

Talking Business

with PETER SWITZER



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Graham Bradley

is the Chairman of HSBC Bank Australia, and joins us today to discuss the role of a director, *Corporate Governance*, and the outlook for the financial sector in coming years.

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PS On *Talking Business*, I'm now with the current Chairman of HSBC Bank Australia, Graham Bradley. Graham is also Chairman of Stockland Corporation and Director of SingTel. Prior to this, Graham was the CEO of Perpetual Trustees for 8 years, and during that time he turned the company into a leading funds management group, increasing its funds under management from \$2.4billion in 1995 to more than \$17billion. We're going to talk to Graham about Directors and the pressures that they're under nowadays.

Thanks for joining us on *Talking Business* Graham.

GB Pleasure to be here.

PS Graham, you're across so many different companies nowadays and particularly with the stock market under pressure, what are Directors actually feeling at the moment?

GB Oh, well undoubtedly a fair bit of pressure themselves. The expectations of investors about the role and responsibilities of Non-Executive Directors, in particular, has been increased steadily over the last 10 years. This is just one, or two or three of if you like, financial or market crisis in that time which has really put the spotlight on the role of Directors.

PS Have you ever lived through a time like this?

GB Not in terms of the extreme volatility in financial markets. I think this is reasonably unprecedented. It's certainly the last 25 years since I've been an active businessman and executive, but really the issues that arise for boards are much the same as they have been in other circumstances.

PS Okay, a term that people on the plane would hear all the time in connection with Directors is *Corporate Governance*. Gives us sort of a simple summary of what *Corporate Governance* entails?

GB Well, it's the oversight of the decision making and policies, including the strategic direction of companies and the ethical standards, that underpin how decisions are made within organisations. We've lifted our game in

**Graham
Bradley**

public companies significantly over the last 10 years. It's only five years since the ASX introduced its *Corporate Governance Guidelines and Recommendations*, which was our approach, our response, to the last set of failures in Australia - the HIH failures and OneTel, and the like. That's only five years, they've already been revised once, reasonably significantly, increasing the focus in things like risk management and the need for companies to make broader disclosure of their risk management policies and procedures. I think all of this is an evolving art that's going to be continued to expand the responsibilities and areas that are focused for Directors over coming years.

PS On the subject of risk management, you look at some of the formally great name companies that are now in trouble and then you know they're in trouble because their levels of debt were really high. And yet, the Directors and the executives believed in the business, believed that the debt levels were okay and they actually put their own money on the line. As we just found, a lot of people have taken out margin loans backing their own reputation and brand. Are we going to be moving to a new phase where Directors will be looking at debt levels in a very different way, compared to, say, five years ago?

GB They'll be forced to. The cost of capital has now gone up significantly. Whether it's debt or equity, we're in a capital rationing era for companies, and boards of all companies will have to look very closely at their debt levels. Not all companies, of course, have been profligate with their debt or taken, what now look to be, high risk funding strategies and leverage strategies. Unfortunately, many companies in the property sector have been, but not all of them. However, everybody in business, regardless of their debt structures, are being caught up in the current loss of confidence, I think, that's driven by some of those high prominent companies that have suffered significantly in recent months.

PS Now, I'm sure in your time you've sat on boards where some *Nervous Nells* were really scared about debt levels, and they were sometimes perceived as being exactly that -

**Graham
Bradley**

Nervous Nells - saying to the companies, "Don't take up this innovation or opportunity and borrow because I think it's too risky". But, I guess, if they've had a chartered accounting background, they may well have had that kind of vision. Now it's interesting that some of those people who, say five years ago, would be those *Nervous Nells* and would now be regarded as being the right kind of Directors. It must be a difficult thing for you, looking at the whole history of the experiences of Directors?

GB Not just Directors but CEO's who are under significant pressure over recent years to not have a lazy balance sheet, as it's called. Analysts, investors, were all pressing boards and CEO's to use their balance sheets, leverage them more fully. Take the listed property sector in Australia for example. It's averaged debt levels rose from the mid 20's to over 40-45 percent over a relatively short period. I don't think investors, generally talking about mum and dad investors, were really aware of that significant change in the risk profile of the majority but not all listed property companies.

PS We're talking to Graham Bradley who, among other things, is Chairman of HSBC Bank Australia. And quite recently HSBC has done really well compared to most other banks around the world. What were the reasons for HSBC doing so well?

GB The HSBC has not been immune from the impact of the *US Sub Prime* and has taken significant write-downs, it took them about a year before there was the general collapse so I think this assisted the bank to see some of the issues that were emerging. Here, in Australia, we've continued to do very well because we're not really affected locally by those factors. Our own mortgage business here is strong and doesn't suffer from some of the irresponsible lending practices that occurred in the US and elsewhere. But I think generally, HSBC is known to be a very conservative bank, has high prudential capital levels and it has, of course, had the great benefit of having about 40 to 50 percent of its business focused in Asia, which has been an absolute growth engine for the bank globally. And, in fact, in this

**Graham
Bradley**

last full year announcement, was responsible for over 60 percent of the banks total profits.

PS Do you think Asia is going to remain strong for the next few years at least?

GB Absolutely. You know, people talk a lot about whether China is going to come off the boil but there is a real engine for growth in not just China, but in adjacent countries that are growing as well, like Vietnam, Malaysia and India. These countries, I think, are reasonably unstoppable and do have the financial resources to continue their internal infrastructure growth. All of that's great news for Australia.

PS People on the plane, I'm sure, would love your view on the credit crunch. How long do you think this is going to go on for or what do we need to turn around the confidence problems that are currently dominating the credit crunch?

GB That's a big and complex question.

