austrade.gov.au)?

**CW** It certainly is, Peter. Well done.

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**Christopher  
Wright**

**PS** Gee, I'm pretty good, aren't I?

**CW** You certainly are.

**PS** Thanks for joining us on *Talking Business*, Christopher.

**CW** It's been great to be here, Peter. Thank you.

## Adrian Di'Marco

is the founder of TechnologyOne and is a champion of innovation and entrepreneurship. Adrian discusses some of his strategies that challenge the status quo to build a successful market alternative to seemingly impenetrable competition.

[www.technologyonecorp.com](http://www.technologyonecorp.com)

**PS** My next guest on *Talking Business* is the founder of TechnologyOne, Adrian Di'Marco. One of Australia's leading technology companies, TechnologyOne has successfully competed with the largest software vendors in the world to secure a solid customer base. With the launch of their new generation platform, TechnologyOne regularly wins major deals from industry giants such as SAP, Oracle and Microsoft. Adrian is a champion of Australian innovation and entrepreneurship and we will be discussing some of his strategies for challenging the status quo to build a successful market alternative to seemingly unbeatable competition.

Welcome to *Talking Business*, Adrian.

**AD** Thanks, Peter. How are you today?

**PS** Fantastic, mate, fantastic. Now, what about this. Where'd you come from? How does an Australian company take on Oracle and Microsoft?

**AD** Well, I think it comes from when I was very young and not really realising the challenge that was ahead. You know, when you're young you don't realise just how big the competition is that you're taking on and you get into it and you do it and suddenly you start to realise you can compete with these companies and you can be very very successful.

**PS** You know what actually fascinates me is that I'm someone who uses the by-products of a platform but you're a kind of person who understands what a platform is and how it actually performs the task. So where did you get an idea to create this new generation platform upon which TechnologyOne is all based?

**AD** Well, the original idea came from using software from big multinationals 25 years ago and just seeing how bad the software was and how poorly thought through it was and I thought there's just got to be a better way to do it. The problem was the fact that they were so large and so incumbered so the idea of using technology to get a competitive advantage was probably the thing that I did effectively, so when technology changed, when a new

**Adrian  
Di'Marco**

technology came out, that was an opportunity to build a new generation of these applications and get into the marketplace and that's what we've done every seven or eight years. Every seven or eight years we look for the technology change and with the technology change we use that to build a new generation of our product and to continue to get that competitive advantage, and at the same time we bring our current customers across onto whatever the current platform is, so it's using it to get that advantage over the larger companies.

**PS** So really, can I ask you this question, are you a tech-head or are you just a businessman who realises that when something's not working well you just go looking for something better?

**AD** I started off as a tech-head, that's for sure, but over the last 20 years I've changed and become a businessman and, as I said, using the technology for competitive advantages is just part of an overall strategy these days. You can't let the technology take control of the business. It's an important part of getting that advantage but you've got to look at the business drivers and the strategies to make it successful.

**PS** Now, you say that you innovate every say seven or eight years when the platform changes. So what was the most recent changes that brought about your innovation and response?

**AD** The most recent change has been the move to the internet, and we have built what we call our connected intelligence series of applications which leverages off this whole paradigm shift of the internet being the network, and particularly the paradigm shift to software that is very simple and easy to use and intuitive, software that this new generation just expects they can just use. If they need to be trained, well, they're not interested in it, so that's been the big driver for us, leveraging the internet and the expectations of this newer generation and using software built for the internet.

**Adrian  
Di'Marco**

**PS** So is TechnologyOne targeting big organisations only because there are economies in doing that or is it a company that basically take on any kind of business?

**AD** We target medium to large organisations specifically because of the characteristics of those companies. They need software that is very sophisticated and software that can meet their complex business requirements. Once you sort of go below midsize organisations it's a different business problem you need to solve.

**PS** So in terms of the companies that you service, is it like one product fits all or is it tailor made to actually suit that particular company?

**AD** One of the things that we did from day one is we said that we will build one product that all our customers could use, so everyone uses exactly the same product, but it doesn't mean that they compromise in functionality or features. We work very closely with our customers to make sure that the software has the features and functions that it needs to meet their business requirements and that's given us a tremendous strategic advantage. If you compare it to our competition, they customise their software on-site to meet the requirements of the customers, which means that the customers end up getting stranded with a customised piece of software and they can't take new releases and new upgrades, where with TechnologyOne the customer gets a solution that works out of the box and meets their requirements and if it doesn't then our R&D people guarantee to fix it in the core product so that they continue to be able to take new releases and new upgrades. So it's a pretty fundamentally different approach – you build the flexibility into the underlying software so that your customers can continue to take new releases and continue to move forward with you. It's been very important to us, that approach.

**PS** We're talking to Adrian Di'Marco who's the founder of TechnologyOne. To reflect upon what you've achieved, and I guess for people to understand, how big is the organisation? How many people do you employ nowadays?

**Adrian  
Di'Marco**

**AD** We employ about 700 staff throughout Australia and New Zealand and more recently in the UK.

**PS** So it's quite a significant operation now, isn't it, 700 people?

**AD** It is and we've been growing very fast. The last 10 years the average growth has been about 30 percent per annum compound and we see growth continuing at a pretty fast rate for the next 10 years as well.

**PS** And I'm sure people who are listening are saying, well, is this a publicly listed company or is it a private organisation?

**AD** We're publicly listed. We listed in 1999 so it's coming up to almost 10 years as a public company, so it's been a very interesting transition from private to public.

**PS** Yeah, I can imagine that. And how did you find the transition from running a private company to having a whole bunch of objective eyes and ears analysing you all the time?

**AD** Actually I have enjoyed it, I must say. It has really made the company become a lot sharper in its thinking because there are people out there constantly looking at what the organisation's doing and challenging what we're doing in our strategies and our thinking and that's a very healthy process. You've got to be on top of your game if you're a publicly listed company.

**PS** Adrian, when you started you made the reference that you're looking at the big guys, the big competition, and I presume you're saying well how can I do this better? What happens when you become big? Can you still keep using that kind of attitude – wait to see what the big boys do, recognise their weaknesses and then develop a competitive edge? Is this something you've kept sticking to along the way?

**AD** Definitely it's something that we have done and that we'll continue to do but I think even more importantly that it's staying close to your customers. If I was to say what really has made TechnologyOne successful in such a competitive

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**Adrian  
Di'Marco**

market, it is the fact that we are a very customer centric organisation, we stay very close to our customers. If you compare that to our competition, they use a very different fragmented business model. See, they build the software but they don't actually market, sell it, implement or support it – they use third parties to do that – and we believe that it's fundamentally a flawed business approach. Our approach is we build it, we market, we sell, we implement, we support, we take total responsibility, and through that process we're able to make sure that our products are better, meeting our customers' requirements and our customers tell us what they like and don't like and that goes back into R&D. So whether it's using a new technology to get a competitive advantage, adding new functions, new features, whatever it is, I think if you listen to your customers, if you stay close to your customers and if you build an organisation that reacts to what customers say then I think you'll continue to prosper.

**PS** Mate, it's a great piece of advice. Is there a website if people want to look into what you guys are up to?

**AD** Yeah, [www.technologyonecorp.com](http://www.technologyonecorp.com)

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

**AD** Thanks, Peter. Nice to talk to you again.

## Ludmilla Fedorovitch

from Intel talks about the Federal Government's initiative to provide computers to every Australian high school student. Intelteach is an example of how the corporate world is working with the public sector to provide the best learning experience.

[www.intel.com/education/au](http://www.intel.com/education/au)

**PS** On *Talking Business* we're now with Ludmilla Fedorovitch from the global technology leader, Intel. Through the Intel Education Initiative the company collaborates with the educators and governments in more than 50 countries in an attempt to deliver programs that improve the effective use of technology to enhance learning. We'll be discussing with Ludmilla the federal government's initiative to provide access to computers to every Australian high school student from years 9 to 12 and how the integration of information and communication technology in classrooms can promote more effective 21st century learning.

Thanks for joining us on *Talking Business*, Ludmilla.

**LF** Thank you very much, Peter.

**PS** Now, before we start and talk about all these wonderful programs that Intel's associated with, I'm sure there are normal people in the real world who use things with the Intel stamp on it and haven't got a clue what Intel is because we don't really buy an Intel computer but they seem to be with every computer we buy. So tell us what is Intel and what are they up to?

**LF** Well Peter, Intel is the leader in innovation in silicon technology, so we develop technologies, products and initiatives that improve people's lives.

**PS** Okay, that's a great answer but you still don't explain to me what is inside my computer that Intel has responsibility for, which means I see an Intel stamp on my computer?

**LF** That's right. Well, inside your computer you'll see an Intel processor, which is the brains of the computer.

**PS** Ahh, so you're the brainy part of the computer?

**LF** Absolutely.

**PS** So you're the most important part?

**LF** Absolutely.

**Ludmilla  
Fedorovitch**

**PS** Okay . So you've got this Intel Education Initiative. What's this all about?

**LF** Intel's been involved in education for many many years now, to really improve teaching and learning and most importantly to prepare our students for our future.

**PS** Okay, but why does a company of this size have such an active interest, and I presume they throw money at this program as well, what's the thinking behind it?

**LF** The thinking behind the program is that first of all the interest in education has been there for a very very long time.

**PS** It's a key target market for you guys as well, education, isn't it?

**LF** Well, it is important but far more important than that. The importance is preparing students today, and we're really preparing them to be the innovators of the future, so we are looking ahead because we really believe that all students deserve a really good and strong opportunity, an opportunity to be successful and an opportunity to be the innovators of the future.

**PS** Now what about the Intelteach program, what's going on there?

**LF** Intelteach, it's a professional development program for our teachers. Throughout the program the teachers learn how to integrate technology or really incorporate technology into their teaching practice, into their lessons, and at the same time they're also working with the students, so the students can have far better skills in terms of their ability to solve problems, to communicate, to collaborate and to think critically, and these are all very very important for the future.

**PS** We're talking to Ludmilla Fedorovitch from Intel. And the federal government's linked to you. What's the vision? What will we actually see with our skills shortages in say in five or 10 years time?

**Ludmilla  
Fedorovitch**

**LF** Well, from what I'm seeing is we're looking at where we are today and our students need very very different skills to be successful. They need to be able to communicate with their colleagues, communicate a concept, perhaps it's written, perhaps it's oral. They need to have strong digital literacy, they also need to be able to look at information, analyse it, be able to problem solve and always be able to think far more deeply and critically about everything they're doing.

**PS** In terms of percentages, what percentage of school kids actually have a laptop computer now or access to a computer, and when will it be that every kid has access to a computer? Is there a plan for that kind of thing?

**LF** I think that's something really the government would be looking at and the type of plans that they have for the future, but if you look globally there are countries that are starting to look at one computer per student.

**PS** And I think it's a really good initiative to think that way through because it seems to me, and correct me if I'm wrong, that young people are fantastic at actually using computers for stuff that they like, chat rooms and all that sort of stuff, but are they actually trying to do the things that we want them to do with computers you say – analyse, you know set up concepts, test things and things like that? Are they doing it off their own bat now or do we need a lot more push from parents and teachers?

**LF** I would say that when you've got some good inspiration and some really good motivation from a teacher, it does happen. I'll give you an example. Recently there was a project that two teachers who had completed the Intelteach project were cyber introduced. One of the teachers was from Kansas in the US, the other is actually from here in Victoria and they decided to collaborate with their students on a project on the environment. And what was really interesting was first of all the children, they we're involved in getting to know each other through an online environment on the web, that's how they introduced themselves and very quickly they started researching the environment and they

**Ludmilla  
Fedorovitch**

found out that the American students, their key focus was on pollution whereas our children, water was the big issue. It was fascinating because they both have the same interest in music, the same interest in sport but this was like a very very key area that was very different for them. But they were very involved and they're very interested so throughout this they were able to take on different roles and responsibilities, work in groups, work in teams across the world, come to various conclusions, understand each other's point of view. At the end of the program they actually developed a solution and, for example, the US kids in their community they decided to start a water saving program. So very much through the project you could see all of these skills, but I must say the role of a teacher was obviously central and really really integral into working with the students and really channelling their energy. At the same time the evaluation work that we do around the program shows that as a result of the teaching practice we're seeing all of these skills coming through very very strongly in the students.

**PS** Basically what we're hearing here is that via technology and the role of mentors you're actually getting international brainstorming, you're getting thoughts in Victoria in kids' heads they would never have about a place called Kansas and vice versa, and as a consequence they all want to probably travel, they all want to actually discover things they wouldn't have thought before, and that's the value of getting a prime mover to get this innovation idea happening. It works in a school level. It also works in business as well.

**LF** Absolutely. So it's starting to get those thoughts into the young people's heads now today. This is what they need to be doing, the directions they should be taking, so then as they embark on their careers they're really well positioned to become the innovators of tomorrow.

**PS** And the funny thing is that 20 years ago the way that used to happen is that someone would get on a plane like Qantas and fly to New York and live there for a while and start thinking outside the square, discover businesses, and open the businesses back in Australia. Now you can do it via the internet and computers.

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**Ludmilla  
Fedorovitch**

Thanks for joining us on *Talking Business*. Is there a website if people want to look more into this program?

**LF** Yes, thank you very much Peter, and they're most welcome to have a look at [intel.com/education/au](http://intel.com/education/au)

**PS** Great. Thanks for joining us on the program.

**LF** Thank you very much.

## Paul Peters

is CEO of Opportunity International which provides millions of tiny loans to very poor small business owners in developing countries. Paul shows how they are impacting upon the lives of hundreds of thousands of poor entrepreneurs and their families.

[www.opportunity.org.au](http://www.opportunity.org.au)

**PS** The CEO of Opportunity International Australia, Paul Peters, is my next guest on *Talking Business*. Opportunity International provides millions of tiny loans to very poor small business owners in developing countries. Over 85 percent of their one million clients are women. The loans have enabled hundreds of thousands of people to lift themselves out of poverty and the debt trap. Since his appointment in 2003 Paul has driven unprecedented growth year on year, with revenue in 2006 increasing by almost \$30 million. Paul has laid a prominent strategic platform for growth in coming years, particularly in India.

Welcome to *Talking Business*, Paul.

**PP** You're welcome. Thank you.

**PS** Paul, why don't you, for our people who are listening, explain exactly where Opportunity International Australia came from?

**PP** Well, Opportunity was the creation of two people. One, David Besso, a business person and entrepreneur in the 1970s and a fellow by the name of Al Whittaker who is a corporate CEO in America. Those two fellows met in the late '70s and decided to take their business and corporate skills and apply it to helping very poor entrepreneurs, and it was really the birth out of that relationship that came Opportunity International in the 1970s. So, an Australian and an American.

**PS** Okay. So how big is the actual not-for-profit business that runs all this now?

**PP** Well, first of all it's probably worth explaining what microfinance is.

**PS** Yeah, I was going to get to that next. I don't want you running this show! You're answering the questions and you're asking the questions. Go for it! [laughter]

**PP** Well, microfinance is basically financial services – loans, saving, insurance for the very poor. So things that you and I take for granted just walking into a bank and getting a

**Paul  
Peters**

loan, getting a credit card, having insurance, all kinds of insurances, we're making those available. Our particular focus is on people that are starting small businesses, but when you're an insurer, somebody with a small business you're typically insuring their family and so it does extend beyond them, but our focus is to create or help an entrepreneur create a small business. That's effectively what we do at one part of the business. The other is once you have a business up and running, an entrepreneur typically faces some challenges of getting access to markets and we begin to help them with those problems. How big is the business that we operate? Well, now within our sort of network of operations in various countries, each country has one of two or three operations as a separate business. There are 45 businesses, microfinance lending businesses, across 27 countries. We currently have more than a million clients, just over 1.1 million clients, and have loans outstanding of about \$400 million. The business here in Australia is primarily a fund raising and capital raising business, of which in 2006 we raised just under \$40 million and that was up from about \$3 million a few years before that.

**PS** Yeah, that's fantastic. Now let me get back to me asking my questions, and I was really impressed with your questions. What's the size of the loans? This is the thing that will actually stagger people. How big are the loans? And the next question is how effective are those loans?

**PP** Well loans are typically...our average loan throughout everywhere but Eastern Europe, Eastern Europe is slightly different, but if you think Asia, Africa and Latin America it's about 150 US dollars.

**PS** That's the part that staggers me. You don't need to give them much to really get them out of their problem.

**PP** Yeah, and if you think of what they're using it for, you're typically buying, you know, they'll buy a sewing machine, they'll buy a tricycle, they'll buy a small motorcycle, they'll buy \$100 worth of goods to on-sell, so there's working capital for a small retail shop, they'll buy sari material and

**Paul  
Peters**

sew a sari. You know, every small business the informal market largely runs in the developing world and creates the employment and so, yes, these businesses are very small.

**PS** Okay. We're talking to Paul Peters who is CEO of Opportunity International Australia. What's interesting is that you say that a lot of these loans are going to woman in developing countries.

**PP** Yeah, that's a deliberate sort of choice with a number of reasons why.

**PS** And the reasons are really interesting.

**PP** First of all, if you just look at global poverty, on almost every statistic, and if you look at the correlation, the development of women and the poverty of women and success in that country is the largest correlator. So if women are empowered and economically better off and not oppressed, you're going to have a country that's prospering and so if you just look at poverty, women represent the largest group of poor people when you compare men and women and so one we want to help women.

**PS** So it's a virtuous thing there. Let's help women and presumably you help kids at the same time because women have a great habit of sharing with their kids.

**PP** Yeah, in every culture in society that we are in, the major developing counties of the world, women are the primary caregivers of the children. You talk to any women, what she's going to do when she makes good and gets a few dollars, she will go last in terms of eating and educating herself but her kids will always come first.

**PS** And you and I are a bit embarrassed because men versus women, we don't actually polish up in objective tests against women when it comes to being selfless and all that sort of stuff.

**PP** Absolutely.

**PS** I'd like to say we are but the tests tell us it's not true.

**Paul  
Peters**

**PP** It's not true. The third reason that is probably women just tend to pay back the money. So you lend it to a man, money doesn't always come back. You lend it to a woman...

**PS** ... they get distracted by racing and gambling and all that sort of stuff.

**PP** Anything. [laughter]

**PS** [laughter] And it's interesting because you are, in a sense, a financial institution. You are lending and the objective part of it is that you know women are a much better conveyance to put your invested funds into.

**PP** Yeah, it's interesting. We're a not-for-profit organisation or a social investor. We run this on very tight business principles. We want to run lean mean organisations that can deliver services to the poor at the lowest possible cost, the best possible service. The question of course at the end of the day is who gets the benefit, and it's not whether it's run well, it's actually who gets the benefit. Is it a shareholder or is it the poor? For us it's an easy decision. Our mandate is to deliver all those benefits to the poor. Our shareholders are our donors in that case, give us the money, they're giving it to us.