PS We want a simple answer too, Graham. [Laughter]

GB Yes, exactly. I wish I had that crystal ball as well. I think we're all still shocked by quite how widespread and deep the problems of capitalisation in our banks are and the liquidity problems that are flowing from a restriction in their ability to raise new capital and they need to recapitalise. So far, there's been money available from the *Sovereign Wealth Funds*, and private investors too, to support that recapitalisation, but if a lot more is needed, then I think we're in for a longer period before the banks will be able to lend again, and perhaps lend with the same... what's the right word?

PS Friendliness? [Laughter]

GB I was going to say, with the same ease that they have in the past, and that's a good thing. But even to return to more normal levels of lending activity, we're going to need a return in bank confidence and I think there's still more actions in government and central banks needed. So far, I think they

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Bradley**

have shown their willingness to support the financial system, and over time that will give the market confidence.

PS Now, also one sector that's doing well, and the analysts are pretty positive, is telecommunications. So, why are telecommunications holding up? Is it because of iPhones and Blackberries, things like that?

GB Yes, yes. We're finding the whole world is. The penetration of mobile phones in the developed world is now well over 100 percent. That's more than one mobile phone for every man, woman and child!

PS We're crazy mate. [Laughter]

GB It's heading for 150 percent. As I think about my own wallet, I've now got an iPhone, I've got a Blackberry, my wife has two mobile phones. I mean, this is the way the world's going and they're getting less expensive so people are finding that they are improving their work efficiency and personal efficiency, which will drive their usage even in times when other things are going up in price.

PS You wouldn't have thought that telecommunication products were a defensive position, like healthcare and consumer staples, five years ago, would you mate?

GB Not really but looking at SingTel, of course, we have such a large footprint in the emerging countries of Asia, where our associate in India, for example, signing up 2 and half million new subscribers per month in Indonesian – it's about 1 and a half million per month. I mean, these are numbers that will continue for some years, yet, because the penetrations of mobile phones in those counties in the 30 to 40 percent, not the 100 percent.

PS One last question before you go. I'm sure other people would love to know, for a guy who's had a strong position with Perpetual, which was a fantastic brand when you were there in particular, is this a good time to be buying good quality companies if you're a long term investor, Graham? Because some people would say, oh gee it could go on forever. What's your view?

**Graham
Bradley**

GB Absolutely, things are a lot less expensive on a PE basis. If you know the good companies and you're a long term investor, now is an excellent time to be topping up your portfolio.

PS Mate, it's been a great pleasure having you on *Talking Business*.

GB Thanks Peter.

Sarah-Jane Clarke and Heidi Middleton

are the duo behind the fashion sensation Sass & Bide. They talk about how they developed their business in such a competitive market, and have grown it into a thriving success. Sass & Bide is currently stocked in over 30 countries and available in 300 premium boutiques and department stores worldwide.

www.sassandbide.com

PS My next guests on *Talking Business* are the founders of the world renown fashion line, Sass & Bide, Sarah-Jane Clarke and Heidi Middleton. The Sass & Bide fashion line got its kick-start in 2001 through an immensely successful showing at Australian Fashion Week. Since 2002, Sass & Bide has showcased internationally with regular high profile events at London and New York Fashion Weeks. A genuine Australian success story, Sass & Bide now operate 4 boutiques in Australia and it's currently stocked in over 30 countries and available in 300 premium boutiques and department stores worldwide.

Thanks for joining us on *Talking Business*.

SJC Great to be here.

HM Thanks for having us.

PS Now, it's always hard having two people on the program but I know you're inseparable. I've never seen a photograph of you separately, ever!

HM There's too many around. We do tend to get a bit of separation anxiety don't we SJ?

SJC Yep, we need to be close at all times.

PS Yeah, I've actually split them in the studio, ladies and gentlemen, and they look a little bit stressed, I've been feeling powerful because of it. So, maybe occasionally, i'm going to say, Heidi/Sarah, so people will know who's who.

SJC Sure.

PS So, Heidi where did the business idea come from?

HM Well, I guess when Sarah-Jane and I met in Brisbane, sort of 15 years ago, what drew us together as girlfriends in the beginning was, apart from this instant connection on an energy level, we really had this absolute passion and obsession with clothes and dressing up and altering our own clothes at the time. So, we moved to London after being best friends for a few years in Brisbane, and this idea.... You

Sarah-Jane Clarke and Heidi Middleton

know, we just found that we had so much feedback from people on the street and friends and our peers, there was a lot of curiosity about what we were wearing and our style at the time, which seems to be quite unique to others, and yeah... it almost felt wrong to sort of start the label. We sort of felt like this message coming to us that...

PS You can do it.

HM We had to do it really.

PS Now, the interesting thing is - I should have asked this before we started - one of you is an accountant, is that right?

SJC Yes. That's me, believe it or not. [Laughter]

PS Is that you Sarah? You do look more the accountant because you're not as flashy as Heidi, but you still look cool and groovy for an accountant. [Laughter]

SJC Yeah, I know I'm a bit of a bean counter.

PS Okay, so were you into changing your clothes as well like Heidi or were you the one that said, hey that's good, I'll be into that. I'll help you do this?

SJC Well, even though I studied accountancy, I always had the passion for clothes so I think that is where Heidi and I sort of really bonded because during our lunchtimes we use to meet each other and we use to talk about clothes and taking in our Levis and taking skirts up or down or...

PS Typical girls aren't you? Most men are thinking about football and sport, and you're thinking clothes and taking them up and taking them down.

SJC Yeah, so we always shared that passion and it just got to the point where we had to release it somehow and we started the business. At that stage, Heidi did concentrate a lot more on the creative designing process and I did do the books, one would say, and the invoicing and all that type of thing.