**PS** But they want a big bang for their buck.

**PS** They want a big bang for their buck.

**PS** It's an extraordinary story. How important then is it for corporates to dig into their pockets and hand it over?

**PP** Well, there's probably two groups of people or actually three groups of people that support us. One is the vast majority of our support comes from private individuals. Typically we're not a mass market fundraising organisation. We typically raise money from financiers, investment bankers, fund managers, banking people who like what they see because it's their world applied to a social problem. Entrepreneurs, people who started their own business who can in some ways relate to the plight of the entrepreneur

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**Paul  
Peters**

and say I had a go, they're having a go, I'll back that. And then we do have some corporate relationships where either people have operations overseas or it's within their mandate, you know, they've chosen this as a field that fits within their corporate social responsibility agenda. In country, so India, Philippines, Indonesia, we have a number of deals with corporates who just overlap the operations and that's not philanthropy anymore, that's business – they're buying products from our clients and so there's a deal to be cut; they're providing services to our clients, there's a deal to be cut. And we just do that on behalf of hundreds of thousands of people, to make at ease the corporate then facilitate the services down to that.

**PS** It's a fantastic story. If people want to know more, what's the website?

**PP** The website where you can find more information is [www.opportunity.org.au](http://www.opportunity.org.au)

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

**PP** Thank you so much.

## Robyn Haydon

is author of *The Shredder Test*. Robyn reveals the techniques and strategies that can allow individuals and organisations to write proposals and tenders that win.

[www.winningwords.com.au](http://www.winningwords.com.au)

**PS** My next guest on *Talking Business* is Robyn Haydon who's principle consultant of corporate communications company Winning Words. Winning Words works with companies looking to gain more business, and they retain the customers they already have through developing bids, pitches and sales proposals that focus on results. Proposal writing is an increasingly important skill in business and many employers are now seeking staff with proposal writing skills. Robyn will discuss with us the keys to writing proposals quickly and easily that hit the mark and win business.

Welcome to *Talking Business*, Robyn.

**RH** Thanks, Peter. It's nice to be here.

**PS** Okay, so what's your background? Where'd you come from?

**RH** Well, I have a background in industrial sales and marketing so I guess that's where the proposal writing actually started because lots of people in those sorts of roles of course do have to write proposals but I specialised in that because I started getting a reputation for being able to run bids that were successful, so of course I got asked to do it more and more often. And now that I'm out on my own, that's what I exclusively focus on.

**PS** It's good to have a reputation for making proposals to people. [laughter] So what are the common mistakes businesses make when approaching proposals?

**RH** Probably one of the most common mistakes is forgetting that you are actually selling and that you're selling to an individual and not to an organisation. You know, big companies selling to big companies, we're still just groups of people who are trying to convince one another of a need to do business. So really focusing on the individuals, probably, and what the individual people on the other side want to gain from the transaction. That's one of the really big mistakes that I do still tend to see.

**Robyn  
Haydon**

**PS** Okay, so let's just dwell on this for a moment because I think this is supersonically important. You're saying that some people are knocking up a proposal. They love their product, they know their product's great, so in their proposal they just talk about how great their product is and they ignore the needs of the customer. Is that what you're saying?

**RH** Yeah, look, that's still unfortunately very common because you know it's human nature to get excited when you have a big opportunity in front of you and to think okay well this could mean millions for my business, so, this is something that I really want to win and to just talk about yourself and what you can do and what your product can do and ignore what the customer really wants. Because nine times out of 10 these days you will actually be responding to a brief, a tender document or something of that sort, so the customer or the prospective customer will tell you very clearly what they want and it really is just case of listening and picking up on that and reflecting what you can do in a way that matches exactly what it is they've asked for.

**PS** Is it a good idea to get to know the key person who's going to be making the decision or who may head up the committee who makes the decision and get even more research, more understanding of the needs, more understanding of the problems that they've been facing and why they're looking for a product or a service like yours?

**RH** Absolutely. I think what a lot of people tend to forget is that writing a proposal is actually the end of the process. We're talking about selling and those who are successful at selling are still those who are successful at building relationships. And when people say to me, well it looks as though this tender has been written with a competitor in mind, that just means that that organisation has gotten in and they have gotten to know the company and what they need and they've helped them to specify what they want, so of course that puts them in a good position. So yeah, there is no substitute for getting to know the decision makers and knowing as much as you can about those individuals and about the company before you actually write anything.

**Robyn  
Haydon**

**PS** In doing your research and reconnaissance on the outcomes that your prospective client is looking for, have you in the past been quite surprised that what you thought they might have wanted was actually something a little bit more than what you thought?

**RH** Yeah look, I've had cases where it has been very different and I think that's where getting a perspective from someone outside the organisation can help challenge some of those assumptions. A lot of the bids that I work on are retention pitches, you know. Now it's pretty common, even though you might have a long relationship with a client, for that to go out to tender every three years so you're constantly having to reapply, if you like, for that business. And we tend to get a bit myopic, I think, and a bit internally focused on what it is that we think that the customer wants. Looking at that critically as part of the process of preparing your strategy for your offer for a bid is really essential.

**PS** And individuals can make a massive difference, can't they? Because I know in our case we had a contract where the CEO and the marketing team changed and when it came to re-tendering again they were two totally different people with two totally different attitudes to a product that we had actually made very successful for them and we knew we weren't going to get through to these people because they were widows on our criteria anyway.

**RH** [laughter] Look, I honestly, Peter, wish I had a dollar for every time I heard a story similar to that and that's why if people don't remember anything else from this interview, that's what is important – that you are dealing with individuals and it's not companies that buy things, it's people. So yeah, when you say look we were doing all of these great things and a whole bunch of new people came along and they didn't know what we could do for them, you have to start selling all over again, and that can be a bit of a frustrating process for people who'd been working with a company for a long time.

**PS** How important is the actual writing skill then? Once you've understood the clients, the needs and whatever, how important is the writing?

**Robyn  
Haydon**

**RH** Well I believe that the actual quality of the writing is a lot less important than most people think. It is actually the quality of the thinking that goes behind what you say and what you're trying to sell and what you're trying to get them to buy that is the most important. And that's what I have really tried to emphasise throughout my book because a lot of people come to me because they don't trust their skills in terms of writing but I strongly believe that if you can speak and you can articulate clearly and concisely the benefits of what you do when you're talking to someone, there's no reason why you can't write a compelling proposal. It's just getting people past that fear of actually putting pen to paper and writing in their natural voice and having it come off like them as opposed to some scary corporate document.

**PS** So the name of your book is?

**RH** *The Shredder Test. The Australian Guide to Writing Winning Proposals.*

**PS** Okay. Now we are getting out of time but is there any one other message you'd like to leave the listeners that sort of provokes them to think about improving their proposal writing skills?

**RH** I think probably the most important thing, apart from focusing on the customer, is resourcing yourself properly internally to respond to bids. I see a lot of people who are new subscribers to tender notification services and they get quite excited because there are a lot of opportunities out there but they can be costly and time consuming to respond to so you need to be realistic about your chances of success in a particular market and make sure that you do have people who are given the responsibility and also the authority to put together bids that are going to win you business because if you go into it half hearted, it's just not going to work for you, and I see that quite a lot unfortunately.

**PS** But also Robyn, there's one pitfall which I must throw in from our experience that sometimes government departments in particular will actually have already made a decision and they might get two or three other companies

**Robyn  
Haydon**

to throw proposals in, which can be really costly and time consuming, and you haven't got a chance of winning.

**RH** That's right. Look, I think it comes back to your individual skill and your knowledge of the market, your ability to sell and to know what people are going to buy, and if you honestly believe that they're just asking you because they want to check your price against the incumbent or the person that they've got in mind for the project then seriously reconsider whether it is worth your effort and don't be afraid to say no. Focus your energy where you really do believe you have a good chance of success.

**PS** Okay Robyn, is there a website for *Winning Words* or the book?

**RH** Yes, there is. If you're interested in either of those things, you can go to [winningwords.com.au](http://winningwords.com.au)

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

**RH** Thanks for having me, Peter.

## Gill Walker

is a director of Evergreen Marketing Communications, an advertising agency dedicated to building campaigns that motivate and resonate with boomers and seniors. Hear some of Gill's tips on how to reach the lucrative older market.

[www.evergreenmc.com.au](http://www.evergreenmc.com.au)

**PS** My next guest on *Talking Business* is Gill Walker who is a director of Evergreen Marketing Communications. Evergreen positions themselves as the first advertising agency in Australia and New Zealand dedicated to building campaigns that motivate and resonate with baby boomers and seniors. Gill believes that these generations are often overlooked by mainstream advertising campaigns due to misconceptions about spending habits and brand loyalty. We'll be discussing why she believes marketing plans that don't include a strategy for people 45+ reduces the returns on these ad campaigns.

Welcome to *Talking Business*, Gill.

**GW** I'm glad to be here.

**PS** Yeah, fantastic. Now why don't you just give us a brief rundown on your background?

**GW** My background is many many years in advertising and had a fascination with understanding what would motivate the mature audience so went off and did a masters degree and during that I did a thesis on ageism, and that was a means of looking at the way we portray people positively or negatively. By the end of that I decided that there was a huge opportunity for us to make advertising and campaigns in Australia and New Zealand that would really resonate and reach their hearts and minds, and there weren't....

**PS** Hang on, and their wallets as well, I presume. [laughter]

**GW** Very much their wallets, very much. Funny you say that because it's actually their wallets that people forget that they actually have the most discretionary spending power of all the generations.