PS That's fantastic really, to have the complimentary skills.

Sarah-Jane Clarke and Heidi Middleton

SJC Yeah, it was really good nine years ago when we did start the business because it just allowed us to keep it as the two of us and keep our overheads down and really just stay focused.

PS Well, I've always had a love-hate relationship with you girls because, on one hand, I wrote stories about you and I loved the fact that you were Aussies doing really well, but I hated you having a wife who bought your clothing, and jeans from Sass & Bide aren't cheap. I kept saying what in the hell are you spending money on!? They only look like Levis that have been fixed up a little bit. I'm sure you've had this feedback before, but the reality is that's what you were doing. You were just adding creativity to standard jeans but you did it so fantastically, my wife was hooked.

HM We've been quite fortunate in that we've sort of been on the forefront of the crest of these wavers and these trends as they've come through, so I guess a little bit of luck and timing and then hopefully a little bit of talent in there as well, but I guess we've had a lot of luck at being on the crest of those waves.

PS I don't think it's luck. I think you have anticipated and set the trends in many ways. So, the business now, you've got three and the fourth one is on the way...

HM With the retail stores.

PS With the retail stores, yeah, and that's a big step because the rag trade is a failed trade anyway and I'm sure you were warned, being an accountant. You probably would have seen failed clothing businesses. Alright, so why did you make the big step into having your own stores?

HM Well, for us, I mean, initially it was more the first Sydney store. It was more of a sort of brand enhancing exercise. We weren't even sure whether we'd be hugely successful and profitable, but we thought we'd at least break even and make a bit of money. But it was really about having a space that could really represent the essence of the brand and people could experience the whole Sass & Bide look and

Sarah-Jane Clarke and Heidi Middleton

feel and the magic of the brand in the store. We thought that it was diluted so much in a lot of the department stores and our accounts, so that was the initial plan. But then the Sydney store, the first store, ended up being very profitable and so a great commercial exercise as well as the brand building exercise. Then it's only been recently that we've actually decided to really roll out a few more stores and that's what our strategy is for the next two to three years, to roll out another sort of six to eight stores.

PS Was it something that you, with your accounting background, said look, I'll watch the business, or have you become a very creative person and that's it?

SJC Well, since when we've started the business we have actually a big team of people now.

PS Back office type people?

SJC And finance people so I work more closely with Heidi on the creative side, you know choosing colours and doing fabrics.

HM Sarah-Jane's just a muse.

SJC Ohhh she just teases me. [Laughter]

PS The first accountant muse in all history.

HM Accountant/Muse, I mean, she laughs when I say that but really she is very much a muse as well because I bounce so much off her and there's a real synergy with our styles and, you know, I just love being around her. I feel more inspired and creative when I'm around SJ. So, yeah, amongst many things, she's a muse to me.

PS Okay, so we're talking to Sass & Bide and I'm sure some people on the plane are saying, Sass & Bide, where did you get that from? So, Sarah, why don't you tell us where it all comes from, Sass & Bide?

SJC Well, Sass and Bide are our nicknames actually. So, Bide was a very long standing family name that Heidi was nicknamed by her parents I believe.

Sarah-Jane Clarke and Heidi Middleton

PS Why Bide? Heidi Middleton becomes Bide?

HM I know. *Heidi, Heidi-Bidie* - you know what Aussies are like. I mean, I was *Bidie Bow, Bidie* for years then *Bidie* got shortened to *Bide*. So, most of my school years I was *Bide*.

PS Okay, and Sarah and Sass?

SJC Yeah, that's a little bit more obvious but that's something that Heidi branded me 10 years ago, so that name just stuck.

HM Sassy one?

SJC Yeah, I guess it's because I'm so sassy. [Laughter]

PS Okay, the sassy accountant. Now what about the idea that you are creative but you're entrepreneurs, you've created the brand, you've gone international, you're an exporter, you're opening up your own stores... Did you ever imagine you would be entrepreneurs?

HM Well, I don't know if we sort of thought about that way back when we were launching the brand but we did have a conviction in the idea of this business and that it could be. I remember in the very beginning we did see it as we wanted to build a global brand and without wanting to sound sort of cocky or arrogant...

PS Oh we do cocky and arrogant on this program.

HM Do you?

PS Yes.

HM Oh good, phew. No, we just really felt, especially after living overseas and seeing what was going on in those overseas markets, we really believed that what we had, our creative ideas, did have a point of difference and there was a really unique sort of aesthetic to them. So, yeah, whether we thought that we'd build as quickly, maybe not, but we did really envisage it being sold globally and saw it being a success.

**Sarah-Jane Clarke and
Heidi Middleton**

PS You had a vision.

HM Yeah, we had a vision.

SJC And I don't think we were ever scared of starting our own businesses because both our parents were self employed/entrepreneurs so we'd always been around that type of...

PS Risk takers, hard workers.

HM Yeah, hard workers. Both our parents have always been very hard working and have always taught us the value of a dollar, and we've always had jobs when we were 14, our part-time jobs, and I guess we're excited by that as well.

PS One thing I've noticed that you're really good at is you get truckloads of free publicity. Now, I'm sure you pay really good PR people and fantastic photographers, but every magazine and newspaper is really happy to run with just about any story you guys come up with. Well, it seems that way anyway.