**PS** Okay, well that's always surprised me. How come ad agencies didn't understand that? Like everyone seems to be chasing the...what was the demographic they chase on television?

**GW** Well it's usually Gen Ys and Gen Xs.

**Gill Walker**

**PS** They get the money from us! We're the ones who control the dough!

**GW** That is exactly right. It think there's a misunderstanding often of what boomers are. They look like they're a lot older than they are. Boomers today are on average aged 43 to 60 and some people paint them as a lot older. Look at why do they actually have the money. If you actually look at the issues of disposable income, it paints a really interesting picture. Boomers are actually wealthy because of a couple of things. One, they got into property very early, they got married very early. People 25 today aren't married with three children whereas boomers in their 20s were doing that. So the two things aligned with both of them getting into property early, they went to university, and when they went to university they didn't have to pay for it, so those two things have now resulted in us having a boomer population that is the wealthiest generation that Australia will ever see, and the challenge for marketers is to get the money off them.

**PS** But why was there the belief that boomers weren't spenders? I can't imagine why any ad agency doing their research couldn't work out that boomers, when they go overseas they usually stay in a lot better places than they did when they were long haired campers in campsites around Europe. They're staying in great hotels. They might fly business class. How come ad agencies didn't get that?

**GW** Well, there's a few reasons. Often it's marketers and agencies that are blind to the opportunity so it's saying...

**PS** Nincompoops, nincompoops.

**GW** [laughter] Oh occasionally, and it's saying often there's a problem of what we call self referencing, that the average age of people in marketing and advertising is say 33 and there's a tendency to build creative campaigns that by accident often actually influence that age group. So you really have to force yourself to make sure you understand the differences and when you look at people, say, in their 50s there was a tendency for people to say everyone's the same over 50. You really have understand there's big

**Gill Walker**

differences between people 55, 65, 75 and 85. The media are one of the culprits to blame because often media demographics weren't actually segmented past 70. We now have obviously an aging population where the huge opportunity is to actually look at people 50+ and all their differences and distinctions, and they'll be different motives for what people want at different age groups. At 50 we are not beige, we are definitely multicoloured.

**PS** So when you pitch a program for a particular product, do you ever find that even the makers of the product don't realise that their product really suits the boomer audience as well?

**GW** Very much so. Often they'll be doing research and they won't include older age groups and, well, the common mistake is they'll feel that one advert will fit all. We urge people to be ageless in their advertising but there might be different motives – why you'll purchase something when you're 55 versus obviously when you're 25 – so you may have to have a strategy which includes two or three age groups. The overall strategy can be the same but the executions will benefit from having two or three age brackets executions of relevance. I could give you an example. For example, the campaign for Panadol. There's a really good campaign where they talk about side effects of different diseases, say, whether it's asthma or whether it's cholesterol, and they have a series of advertisements which portray people being active in those age groups. Now no one in their 20s is going to think that the word cholesterol is relevant to them but in the execution where they have a surfer out in the water, he's really going hell for leather doing what he wants. He actually mentions about drug interactions by talking to his doctor. Instantly I know that advert is relevant to someone in their 50s more than someone in their 20s.

**PS** Okay. We're talking to Gill Walker from a company called Evergreen Marketing Communications. Looking over the ad campaigns that you've seen that really have hit the mark for baby boomers, which one do you think has been the best one you've ever seen?

**Gill  
Walker**

**GW** I think one of the campaigns that's on at the moment which is very good, it's a global campaign adapted locally, is actually the Dove campaign and the reason that I mention it is that it's portraying women as being authentic. It's portraying women as being who they are and you can be beautiful at any age – it's not just younger people that are beautiful – and they do a lot of research globally to show that you can in fact be beautiful at any age.

**PS** Are baby boomers loyal customers once you get them?

**GW** Very good point, Peter. They're not, and that's one thing that marketers must understand, that it's not a set and forget mentality. In their 20s everyone went after boomers and they were pretty loyal then but 40 years on, in fact boomers today are less loyal than what they were 40 years ago. Lots of reasons for that – because they've got so much choice, their lifestyles have changed – and that is one of the dangers marketers think is that they will be brand loyal and it's set and forget. You must not do that. You must understand they're very keen to try new products, they're very keen to try new services, and therefore you need to make sure that they're on your marketing radar.

**PS** What's the best way to get through to them? Is it television, radio, broadsheet newspapers?

**GW** They like all mediums. The key is to actually make sure that your message is relevant and take into consideration some of the physical characteristics that happen as we age. For example, using colours and talent that works. As we age our eyes let in less light so certain combinations of colours aren't as effective. It's not like saying there's a big sign on your ad saying this advert is suitable for people over 50. It's thinking about high contrast colours, it's thinking about typefaces that actually stand out from the page, it's giving people often the option on how to contact you. It's not all about forcing me to the website for the information. I still might actually want to ring someone, talk to someone on the phone. I may even want to write you a letter. Give me options to engage with your company, don't just force me to the internet.

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**Gill Walker**

**PS** Yeah, I've got to say I was sitting beside a guy who probably was Gen X even just today and he was really cheesed-off when you had to go via email or the internet to connect – he wanted a telephone number. So there's probably a baby boomer in a lot of Gen X people we know as well.

**GW** Very much so.

**PS** Now tell us, if people want to communicate with you guys, what's the website?

**GW** Oh it's very easy. It's of course [www.evergreenmc.com.au](http://www.evergreenmc.com.au)

**PS** Thanks for joining us on *Talking Business*, Gill.

**GW** Absolute pleasure.

## Michael Paul

has carved a niche in the logistics industry with his company Pack & Send. His innovation and specialisation has built Pack & Send into a national retail network. Michael is passionate about franchising and discusses building a culture of “no limits” customer service.

[www.packsend.com.au](http://www.packsend.com.au)

**PS** On *Talking Business* I'm now with the founder of Pack & Send, Michael Paul. At 46 years of age Michael has carved a niche in the logistics industry and turned it into a multimillion dollar national enterprise. His innovation and specialisation has built Pack & Send into a national retail network with over 85 stores throughout Australia and a winner of the 2007 PricewaterhouseCoopers Franchisor of the Year Award. Starting from humble beginnings Pack & Send has today become an Australian business success story with a national retail network generating revenue approaching \$30 million and annual growth rates in excess of 20 percent.

Welcome to *Talking Business*, Michael.

**MP** Thank you, Peter.

**PS** You must be proud of your achievement.

**MP** I've very proud. I was only saying to our stores the other day how proud we are to have our very first receipt from the first sale we had in our Pack & Send store back in 1993. It was for \$2.90 for one cardboard box. And the message we gave across to our stores was that it only takes one seed to grow a huge forest and we're very proud that we've taken a very new innovative business and developed it to a point where it's a substantial success.

**PS** Was the name of the person on the receipt so you can track that person down? [laughter]

**MP** Absolutely. Select Appointments was the name of the company. [laughter]

**PS** Okay fantastic. Let's hope they're still alive.

**MP** That's right.

**PS** Using your products, why wouldn't they be? Now tell us where Pack & Send come from because I remember when you started off in the early 90s, where did the idea come from?

**Michael Paul**

**MP** Well, the inspiration initially came from the frustration of having to send back, in the early '90s, one unpacked pc computer from Sydney to Melbourne. I found, well it was a two-day exercise. I couldn't find a carrier prepared to do it. I couldn't find appropriate packaging material. And from that frustration there was this, perhaps, an idea of a national network of retail service centres where I could just go to a store, plonk the computer on the counter of this store and just walk away. A service that could essentially do a job in five minutes that took me two days.

**PS** And I guess you're talking about the torture of the two-day test to get rid of something you wanted to send off. In the old days, and we still do it now some people, we go to Australia Post and we're trying to work out a solution to a problem while we're standing in front of people looking around for stuff when it really should be a job for a specialist.

**MP** Absolutely, and we just found the market wanted solutions, the market wanted convenience, they wanted personalised services, and from that single store we found our customers, which include major corporations now to small business, medium size business, university students, tourists, eBay buyers and sellers that have a huge demand for the convenience factor that we provide in getting something from anywhere to anywhere.

**PS** Okay. Let's go back to that Eureka moment when you said, I can make a business out of this. What did the business model look like in those days? Remind us what it was like.

**MP** Well, it was a retail store of about 100 square metres, well branded with Pack & Send, and a showroom at the front that had a wide range of packaging materials on display, and we just promoted that we would send anything anywhere. It was a hard slog in those early days, you know. This is when a new innovative service... People had been using Australia Post since settlement in Australia, so we had to turn around people's mindset in terms of there was a new service here in a convenient way, and that was a hard slog in those early days.

**Michael Paul**

**PS** I can remember the times that I would say to myself, now what you're telling me is this, you've got an interesting concept for a store and you want to drag people into your store with something as exciting as boxes and bubble wrap. Yeah, that's going to work, I thought to myself at the time. [laughter] But along the way a great innovation happened to really turbo charge your business, didn't it, namely eBay?

**MP** Namely eBay, and that was excellent for us when that came in 1999. A lot of people say to us, well, isn't that a great idea that you've got and how lucky you are in having the idea. But the idea wasn't what made Pack & Send successful. It's what we did with it. We built very robust systems, we built a very strong culture within our people in terms of the process that we would service customers – we have this no limits culture – and by the time something like eBay came long in 1999, we noticed several years thereafter a significant shift in consumer behaviour in terms of buying goods. They wanted to buy and sell second-hand goods and those things needed to be packed, and we at Pack & Send bridged that gap between the buyers and sellers of eBay. We provided this convenient packaging and freight forwarding service and that significantly helped to boost our awareness levels and our sales growth.