HM Well, we've really believed in that viral marketing approach as well. I mean, I came from an advertising background so you'd think that I might be, sort of, wanting to bring that into the business but we've actually never really advertised. We've sort of had the approach as being 'let's just get the great product out there, get it on girls, talk about it, wear it', you know, and just let that viral marketing sort of spread like wildfire. So, obviously it has to be a hot product for that to work, but we've really used that approach worldwide with our PR and marketing strategy. It's been about getting the great products to the right girls. You know, talking about it, wearing it the right places, and that had been a really successful sort of model for us, hasn't it SJ?

SJC Yes.

PS So, I've got to be honest with you, some of your photographs are a bit provocative looking, I know it's only by accident you would never do it on purpose, but it's a very

Sarah-Jane Clarke and Heidi Middleton

engaging kind of photographic exhibition. Has it worked overseas the same way?

SJC I mean, we just really do what we feels right and we don't try to rock the apple cart when we're doing photos, it's just what comes naturally.

PS So, you're big apple cart rockers by nature, you don't try to do it, you just do it.

HM It's just in our jeans! No, I guess there is definitely a sexiness to our aesthetics and, I guess, that's just part of it. Like Sarah-Jane said, we sort of express our creativity and then there's usually that sexy element to the aesthetic, but we hope there's also the feminine, the quirky and the creative. There's a lot of elements, even humour within the clothing, but there's definitely that sexy edge which is part of it.

PS Yeah, and I guess people buy them for the same reason, they want to have those sort of engaging reactions to the people they're dealing with as well.

HM Exactly.

PS Now, I guess this has never been asked of you before, but considering the similarities in a sense, you're a bit like Dick Smith aren't you?

SJC Oh exactly. [Laughter]

PS Exactly!

SJC Just without his wealth. [Laughter]

PS But in a sense, your name, your face, is associated with the brand.

HM Right. I see from that angle.

PS Yeah, going down the track, we all love our business but one day we want to do something that can be sold, have you ever thought about...?

**Sarah-Jane Clarke and
Heidi Middleton**

HM Separating ourselves from that?

PS Yeah, and succession plans?

HM Yeah, we absolutely thought about that and I guess it's interesting that you maybe feel that we stepped back slightly.

PS I think you're still relevant. [Laughter]

HM We're still relevant [Laughter]. No, we have talked about stepping back slightly from that front, you know that sort of front side of the brand and the front image sort of side of the brand, but I guess... yeah, I don't know...

PS Well, Richard Branson hasn't. He could but he doesn't and realises the value for the company, so you can sight the Branson reason for hanging in there and showing off. [Laughter]

HM Well, we did sort of probably ease back a little bit but then we found it's probably been more successful when we have been at the forefront and really being a bit the face of the brand as well. So at the moment, while we're loving it as much as we do and it's still very much of a huge love and passion for us, we'll keep being in that role but we do have ideas and thoughts as to how we'll sort of stand alone more as to when we do decide to sort of step back a bit.

PS Okay, what's the greatest business lesson you've picked up along the way that you'd share with people who are listening?

HM Look, I would think there are so many but a big one for us is, because we're really proud of the culture in our office and we've always talked to our staff about treating everyone at the same level... You know, you treat the cleaners and the couriers that walk through the office the same as the CEOs of any company that come through the door. So, there's been a really low level of politics, or you know, sort of bitchiness of politics, in the office and we're very proud of that and find that the energy and the culture is really harmonious and people love coming into work, there's a great feeling in there. I think that's something I'm

Sarah-Jane Clarke and Heidi Middleton

very personally proud of and I find it just instils a great sort of energy which then leads onto productivity and good work ethic. We've learnt that really we need to, even though the creative area is our area, it's about being across every department and really knowing, at quite an in depth level, what's going on in each department is really not to sort of...

PS Loose sight? Jim Collins in that book said the great entrepreneurs are like mountaineers on Everest. They're going forward but they're looking for the things that could go wrong and be ready for those sort of things?

SJC Yeah absolutely.

PS Look, girls thanks for joining us on *Talking Business*, it's been fantastic.

SJC Oh thanks for having us, it's great.

HM It's great to meet you finally.

PS Yeah, and we're very proud of you as Aussies. We always love our exporting champions and you're certainly that. Thanks very much.

SJC Thank you. Okay, bye.

HM Thanks for having us.

Robert De Luca

the Executive GM of Corporate Finance at The Commonwealth Bank of Australia, reveals strategies to unlock the wealth in businesses for re-investment, and discusses sound financial strategy for building wealth outside of business.

www.commbank.com.au

PS On *Talking Business* I'm now with Robert De Luca who is the head of the Commonwealth Bank's Corporate Finance Services Division. Many Australian business owners have up to 80 to 90 percent of their wealth locked up in their business. I'll be discussing with Robert some of the strategies that can be employed to free up capital to reinvest into enterprise to protect the business and the owner or simply to boost personal wealth.

Thanks for joining us on *Talking Business* Robert.

RDL Hi Peter, how are you?

PS Good. So what's the strategy? What are you seeing that a lot of business owners aren't seeing?

RDL Look, I think that one of the things that business owners get trapped in is really spending a lot of time focusing on the investment they have in their business, and the key challenge for them is how do they release some of that value so that they can gain some personal wealth. They end up spending a lot of time in the business not actually thinking more broadly, strategically, around the long term aspirations of the business and their personal aspirations. We speak a lot to clients about what they can actually do with their investments in the business and how they can actually untap the equity and the value in that business. One key opportunity for them all is superannuation and how they can actually take effect of the tax benefits of superannuation by putting more money into superannuation which helps their personal wealth.

PS Okay, so give us a classic example of someone who's actually currently misallocating their funds into their business and the suggestions you'd make to draw the funds out and get them into super?

RDL Yeah, one of the classical challenges for some business owners is looking at using their cash to continue to buy inventory and stock, and therefore having a lot of money sitting in the business in terms of their assets, but some of those assets aren't actually generating a return for

**Robert
De Luca**

them. So, what we had discussed with a lot of our clients is actually trying to minimise that over investment into assets and use some of that in equity for either assets that are generating some income for them, or taking some of the money out of the business and putting it into superannuation or investments so they actually generate a personal return as well.

PS Okay, Robert, let me try to make you less of a banker and more like a normal person because some of the people on the plane might be welcome to change channels because we're becoming too complex. It's ok, that's my job. Simply then, if, for example, you had a business that was debt free and was buying all this inventory, is the strategy that they might actually borrow to buy the inventory and get their cash out of the business and into super?

RDL Yes, certainly two options they could use is; 1. Borrow some money to buy assets and therefore take some of the cash and put it into investments and superannuation; or 2. Use equipment financing or asset financing products versus actually borrowing the money.

PS Yeah, and I guess there are other sort of activities that a lot of people don't get into. For example, using things like factoring, and all that sort of stuff, to get your money in a lot quicker than when you're waiting 60 or 90 days for your money?

RDL Correct. Yeah, receivables, financing, factoring, they're terminology that we use for some of our products. But really, just think about how that actually generates a return from those assets. Arrangements with some of their suppliers, in terms of maybe delaying some of their payments, and also with some of their customers, in terms of actually getting the money in the door a lot quicker, and offering discounts as well.

PS We're talking to Robert De Luca from the Commonwealth Bank. Now, Robert, do you think a lot of people in business, because they're so preoccupied with trying to grow their business and make it successful, they totally ignore the personal wealth side of their life?

**Robert
De Luca**

RDL I think so. We certainly see this quite a bit, particularly the smaller and medium sized businesses, that they get dragged into a lot of day to day activities in their business and therefore start to spend more than the 7 or 8 hours a day that most people work. They're starting to spend 12, 14, 15 hours a day in their business and therefore really let go of their personal wealth and personal aspirations.

PS Okay, so we've talked about superannuation. Are there any other sort of strategies that you think people in small business should be thinking about?

RDL Oh, one thing we see quite frequently is not really taking advantage of insurance. So, one of the biggest assets anyone has is their income and a lot of business owners actually don't insure the income streams in their business, or their personal wealth, and we see that unfortunately sometimes goes very wrong for business owners, they don't actually have any insurance in place. Particularly if they are the sole proprietors of the business, if something happens to them, there's no more income coming in the door for family.

PS And, I guess you're talking about things like *key man* insurance and stuff like that?

RDL Correct, *key man* insurance, *life* insurance, other types of insurances for the owners of the business.

PS And some of them, of course, are tax deductible and become more attractive because of that.

RDL Correct, that's right. Tax deductible is a great, attractive offer for a lot of owners of businesses, but also insuring some of the assets and equipment in their business if something were to go wrong with them.

PS I guess over the years while you've been in the business you've actually started to think about the nature of Australians when it comes to spending money to make money. In the case of financial planning, and also business development, there's so many areas, in particular, sorts of tax as well, it

**Robert
De Luca**

seems to me that a lot of Australians are afraid to invest in that kind of knowledge and as a consequence they miss out on enormous savings and also potential investments?

RDL Yeah, we see this quite a bit, that a lot of business owners are fairly risk adverse. They tend to put their money in their business but not in terms of investments and equities, or they don't actually take the time to talk to a financial planner about how to maximise their wealth. Some business owners are also fairly risk adverse in terms of not wanting to borrow money to make money, as you eluded to, so we talk to them about some of the best options available for them, but really understand their goals and their objectives over the medium to longer term and therefore come up with the right solutions for them to actually maximise their value.

PS Because you're in the game, to me it seems like a very timely question. With stock markets down and the negative news, do you find that the actual interest in financial planning and assistance actually dries up at a time when people should be more interested to get their financial house into order, and also at a time when it's probably the best time to go into a stock market and buy good companies at low prices?

RDL We see this quite regularly. People sell when equities are going down and values are going down, and buy when they're going up.

PS So, when the boom's on everyone's making money and it's just close to the end, they all want to get in.

RDL Yeah, but look, most business owners who incorporate in Australia are much more educated now than they were probably 10, 20 years ago when they've seen the ups and downs and therefore probably have a less 'knee jerk' reaction around getting out when things are going bad. Actually, there's some good opportunities in the market to take advantage of.

**Robert
De Luca**

PS Now, one thing I'm sure you would know, because you're surrounded by market analysts and all that sort of stuff, what's your feeling in terms of the comeback of the stock market, and the credit crunch which is underpinning a lot of the nervousness that we're seeing on global markets nowadays?

RDL Yeah, we're still seeing different signals in the market, both globally and locally, some positive and some less positive. We're seeing in the US still bad news which is having an impact but there are certain aspects within Australia which are fairly positive. Obviously the resources boom continues to go from strength to strength. Places like Queensland, Western Australia and The Northern Territory are very strong, so we're starting to see, really, two sides of Australia, both regionally and industrially, some more challenging than others. We believe over time, the fundamentals with Australia are still fairly sound and therefore we're in better shape than some of the other countries and regions, but I think it's a brave person to actually pick what's going to happen over the next week, let alone the next six months.

PS I've got a new television program on *Sky Business*, called *Money Makers*, and I recently introduced a bell and I've been asking some of our market experts if they're prepared to ring the bell and save the end of the bear market. Do you think we'll see the end of the bear market before Christmas? I'll make it easy for you, do you think that bell will be rung before Christmas?

RDL I'm hoping so. [Laughter]

PS That's a good answer. So, Rob, if there's any issues people want to check out on the website, what's the website that you go to?