**PS** We're talking to Michael Paul, the founder of Pack & Send. And correct me if I'm wrong but your original model was that you thought there'd be lots of small businesses that will be willing to do this because it was a business service and it's tax deductible and all that sort of stuff. Clearly you still got them, you've probably grown that part of your business, but a new part of the business namely all these consumers using eBay.

**MP** Absolutely, but also with eBay, I mean eBay lead to the rise of a new class of entrepreneurs. There are substantial small businesses using eBay as a platform to sell their products and they take advantage of eBay's quality shopfront software and mature ecommerce payment solutions and we service a lot of those small businesses. So eBay to a large extent has broken the barrier of international

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**Michael  
Paul**

trading and those small businesses and consumers need a retail network like Pack & Send that can bridge that gap.

**PS** What did you do before Pack & Send?

**MP** I was in management roles in a logistics capacity for companies like Arnott's Snack Foods and Procter & Gamble, so I didn't have my own business before that.

**PS** Mate, for people who want to look into you and what you do, what's the website?

**MP** [www.packsend.com.au](http://www.packsend.com.au). You'll find all about Pack & Send there in terms of our culture, products, services, franchise opportunities and all the latest news.

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

**MP** Thank you.

## Jennifer Goddard

is one of four Master Trainers in the world of Buzan's Mind Mapping techniques. Jennifer describes the connection between creativity, innovation and entrepreneurship and how to age-proof your brain.

[www.buzan.com.au](http://www.buzan.com.au)

**PS** Jennifer Goddard is one of the four master trainers in the world of Buzan's Mind Mapping techniques. Jennifer will explain the connect between creativity, innovation and entrepreneurship and how to age-proof your brain.

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

**JG** Hi Peter. How're you going?

**PS** Well, I tell you what, as a person who is a baby boomer I'm really interested in age-proofing my brain, though I thought being a man instantly qualifies you for having a young brain because you never grow up.

**JG** [laughter] Well yes, I know. My dad's 70 and we call him Peter Pan because he definitely hasn't grown up. I was looking at the baby boomer statistics and I'm 40-plus-GST and I just creep into that baby boomer generation.

**PS** 40-plus-GST. I love that. [laughter]

**JG** [laughter] But you know, 80 is the new 60 and we can easily age-proof our brain. A brain is something we can easily train, which is something I discovered only about 10 years ago.

**PS** Please, your background. You're one of the four master trainers in the world, okay, in this particular thing called Buzan's Mind Mapping, so what's your background?

**JG** Well, it's really bizarre. Actually I was a high school drop out. I left school at 15, really struggled with learning, just sort of said, nah stuff the system, I'm out of here. Ended up becoming a teenage mum, so I've got a 26 daughter who's about finishing her masters in law, and I really struggled with learning because you know what it's like if you read something, it's gone within a few seconds. Or, the more you learn the more you forget. I was lucky that I got a good job in a large corporate and I worked there for many years. When I decided about 10 or 12 years ago to go back to university and to get a degree, I found it really tough and a lot of us who work full-time, study part-time, it's a

**Jennifer  
Goddard**

real challenge to just get that information absorbed. Then I met someone who said why don't you try mind maps and I said what's a mind map? And he said, well, it's a way to take notes and make notes that's in tune with your brain, and I went okay I'll give anything a go because I think the semester before I got 52 percent on one of my subjects, which I was stressing out.

**PS** You knew you were an 85-plus-GST, didn't you?

**JG** Well, yeah. I found out when I was 21 that I was dyslexic, which explained a lot of things because I knew I was intelligent but I just couldn't get it out. I just would get mental blocks or my brain just wouldn't work really well, and partly because I travelled a lot when I was a kid and never stayed at one school for very long, so I just thought I was dumb. Well that next semester after reading some of Tony Buzan's work and trying my maps and just doing rudimentary stuff I ended up getting a distinction and a high distinction that semester and I got a degree with distinction and I've just finished my master of entrepreneurship and innovation in less than two years while still working full-time with, I think, eight high distinctions or something like that.

**PS** Jennifer, tell us how mind mapping can help age proof the brain.

**JG** Well, because mind maps use our brain and make our brains work and it's learning something new, it's giving us a bit of challenge and it's allowing us to see the big picture. It allows our brains to keep that activeness and keep going. Alzheimer's Australia have a Mind your Mind program and the basic tenant is use it or you will lose it. So learning something new, learning a new language, learning new skill or upgrading our laptop computers can have a big difference.

**PS** Okay. Now what about linking mind mapping to creativity and entrepreneurship?

**JG** Well, there's a link between being more creative and then using those ideas in an organisation or when you're being an entrepreneur, whether that's a start up business

**Jennifer  
Goddard**

or if it's in an organisation that's been going for a while. I now lecture at Swinburn University and teach Creative Innovation as part of the Masters of Entrepreneurship and Innovation and we teach mind mapping as a core fundamental tool. It's just amazing that these really bright entrepreneurs just take to it like a duck to water and they can easily map out a business plan or map out a brand new business idea or ways to overcome some barriers that they might have in a start up or issues for a marketing plan.

**PS** So tell us an example of how mind mapping works so people listening to this can get a really good idea of how it works.

**JG** Well, I just want you in your head at the moment just to think of apple, okay. Think of apple. Now some of us may have seen a green apple or a red apple or Apple iPod computers or Gwyneth Paltrow's baby Apple, but we generally didn't see a-p-p-l-e. We saw an image and our brain works through imagination and association, we make a connection and association.

**PS** So when we say, and I often say, I think in pictures, that's what you're talking about?

**JG** Yeah, we think in pictures and, for example, if we wanted to get say here to your offices, rather than someone giving me verbal instructions, you know, show me the map or I'll go to the street directory and I'll get the inside picture, the inside map, to get that big picture, the overview, and I know where to go to for more information. That is what a mind map is. It's like a road map of say a book or of your thinking or of your strategic business plan or of a project that you're working on at the moment. It allows you on an A4 page just to draw like a map of the city, a map of your thinking and thoughts all down on one page. They say a picture is worth a thousand words, and what it allows you to do is to have all those words on one page. Because really, when you read a book only 10 percent of the text is important – so you just get the keywords, the key essence down. Mind maps are great for taking notes, getting stuff into your head or making notes, getting out of your head, helping you be more creative.

**Jennifer  
Goddard**

**PS** We're talking to Jennifer Goddard, a master trainer in Buzan's Mind Mapping. Jennifer, tell me this, when I was at university and in school you had to learn things like the cause of the first world war or the reasons why a government might be in budget deficit. I used to often use mnemonic codes, so I'd say there's 10 reasons, you create a word like, I remember the rainbow was ROGIBIV or BIVGI or depending what direction you wanted to take the colours of the rainbow. Is mind mapping kind of like that principle?

**JG** It's like that principle and mnemonics are a great tool and that's the basic tool that we have for memory. When Tony Buzan many years ago was looking at what are some other ways that we can improve our memory, he looked at the research and it said that the brain worked through images and pictures if it remembers colours. If a picture paints a thousand words, let's put it all on one map. I've got lots of examples. For example, remembering a song that you can mind map out just the keywords with some images and then you can literally close your eyes and see that image and see the song or a business plan or a pitch.

**PS** I guess visualisation is another term that people have often heard and that's what you're doing, you're visualising something you want to try and commit to memory.

**JG** You're visualising it and you're also narrowing down into the essence. Most of us will take notes with a blue pen with blue line paper which is great but it's sort of like 200-year-old technology. It's like trying to use the old dial phone in today's world. You know, I've got an iPhone with me and that's helping me keep up with technology, and if it's a blue pen and blue paper that's just a single colour, a single tone, a mono tone that's monotonous, it's boring, you know. How many times have we flipped through our notes trying to find something we just can't find? So if we used a bit of colour and doodle... Do you doodle, Peter?

**PS** Look, if I had spare time I'd be a big doodler but unfortunately I have no spare time.

**Jennifer  
Goddard**

**JG** Well, young kids of any sort of level, people who love doodling, a mind map is just like a doodle. It's a drawing, it's the architecture of thought, so it's just a great technique that is sort of common sense but it's amazing how common sense isn't so common these days.

**PS** Yeah, without a doubt. Now let's just say alright, we understand the principle and we can understand the value for say a student. How do you apply this to people in business? Where does mind mapping fit in as a big advantage in business, do you think?

**JG** It's a huge huge thing for business, which is where I really started applying it. With the work that I was doing with a very large multinational I got headhunted to go to London to work for a large organisation that was slicing off a third of its business to venture capitalists. Now the contract between the two parties was 130 pages long and I don't know about you but by the time I got to the party of the first part versus part of the second part, page 30, eyes glazed over.

**PS** Hate lawyer speak.

**JG** Yeah, so what I did is I just drew a mind map, a roadmap of the contract. Took me a couple of hours to do it but I just got what's the essence, what are the core elements of it.

**PS** How long does it take to master mind mapping?

**JG** It's a bit like chess, I suppose. It's pretty quick to get the basics and fundamentals and I know mine were very crude and basic but it's the paradigm shift, it's just that shift in our thinking rather than drowning in notes and, you know, some people who are very artistic or so called right brained, they love mind maps because they can tend to draw and do a little bit more. But people who are a bit more like me – I'm an ex-accountant, Virgo, I'm a bit logical, organised, I don't draw as much – I love them because they're structured and neat and very precise in my thinking.

**PS** Fantastic. Now for people who are interested, what's the website?

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**Jennifer  
Goddard**

**JG** buzan.com.au and actually this month we're just launching our brand new website called fuzz2buzz.com – how you take your brain from fuzz thinking to having a real buzz. So it's fuzz2buzz.com, so that's going to be a really cool Web 2.0 community type thing where business people and that can really get together, download some interesting mind maps on strategic plans or sales pitches or marketing techniques and contribute.

**PS** Sounds like your mind map has taken you to a very good online idea. Thanks for joining us on *Talking Business*.

**JG** Thanks a lot.

## Con Kittos

is the Managing Director and CEO of the Angus Knight Group of Companies, providers of integrated human performance solutions. Con talks about current trends in human resources including the skills shortage in Australia.

**PS** My next guest on *Talking Business* is Con Kittos who is the CEO of the Angus Knight Group of companies. Having grown from a relatively small organisation of less than \$12 million in revenue in 2001, today Angus Knight Group has over 70 offices in Australia, 800+ staff and revenues of over \$120 million annualised. Con's experience provides insights into the challenges facing Australia's employers, job seekers and government policy makers and the options open to all of us in increasing human and organisational performance.

Thanks for joining us on *Talking Business*, Con.

**CK** Thanks for having me, Peter.

**PS** Big introduction. You're promising to do a real lot here today so let's kick off by us understanding what your business really does.

**CK** Our business is really all about human potential and human performance, both at an organisational level and at a country level. Our business develops products, services and solutions that are delivered to companies and governments, that allow companies and governments to increase the effectiveness of the workforces. So for example here in Australia, our government services business, Job Find Centres Australia, works with the Australian Government and state governments to reduce unemployment and increase workforce participation. We do that often through skills, education and training. Our Sum Total Business division delivers solutions, mostly to large organisations and they're in the education and training space so in that space large organisations use our education and software delivery platforms to train and develop their staff effectively.

**PS** Okay, that was all wonderful corporate speak and I understood every word you said and it's a very impressive explanation, but why don't we just drag this right down to the level of what you do. It seems to me that you're saying that government wants to put, say, the long-term unemployed into jobs and you've come along and said, well, it's a great idea but the current state of that potential employee isn't good enough to find a job so you do something about it?

**Con  
Kittos**

**CK** Absolutely. So the bottom line is we don't get paid unless we get someone into work and to get them into work we have to make them or do the best job we can in having them be work-ready, and often times being work ready is about skills, education and training and matching appropriate skills to an employer's needs. So to cut through all the marketing hype, we're about jobs and we're about increasing Australia's efficiency and effectiveness of our working population as a whole.

**PS** Sorry to tell you what you actually do, mate, but listening to you it also sounds as though you're a bit like an employee coach, that you go and you make assessments about someone and say, "if you have this, we can get you a job."

**CK** Yeah, most definitely. You know, in the old days here in Australia and to our credit as a nation we excelled in delivering education and training. Australia's previous record in education and training was world class. Unfortunately over the last 10, 11, 12 years we've under resourced in that space so in order to turn around that effort, because we haven't had as a nation the investment in education and training, we're often matchmaking between an employer and a job seeker and in that matchmaking we work with the employer to find out what it is they need to have from a particular job seeker and then we're paid by the government to get that job seeker ready for that particular job. So you're spot on, Peter. We're both a job placement organisation as well as a matchmaker and an education and training firm, and it's those three ends of the triangle we have to get right if we're to achieve our goals.

**PS** We're talking to Con Kittos, the CEO of the Angus Knight Group of companies. Part of your growth, has it come out of the fact that there was this innovation that Centerlink was, in a sense, going to be supplanted in a partial kind of way by private suppliers. Was that good for your company?

**CK** Oh very much so. The Australian government's privatisation of the old CES, or Commonwealth Employment Service, led to the creation of a whole new market and we

**Con  
Kittos**

made a point back in the early days over 11 years to take a stake in that market and move to a market leader position. The Australian government's work in these areas is now being recognised by governments right around the world. It's not uncommon for me to receive four to five international government visitors from other sovereign states and countries who come to Australia to look at the success of our privatisation of the CES, so it is fair to say half our business has grown and has benefited from the privatisation of a typical government department.

**PS** And I guess even the current prime minister's wife also understood the market opportunities and created a great business as well.

**CK** Oh, a very astute businesswoman. Not only a created two great businesses here in Australia but her business has gone on to leadership positions in many European countries. And as a matter of fact, her firm is probably the largest provider on a worldwide basis to government in this space, so a lot respect and admiration for Mrs Rein's foresight and business attention in this area.

**PS** Yeah, but you might call her Ms Rein. She would be Mrs Rudd in a long stretch than a Ms Rein.

**CK** Well, you know, at the best of times I have trouble being politically correct.

**PS** Yeah, I know.

**CK** I'm sure she'll forgive me for that comment.

**PS** Never expect a Greek to be politically correct, even though they created the word political, as all Greeks will tell us. Now, you understand the job shortage in Australia. Where is the problem coming from, mate?

**CK** Well, you know, across Australia today according to the Australian Bureau of Statistics we have many industries and professions that just don't have enough labour. Some of the obvious ones are in mining. We know that the mining boom

**Con  
Kittos**

in Western Australia and in Queensland and the Northern Territory has created many new jobs with just not enough folks to fill those jobs. And we see that reflected today in Australia through the high rate of professional immigration into the country on part-time or work visas so we're importing more skills than we even have in the past because we don't have enough folks ready here in Australia to take those jobs. And what an unfortunate circumstance when we think about Australia still has over 400,000 people that are unemployed. We have well over 700,000 people with some form of physical incapacity that are able to work that just aren't winning these jobs, so I often get very emotive and upset about the lost opportunity for our kids and Australians in taking advantage of the skill shortage today.

**PS** Do you think employers need to be educated that there are plenty of people out there who may well have some kind of disability but really could be fantastic employees as well?

**CK** Well, I think that's a fair comment for most small to medium sized businesses. Australia's largest firms clearly recognise a great pool of talent comes from people with disabilities, from the long term unemployed and from indigenous Australians. Our Sum Total Business works with many of Australia's corporates in the provision of corporate education and training and we see every day that the best Australian companies are tapping that talent. I think there's a lot of work and opportunity to be had for smaller to medium sized companies to take advantage of a pool of talent that does really want to work.

**PS** Good point. I guess some small businesses think, well, maybe I haven't got the money to put into kind of facilities that maybe someone who's operating in a wheelchair – it could be a lift access or something – that could hold them back but I think – correct me if I'm wrong – they're not actually going to the pool to see what the waters are like, they're just presuming it's going to be too hard. Companies like yours make it happen, I presume?

**CK** What a fantastic analysis of the current situation.

**Con  
Kittos**

**PS** I'm good at that. [laughter]

**CK** Well Peter, acknowledgment of that. You know for instance, not many small to medium business owners understand that the Commonwealth Government provides subsidies and assistance to make your workplace friendly to people with disabilities so business doesn't really have to reach into their own pocket to fully make their place accessible to new employees. I encourage folks to go look at the Department of Employment and Workplace Relations website and they'll get access to the resources, facilities, financing and assistance that will enable them to tap this talent.

**PS** Fantastic. Now if people want to look into what you guys are up to, what's the website?

**CK** Have a look [jobfindcentres.com.au](http://jobfindcentres.com.au). Also have a look at the Department of Employment and Workplace Relations site – [dewr.gov.au](http://dewr.gov.au). At that site you'll get some great understanding and insights into the way government can assist you to tap that pool of talent.

**PS** So you might say, I'm not from the government but I am here to help you.

**CK** I'm not from the government and we can definitely help you.

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

**CK** You're welcome. Thanks for having me, Peter.

## Leilani Abels

is the owner of Thrive PR and Communications. The company started in 2000 and has grown rapidly. She believes you either impact business results with PR or you don't bother.

[www.thrivepr.com.au](http://www.thrivepr.com.au)

**PS** On *Talking Business* I'm now joined by Leilani Abels who owns Thrive PR and Communications. Thrive is a national public relations agency specialising in consumer and trade communications strategy. They develop communications programs that aim to impact their clients' business results. Leilani's integrated accountable approach to PR has seen her business secure a number of high profile clients such as Borders Books and leading property website Realestate.com.au

Welcome to *Talking Business*, Leilani.

**LA** Thank you. Thanks, Peter.

**PS** So tell us about Thrive. How long has Thrive been going as a business?

**LA** Thrive's been going for just over seven and a half years now. We were very fortunate that prior to Thrive I started an event for The Alannah and Madeline Foundation. It's called Starry Starry Night. I'd read Walter Mikac's book *To Have and To Hold* after Port Arthur and my partner at the time, who's now the assistant coach at Geelong, we went to the foundation and decided that we would initiate a celebration-based fundraising event to help them out and I was very fortunate that people like Neil Mitchell and Peter Blunden from News Limited were involved with the foundation and that really lead to me establishing Thrive and securing my own clients from there.

**PS** Okay, great stuff. So how important is it for a business to have a PR strategy, as you pointed out, that is integrated and also, I guess, accountable?

**LA** Look, obviously I think it's imperative, the whole communication process. PR I think as a traditional definition is dead now. PR is no longer just about publicity and firing out media releases. The whole communications process needs to be strategic and you mentioned the word integrated. I think PR these days is very much about calling on all sorts of different communication services, ultimately to influence audiences and have an impact on business results, but internal communication is also critical to the

**Leilani Abels**

subject that we were talking about in terms of retaining and also recruiting staff.