RDL www.commbank.com.au.

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

RDL Thanks Peter.

Emma Isaacs

is the brainchild behind Business Chicks and the Last Thursday Club. This 29 year old is a self confessed serial entrepreneur, and talks about how she drives her businesses to success.

www.businesschicks.com.au

PS My next guest on *Talking Business* is Emma Isaacs from Business Chicks and Last Thursday Club. The 29 year old is a self confessed serial entrepreneur and I'm talking to her about how she drives her businesses to success.

Thanks for joining us on *Talking Business* Emma.

EI Pleasure Peter. Great to be here.

PS Okay, so you recon you're a serial entrepreneur. When did this serial entrepreneurship start?

EI Oh gosh, my parents tell a story of me starting to, I suppose, journey into entrepreneurships when I was 8 years old and I'd get all the kids in the neighbourhood together...

PS So, you were bossy from the outset?

EI Yeah, absolutely. And we'd package up these lollies and sell them back to our parents at a much higher price. We did quite well from that, but, I mean, I've sold one business now and bought four so I think that counts as a serial entrepreneur.

PS So, tell us your first really serious entrepreneur activity?

EI Well, I started a business called StaffIT at the age of 18 and I was in that business for 8 years.

PS So, StaffIT. Great name.

EI Yeah, it was a recruitment company and I was in that business for that time and then sold my shares to my business partner. So, I'm completely out of that business now and that was a couple of years ago.

PS Okay, and so now you've got a business called Business Chicks and Last Thursday Club. So, why don't we start with the last one first. What's that about? Last Thursday Club.

EI Well, Last Thursday Club was a network that has been running for about 5 years now and I bought it two years ago. It's a club for entrepreneurs and small business owners and we get together once a month. It's only in New South Wales

**Emma
Isaacs**

at the moment and we have two great guest speakers and about 200 people come along. It's a great event.

PS Okay, so how do people get involved with this? Is there any sort of qualifications to go to this?

EI Yeah, we have a number of different people come along, people who run their own businesses and people who are employed by corporations, so it's a whole gamete of people and a whole range of ages. So, you know, they can just look on our website and come along. Everyone's welcome.

PS Okay, and now your other business is called Business Chicks. So, tell us about that?

EI Yeah, it's so much fun, so much fun. I bought this business from Kids Helpline, the children's charity, about three years ago now. So, they founded it and they wanted a way to reach female corporates and founded this concept call Business Chicks. It started with about 20 ladies having breakfast in Melbourne and selling some raffle tickets for the charity and talking about the service. Then, it grew to about 400 people coming along to a breakfast event in Brisbane, Melbourne and Sydney. I went along to my first breakfast and just absolutely fell in love with it. It was so much fun! There was so much energy in the room. A great calibre of people, great speakers, great sponsors, the whole thing. I heard it was for sale so I made them an offer and bought it a couple of months after that.

PS Okay, so we're talking to Emma Isaacs and I don't think I've had many people on the program who've said 'I bought the business, I bought the business'. I noticed that you bought two. So, is this a part of your approach? That you look for fledgling operations that you think have potential, that maybe, at the moment, isn't getting there, and you can add your special breed of enthusiasm and entrepreneurship?

EI Yeah, absolutely. I mean, I know what I'm good at and I'm very good at taking something that has been started before and turning it into something much, much, better. I'm no good at the very beginning part of the business, starting

**Emma
Isaacs**

it up from scratch, but I'm good at coming in, maybe two to five years into its operations, and turning it around and growing it. That's what I love doing.

PS So, are these sort of organisations top heavy with staff or are they the sort of businesses that you can do without staff?

EI I'm really, really, lucky. I've got a really awesome team that runs both the businesses. So, yeah, we have some events professionals and people who have experience in building communities, and marketing, obviously, so I run a fairly tight ship with very limited resources. We want to run it that way because with Business Chicks, the aim is to raise as much money for Kids Helpline as possible, and in the three years we've had it, we've raised about almost a 1/4 of a million dollars for them. We're very proud of that and to be able to do that, you need to have a very lean operation.

PS So, do you find that being related to a cause is actually a very good way of getting word of mouth referrals?

EI Yeah, absolutely, absolutely. People who come along to the different Business Chicks events we run are very passionate about the cause. They're very engaged with the brand, they love it and there's further meaning other than just networking. They can see that we're doing some good work in the community and it definitely helps our business, there's no doubt about it. We get a lot of referrals from people saying, 'You should come along to this thing. It's fantastic! They support Kids Helpline and you should get involved', so for sure.

PS Okay, so you've certainly proved to anyone listening on the plane that you are a serial entrepreneur. You're even talking like a serial entrepreneur.

EI Yeah, too fast, I know.

PS A billion miles an hour. So, looking back, who have been your inspirations? Who have had a big impact on the way you look at business, the way you do business?

**Emma
Isaacs**

EI So many, so many. I've got so many mentors who I've met through structured programs, whether they're government programs... We actually run a mentoring program for Business Chicks which is really successful as well. But I think my earliest mentors are definitely my mum and my dad. My mum has always instilled the ethos of being nice to everyone you meet and being everyone's friend, and that's definitely carried through to business for me. My dad, you know, he wakes up positive every single morning, and that I've inherited from him as well. But I have mentors that I call upon. Many people from the Entrepreneurs Organisation. I'm the current President of the Sydney chapter and a lot of great entrepreneurs and business people are there that I speak to regularly and they give me a lot of advice, which is fantastic. A lot of people from The Young Presidents Organisations are also mentors to me.

PS Explain what The Young Presidents Organisation is?