**PS** We're talking to Leilani Abels from Thrive PR and Communications. So in terms of PR we've seen, I think, over the last 10 years a massive growth in PR firms and even individuals working from a home-based situation and we've also seen lots of businesses being prepared to pay for PR. Is this something that is anecdotal or actually hasn't happened?

**LA** I certainly believe that it's happened. There's been massive growth in the industry I'd say over the last three to five years in particular. As you said, there are a lot of home-based public relations professionals in addition to a lot of advertising agencies, for example, who are establishing or acquiring PR businesses. I think more and more marketers and CEOs are looking for clever ways to cut through from a marketing perspective and traditional advertising and traditional publicity is no longer the only way to go. So people speak a lot now about experiential marketing. I think it's really what PR has been about, bringing brands to life, communicating key messages and looking at ways that the whole communication process can work with HR, work with the sales department and so forth.

**PS** The only problem I see with the trend, and this is something I guess you should think about, is that a lot of one time advertisers who used to put money into magazines and newspapers and whatever are now going for the PR option and as a consequence the money that funded those publications becomes less and that, in a sense, becomes a problem. I know one publisher said to me recently that I actually now read the advertising so I can get some truth in my newspaper because PR is driving so much information to journalist stories that they're often wondering about the actual calibre of the facts that they're actually reading. So that's an issue to run with, Leilani. What do you think, because it's a tricky one?

**LA** Yeah, look, it is a tricky one and I think PR and advertising can certainly work hand in hand and really balance each other

**Leilani Abels**

out. I work with a lot of magazine editors across the country and I understand how important those advertisers are so we're always looking at ways that we can certainly leverage that advertising dollar, perhaps come up with different consumer promotions. If I use a client like Mattel, for example, PR is also defined very differently between different organisations and if you speak about PR in the way that a one man band working from home might deliver PR, it's very different to the way that an agency like Thrive – we have 25 staff between Melbourne and Sydney – the services and the way we define PR is also different, so it becomes a challenge for our industry.

**PS** So in terms of clients, do you sometimes ever advise them that they should be doing both PR and advertising to maximise the value of their spend?

**LA** Yeah, certainly. When you're talking about PR in that context, we would call that media relations and certainly advertising and the editorial side of things can work hand in hand and as we know from an editorial point of view, nothing is ever guaranteed in that space. I think that's why a lot of CEOs and marketing directors really love their advertising because it's guaranteed. They know what they're going to get for their money. They know they've got a full page on page three and it's sitting there. When you're talking to a media relations or a publicist, sometimes it's a real challenge for marketers or CEOs to know exactly what they're going to see so I certainly think that a balance is vital. In the case of the Mattel recalls for example, advertising was probably the least required communication element of that whole campaign because it was very much PR reliant in terms of communication to retailers, communication to regulatory bodies, communication and call to action for consumers. The message to each of those audiences was different. The communications' tools to each of those audiences was different and advertising wasn't the only way to reach those guys in a campaign like that.

**PS** Without a doubt. Leilani, thanks for joining on *Talking Business*.

**LA** Thank you, Peter.

## Mark Holton

has specialised skills in the area of adult education and training, with extensive experience in both the private and public sector. Mark is discussing ways to analyse the strengths and weaknesses of business.

[www.dttts.com.au](http://www.dttts.com.au)

**PS** My next guest on *Talking Business* is Mark Holton from Dynamic Taxation and Training Services. Mark has more than 25 years' experience as an accountant and tax agent in practice. He has specialised skills in the area of adult education and training with extensive experience in both the private and public sector. We'll be discussing the accounting tools available that can help businesses to analysis their strengths and weaknesses and add value.

Welcome to *Talking Business*, Mark.

**MH** Thank you, Peter.

**PS** Now mate, I don't usually try to keep an audience by saying we're going to talk about the accounting tools. Like instantly people are going to switch to the other stations on this radio network, but what really grabbed me was the words *dynamic taxation* and training services. That sounds like a contradiction in terms as well, *dynamic* and *taxation*, but I know we are going to get that kind of thing – so if you're thinking about switching, don't do it – your background, what's your background?

**MH** Thank you, Peter. Peter, essentially I've been in the accounting game for many many years but around six and a half to seven years ago I was a little bit frustrated with just the compliance side of our service offering and I went out looking for a tool that would add value to my clients' businesses, essentially to diagnose where their strengths are and working with me stronger and to work out where their weaknesses are and address those as well, and hopefully plan towards the future in a dynamic [way], for lack of a better term, so that they know today whatever they do will benefit them tomorrow. And I discovered a piece of software put out by an organisation in Melbourne called InMatrix software, called Optimist, and I launched across my client base with all good intentions of this is great, this is dynamic, this is a wonderful thing. And the reaction I got from them was exactly that. I had quotes from some clients saying, "that's exactly what I expected from an accountant" and "now I know where I'm heading in the future" and "now I know where I'm going."

**Mark  
Holton**

**PS** So before then they thought you were a bum? [laughter] Oh sorry, let's be fair – a compliance person, and all of a sudden you started to answer questions about their finances that they wanted answers to?

**MH** [laughter] Correct, Peter.

**PS** Break even points, all that sort of stuff.

**MH** They'd come to me once a year and they looked for someone that could knock over a tax return. I wanted to be something more than that. I wanted to drive my business from a focus on the compliance thing to a focus on a reliance, where my clients saw me as a partner in their future and would work with me in such a manner to improve their business, which would improve my business and our relationship as well.

**PS** Tell me the kinds of hooks, the big things, they discovered when they went into that software that really made a difference?

**MH** Firstly Peter, the way I marketed to my clients was how would you like to see the financial impact of every business decision before you make it? None of them said no, and I wouldn't have expected them to say no. Some of them said, "well, I'd love to see that" or "how can you possibly do it."

**PS** "Sure" would have been a response as well.

**MH** The thing that I wanted to go out there with a piece of graphical software, because the majority of my clients understand things better through pictures rather than words and numbers and everything else, so I wanted to go out there with something that I knew would enthruse them to want to work with me. I wanted them to come to me instead of me telling them they needed to come and see me or they had to come and see me. I wanted them to work with me to develop their business. One of the other fortunate things to come out of this liaison was also the fact that this particular tool that I use with my clients is used by four of the major Australian banks to risk assess them. So when I got a client

**Mark  
Holton**

going for a loan then I know exactly, within reason, what the banks are looking at.

**PS** So you're saying a bank manager would put their small business customer through this test to see whether they should be given the money?

**MH** Using the exact same tool, Peter. I'm analysing strengths and weaknesses, they're working out whether they should lend money to my clients. And the beauty of it is that the tool sort of turns bank-speak into business-speak so I know what's happening and what they're looking at and I can be far more educated in how I'm doing that. And apart from the four Australian banks, I believe there's another 120 worldwide banks using it. So I just saw that as an opportunity for me as an accountant and a tax agent to get out of the boring stuff and get into something that was dynamic and something that would help people.

**PS** Isn't it funny, there's some normal people out there listening to this interview saying only an accountant would have thought a software program about analysing business health is exciting. But we need people like you to be like that because you're really important.

**MH** If I'm not excited, the client's not excited. [laughter]

**PS** [laughter] That's right. We're talking to Mark Holton who's from Dynamic Taxation and Training Services. Okay, so you wooed your clients. What kinds of things – give me an example of one thing that really was a revelation to a lot of your clients? Was it like you showed them break even points?

**MH** Not so much that, Peter. I work with them to try and find out, one, where their strengths and weaknesses are and the whole concept of enhanced strength, find, fix and fix fast the weakness. The thing that I found was that they could finally understand financial information because it was graphical. Years and years of giving them financial reports which I thought was great – but then I'm an accountant – they didn't and they didn't really see much value in it.

**Mark  
Holton**

**PS** Did they read them do you think?

**MH** No. One fellow said he put it underneath his video cabinet to keep it level and I thought, well that's a concern. I don't want him to read it but, boy, I want him to know what's driving his business.

**PS** And change as a consequence to that report.

**MH** One of the beautiful things about it is the ability to show a client a "what if" analysis, very simply. I've been doing what if's with my clients on paper, whiteboards and Excel for years. None of that got them enthused. I did it in this and they could see the impact that changed before they went out to make it. From there on I took them to a process of goal seeking where we took the what if's or the dynamic "I didn't know I could do those" and turned it into a plan that they could work with, and then looked at where they could take the plan today, tomorrow and the steps to do it. And part of our service is regularly monitoring those clients to keep them on track.

**PS** Do you think a lot of people in business don't make decisions because they don't know the "what if"? If I put another salesman on, am I going to actually generate the revenue to justify that? What's the impact on my payroll tax by employing somebody else? All those sort of things. All of a sudden you've put someone on and all of a sudden your payroll tax comes in. "What? I never expected that."

**MH** Peter, I do all sorts of things with my clients. Like do you know what would happen if you dropped your debtors days by one day? Or dropped my inventory by one day? What would it do to my cash flow, my profitability and my return?

**PS** It's exciting stuff, mate. I'm getting excited about this. [laughter]

**MH** Oh I'm getting excited too, Peter. We need to settle down. [laughter]

**PS** Yeah, without a doubt.

**Mark  
Holton**

**MH** One thing I did just recently with a client was show them the impact of should they or should they not buy a factory premises instead of renting it for years. I call that scenario planning or the “should I or should I not” question. The one you said, should I or should I not employ a new person? What revenue do they need to generate? What will it do to my payroll expenses, super, workers’ comp and the rest? I would want to know that if I was a business owner before I did it, not do it then come to people like me and tell me that you’ve done it and I then have to try and work out how to manage it.