EI Well, the Entrepreneurs Organisation is a global network, I suppose, of entrepreneurs. We have about 7,000 members now, I think, and we have a very strong chapter in each of the Australian states, and it's extensible. A group for a support network for entrepreneurs to get together. So, we have monthly educational events, we have international conferences where you can meet other entrepreneurs from around the world, and we have a great concept called *The Forum* which is where you get together with probably eight to 10 of your fellow entrepreneurs and you meet on a monthly basis. They're kind of like your mini board of advisors, if you like, you know, you talk to them about your business issues and personal issues, and it's a phenomenal way to learn about business and tackle the challenges you have in your companies.

PS But do you actually learn more by talking to your peers who are actually doing business at the same time?

EI Absolutely. No doubt. I mean, the whole ethos is about talking from experience, so we speak only if we've had experience in a certain area. We're allowed to let our fellow

**Emma
Isaacs**

peers know about that, so there's no doubt we're getting a huge amount of education from the speakers who come and speak to us, and also from our peers who have run businesses for several years.

PS What about the value of networking with these businesses? Do you find that the people who actually come to you are customers as well or is it something you actually don't do?

EI Well, EO has got very clear guidelines around solicitation so we can't go and approach people to become our customers, but, you know, it happens, it definitely happens. I have customers in Adelaide, Perth, Melbourne and Brisbane that are all EO people and we like to support each other's businesses. So, it happens.

PS And I guess in many ways if you meet a great lawyer within the organisation you would actually start working with them.

EI Yeah, for sure.

PS So, what's going to be the future? You've got two businesses now, what else are you going to do in the future?

EI Oh, look, I think you know I definitely suffer from the seven year itch. So, after seven years I'll want to get rid of the current projects and start more, so I'm always on the lookout for new opportunities. I also got married recently so I want to start a family fairly soon... Yeah, there's lots to look forward to.

PS But do you see yourself one day actually sitting at the top of a much bigger organisation with lots of staff and taking on the kind of activities that an entrepreneur or a CEO might do?

EI No. I don't. It's a short answer. I mean, I'm not a manager, I'm a leader. I'm an entrepreneur. I like to start things, I like to build them up, I like to lead people and inspire people but I'm not one to manage thousands of people.

**Emma
Isaacs**

PS So, you'd be replaced by a CEO that you might appoint and just watch the money roll in?

EI Yeah, for sure. End game. Absolutely, absolutely.

PS Okay, so if people want to know more about you, where do they go?

EI www.businesschicks.com.au, or for Last Thursday Club www.lastthursdayclub.com.au.

PS Do you need people to help you in your advertising?

EI [Laughter] No, we're good, we're good.

PS No, didn't think so. Okay, thanks for joining us on *Talking Business*.

EI Thanks Peter, thank you.

Martin O'Halloran

the CEO and Chairman of DDB Australia and New Zealand, discusses the main trends for the Australian advertising industry in the next five years and DDB's past and recent successes.

www.ddb.com.au

PS My next guest on *Talking Business* is Martin O'Halloran, the regional CEO and Chairman of the international advertising agency, DDB. Marty has worked for DDB for more than 20 years, in both Australia and New Zealand. DDB won Agency of the Year and recently cracked the Tourism Australia contract at a time when the industry faces a few challenges.

Welcome to *Talking Business* Marty.

MO Thank you very much. Good to be here.

PS Okay, I think a lot of people in our industry know DDB but normal people don't necessarily. Why don't you position the company? Who in the hell is DDB?

MO Well, DDB is one of the world's leading communications groups. We run a number of different agencies under that group and specialise in online digital market, direct marketing, public relations and mainstream advertising. You know the television commercials that a lot of people enjoy seeing on a regular basis.

PS So, in the old days you would have said we're an advertising agency, but it's a new world, isn't it, when it comes to engaging the marketing?

MO Look, it's a totally different world and it's an ever changing world. Our view currently is all of our clients are reinventing themselves every year. Technology is the main thing that is driving that change and so we have to evolve our business to work with clients in a very dynamic industry at the moment.

PS Okay, you're named *Agency of the Year*, what do you think were the big reasons why you cracked that mantle?

MO Oh, across Australia/New Zealand we've got about 600 employees, and my real focus is attracting the best talent. Our business is all about people and so, when we have the best talent, we're able to then come up with the best solutions for our clients. While we still do a lot of mainstream

**Martin
O'Halloran**

advertising campaigns, a lot of what we do today, more than 50 percent is what we call in the 'non-traditional area'. So, experiential marketing, public relations stunts, CRM database management for clients and their very exciting digital world... And so, the evolution of our business model is one that's been recognised but, most importantly, at the heart of what we do is to provide creative solutions for our clients. You know it's about creativity at the end of the day and is a reason why we were recognised.

PS Okay, for the benefit of people on the plane who are listening, can you tell us about a marketing event that really stands out in your mind as being.... When you said to yourself, 'Gee, I'm glad we're associated with that', one which people on the plane might know of?

MO I'll talk about an integrated campaign that we've done recently, and we've worked with McDonalds for years. While we've done a lot of really effective advertising for McDonalds, we've come up with a holistic campaign for them so everything from the packaging, the placemats in the stores, all the point of sales, just bringing together the emotional connection that people have with McDonalds. You know, McDonalds have been through an amazing journey in this part of the world, reinventing their business, and we've sort of been alongside McDonalds as they've been through that innovation, as they've created a totally new and different business.

PS Yeah, particularly at a time when they wanted to improve their diet and the menu offering. It's been a real challenging time for one of the greatest businesses of all time?