**PS** You’re sort of suggesting that business success is somehow linked to being organised and actually knowing the implications of a change in your business, aren’t you?

**MH** I think that’s emphatically correct. As the accountant I can tell you what to do but I’m not going to sit there with you day in, day out. You’ve got to take an interest and drive it, then I can show where we’ll be tomorrow and then map out the steps through that process. And the beauty of that is that many many accountants like myself are out there at the moment offering this service, using a particular product called MYOB Profit Optimiser. MYOB have the exclusive rights to sell support and training accountants in Australia to be out there and do exactly what I’m doing. And I think that’s a challenge for the profession, to start to get out there and add value to our clients and help them through the future and be what we are. We’re wonderful financial coaches that just happen to do tax returns as well.

**PS** That’s right and I think accountants have actually left the door open for other coaches to get in who often aren’t qualified in the area of finance.

**MH** I’ve seen that and heard that many times, Peter. In fact, some of the training workshops I do with accountants, I hear that all the time. I had one fellow recently say I couldn’t understand why my client would pay somebody else to do something that I could do with them. Maybe we haven’t marketed that well enough to the client so they would come to us to do that.

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**Mark  
Holton**

**PS** Take the work maybe out, definitely. I actually told a group of chartered accountants a couple of years ago, I said you guys have let your clients go somewhere else because you really haven't thought about their problems and given them the answers.

**MH** Absolutely.

**PS** Mate, if people want to know more about you and what you're talking about, what's the website.

**MH** Yeah, Peter, the website is [www.dtt.com.au](http://www.dtt.com.au)

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

**MH** It's been my pleasure indeed, Peter. Thank you.

## Ralph Hobbs

is the co-founder and Art Director of Art Equity. With extensive experience in the arts industry as an artist, art educator and consultant to art institutions, Ralph advises private and corporate clients on the merits of art investing and assists in the development of art collections. Ralph reveals how to get into art investing and discusses the financial reward.

[www.artequity.com.au](http://www.artequity.com.au)

**PS** Our next guest on *Talking Business* is Ralph Hobbs who is the Art Director of Art Equity. Art Equity is a business that specialises in art for investment purposes.

Thanks for joining us on *Talking Business*, Ralph.

**RH** Thank you.

**PS** Now I'm sure there are people listening saying, "art for investment. Yeah, that sounds like a good idea." Tell us exactly what your business does.

**RH** Our business has been running for five years and we specialise in high quality artworks, primarily Australian art, and allowing people various vehicles to use it as an alternative investment. So whether that be a traditional way of buying an artwork and putting it on your own wall and knowing a little bit about the artist and the potential of the artist for that work to go up in value, and obviously the spin off enjoyment of looking at it every day and being able to chat about it, and over a reasonable period of time looking for that to be valued at a higher price. There are other innovative ways of actually investing in art, and one of the things that we specialise in is actually creating portfolios for people whereby they will purchase high quality art to the point that they feel comfortable, whether that be five, 10, 15, \$100,000 – whatever that may be – and then subject to our confidence in that work being able to be exhibited in the corporate sector, we take that portfolio and then look to lease it to corporate entities around Australia thereby creating an income stream for the person who owns the work.

**PS** So in a sense you become a bit like a real estate agent, and I say that with all the apologies that might go with it if you feel as though you want to be a competitive real estate agent, but the artwork becomes like a rental property?

**RH** Can do.

**PS** And in a sense you give it to somebody else who hangs it on a wall equivalent to living in. The borrowings are tax deductible, I presume. There's capital gain. You hope that no

**Ralph  
Hobbs**

one gets drunk and puts their elbow through the painting or something, and I guess there's insurance for that too?

**RH** Yeah, it's the absolute core issue that the work's got to be safe. So things like the work if it goes out on a contract into a corporate space, it can't be hung in direct western light, it's got to be securely hung, we've got to install it. The entity that's leasing the work has to show a certificate of currency for the value of the work. All those things are very tightly controlled by our organisation, and what we look to do is to lock in an initial timeframe on that contract. So on a portfolio of work of maybe \$20,000, if we think the work has good potential to be out in corporate Australia, that could be earning between five and nine percent to the person who owns the work for a fixed period, with the potential for it to be extended past that.

**PS** Which can be better than a lot of rental properties.

**RH** Well yeah, that's certainly so. That's not taking into account any potential to capital appreciation that may occur in the work, and you really do have to look at the medium to longer term for that. For instance, a lot of people are looking at getting involved with particular artists. They really like them. They've got other priorities at the moment – they may be renovating a house, they don't want to have the work sitting around. This is a way that you can look at having the artwork – it's all looked after, it's all secure, it's insured, it's earning you income, there's an absolute level lack of volatility in that contract with the set period. The issue with art that most people find, and it depends on the artists and it depends on the image by the artist, is liquidity when you're talking about the investment side of things, but if you want to use the analogy of real estate, property I mean, that can be the case as well.

**PS** We're talking to Ralph Hobbs who's the Art Director at Art Equity. I guess the fair question is what does art go up in value by on average, and I guess art is sort of once again property – the properties probably in the Eastern Suburbs of Sydney go up a bit quicker than less fashionable suburbs. What is the kind of return you'd expect for a well received artist?

**Ralph  
Hobbs**

**RH** Well, for a well received artist it can be enormous.

**PS** And if they die it helps. [laughter]

**RH** [laughter] Look, the art market in a simple yet broad way of looking at it, is broken up in two forms. There's the primary market, which is most of the galleries that exist in Australia and works that artists produce and then exhibit, what have you, and then there's the secondary market, which can also be the galleries but is primary the domain of the auction houses. Now the thing about that, every work that goes through auction is acknowledged and the prices are released, so there are websites like [aasd.com.au](http://aasd.com.au), which is an Australian-based collator of auction prices, and you can see what's happened over the last dozen or so years, with not only the art market in that sense, so these are the headline acts, the major auctions – Sotheby's – right down to the small auction houses. But you can actually track artists' values by medium, whether it's painting, drawing, printmaking, and also the type of imagery. So if you have a look at the art market in a tracked sense, in the auctions in 1993 the art market was valued at \$16 million. Now that didn't take into account anything that was sold in the primary market, in the gallery market, that was just at auction. Last year was a record year and the year before was a record year. Last year it was \$174 million; the year before was around \$105 million, so it was a huge year last year and that was primarily because there was some enormous paintings, very highly regarded paintings, that came up for sale and records were broken and broken and again numerous times. So you can track the auction market so that gives you a bit of an indication of what's happening.

**PS** Now Ralph, you're in two worlds. You're an art director but you look like a businessman, and so do you actually deliver on both areas? Like, I come to you and say, "I like Freddy Williams. I love his paintings. So what's he worth to me on average, if I buy a Fred Williams at 100 grand, if I buy one for that price."

Ralph  
Hobbs

**RH** You'd be very lucky. [laughter]

**PS** [laughter] You say, "well Pete, I get this for \$100,000 and you can work off about 13 percent per annum." Do you do things like that because a lot of investors love to hear you can do it?

**RH** Just to give you a bit of a feel for our company, there's 16 people in our organisation. Part of that is logistics, part of it is the leasing side, part of it is individual consultants who work with clients. The two directors, myself, my background is in fine arts, that's all I've done, I went to art school.

**PS** Not fine finance, fine arts. [laughter]

**RH** [laughter] Yeah, so my responsibility within the company is to make sure that the artwork is good, that the artists have all the right credentials to potentially go up in value, that it's authentic. Our CEO, Raj Nanda, who was ex UBS and Macquarie Bank, Citibank before that, who was one of the founding directors of the Macquarie Infrastructure Fund, his background is pure merchant banking, finance and structures for alternative assets. So there are areas of responsibility within the organisations. If you come to us with "I have \$100,000 I'd like to invest, or \$10,000 I'd like to invest in art," we can deal with that. Or if you come to us with a request that "I've got a hankering for a Fred Williams, find me the best one," we can do either, and all the research that is associated with that. So to answer your question, with a Fred Williams round \$100,000 I would advise you to look at a very good high quality gouache and it will probably give you a little bit of change out of that. For the best you're going to be certainly looking around that, rather than necessarily going for a poor quality oil because they're well past that point now. So the gouaches, you'd be looking for an up one, but it would have to be in mint condition. Now gouache is on paper so you've got to look at fading and the quality of how it's been looked after and the prominence of the work as well.

**Ralph  
Hobbs**

**PS** Okay, so it's got all the complexities of derivative products that people don't understand but that's what you're there for, to explain that.

**RH** Correct, and we talk through it and it's all very open too because particularly in works like Fred Williams, who's obviously deceased now and isn't doing any more work, there is a limited supply of the work, which is obviously helping prices increase. But sometimes you've got to be a little bit careful that a work might come onto the market and you say, well okay, that's fantastic, that's terrific. It's \$100,000 but it may have been traded at auction two years ago for \$20,000 so not withstanding his prices have gone up considerably but that's getting a little bit beyond what is reasonable. So that sort of research we will do but we'll also open up the pathways for clients to do that research as well – “these are the websites to check out” – and the internet has been a marvellous way for people to do their own research.

**PS** Now Ralph, if people want to find out about you guys, what's your website?

**RH** [www.artequity.com.au](http://www.artequity.com.au) The best thing to do is just check out the website. Probably the simplest way is to subscribe to Art Insight, which is a monthly newsletter that comes out. It gives you all the information about what's happening locally, internationally, with us and it's just a really good way to build your knowledge. And give us a call in Sydney, (02) 9262 6660, and we can start discussing. The process can take weeks or it can take a couple of years. It's when you feel comfortable.

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