MO Yeah, it has. And look, I'm pleased to say the brand relationship McDonalds now have with its customers is at an all time high. They're enjoying significant sales growth, that's because they've evolved in this challenging time that I was talking about earlier, and they've had to totally reinvent their business. You go into the McDonalds stores, they're totally new designed, relevant for today's needs, the menu has totally changed over the last couple of years, and we've

**Martin
O'Halloran**

been able to create a communications framework to actually leverage all the great work that McDonalds have done - and it's really working.

PS We're talking to Marty O'Halloran who is the CEO and Chairman of the international advertising agency DDB. Now, the Tourism Australia contract... It's a great contract to have. What are the big challenges going forward for this industry and how do you think your company is going to approach them?

MO Look, Brand Australia is one of the most exciting things in our business that you can have to work on. And Brand Australia is an iconic brand. The research does say everyone wants to come and visit Australia, but, those of you that are on the plane now will know, it's a long haul if you're coming from Europe or North America, so getting people to actually make that decision to come a long distance is a real challenge and it's a challenge in very tough economic time. Fuel price is effective and the cost of travel. The strength of the dollar is another issue when people are thinking about travelling to our part of the world. So, our job is to create emotional connections and deliver stories that excite people about the possibilities of the experience that they'll have, and the transformational experience they'll have, when they come to our great country.

PS So, you won't be posing the question, 'Where the bloody hell are you?'

MO No, we won't be. You know that campaign had some successes in some markets and I think the key challenge for the future is not about one advertising campaign, it's about a fully multimedia campaign that really sort of taps into each of the individual markets because marketing to China is very different to marketing to Germany. For example, trying to get people to come to Australia. So, one of the real exciting things for Tourism Australia is going to be how we can leverage the digital world and create stories and interactions with people so they can actually see what they can do when they're in Australia.

**Martin
O'Halloran**

PS Are you going to be helped by a series of events that is going to make your task even easier? Or, are you going to have to, sort of, create the mystique and the reasons for people to come here?

MO Yeah, I think what's really interesting is people research their holidays online now, so, it's how we can actually tap into the social marketing, social networking, that's happening in today's world. Rather than events, it's about creating communities that are talking in a positive way about Australia. Whether it be Australians talking about their country or whether it be about people sharing their experiences... And in the digital world, that is a very exciting marketing opportunity for us.

PS Is the same applicable to a baby boomer market as well? Are they also using the internet and going to social communities, or are they just using basically Google and the travel type of things that are there?

MO I think it's got to be multi channel because some segments are certainly using digital channels a lot more than others. So, if you have the right combination of traditional television, print advertising, combined with good digital executions, I think they'll pick up the main segments, but we have to acknowledge that not everyone is as proficient online as others so the combination is critical.

PS Do you think you're going to advantage by Baz Luhrmann's film Australia which is going to be coming up?

MO Look, there's a very unique opportunity for Australia. The fact that the Australia movie is going to be one of the biggest movies released this year, and it's set in and called Australia, is a unique opportunity and one that's very exciting. Tourism Australia have got onboard with that and are going to leverage it to encourage people to come down and vision our great country. It's a unique opportunity and a very exciting one.

PS Marty, when I've got someone like you in the chair, and I know a lot of the people travelling run their own operations,

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O'Halloran**

small or medium sized businesses... What do you think is the one powerful lesson about advertising that the amateurs need to know about to get the best out of advertising or marketing their operation?

MO I think the key really is being quite single minded and really spending the time to research what it is that's going to differentiate your business, or your brand, and what's going to motivate people to choose your business or brand. I think too many people try to do too much and they don't have a focus as a result. It becomes quite bland. And, so, once you've identified that key insight in terms of what is going to motivate people, it's then finding the right people to help you truly create that message. Again, you know, we see too many communications that, quite frankly, are boring and people just skip over them, so some form of creativity is vital.

PS And before the creativity is made, it's the calibre of the research so you know what the market is really looking for. But research costs money and a lot of people avoid it...

MO Yeah, I think research, when you can afford it, is vital. The other thing you can do is go through a process where you actually truly believe yourself that you've got the right direction and the right insight, and talking to your customers, talking to your peers, will help you identify what is the key motivator that will actually drive the business successfully.

PS So, in a sense, you create your own focus group and keep asking questions to make sure that you're not missing the mark?

MO Absolutely right. And, you know, talking to your customers on a regular basis is one of the greatest things that you should be doing and I think a lot of people don't do that enough.

PS One last question, what's your favourite ad of all time?

MO Favourite ad of all time? Oh, that's a big one. Look, our office out of Chicago does the Budweiser advertising, and consistently Budweiser produces some of the most

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O'Halloran**

engaging commercials. And it's interesting, they have a competition each year during the Super Bowl, and you're talking around \$2 to \$3 million advertising costs per spot so it's a big competition, and DDB always, eight out of the last nine years, won that competition in terms of the best advertising. And they've done that through clever use of humour. From my point of view, emotional connection advertising is critical, whether it be through humour or really, sort of, digging into people's emotions. That's a really exciting way to differentiate what you do. So, Budweiser consistently delivers for me.

PS Well, I've been looking for a bit of humour for the Tourism Australia contracts, mate. Down the track?

MO Well, I think it's a great place and we want people to enjoy Australia so you'll see humour, you'll see very engaging emotions, so we're excited about what we'll be delivering.

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

MO Pleasure, thank you.

Jillian Broadbent

is discussing Chief Executive Women, an organisation which promotes the development of Australia's female leadership talent, specifically through their CEO Kit for attracting and retaining female talent.

www.cew.org.au

PS Reserve Bank of Australia, Board Member, Jillian Broadbent, is my next guest on *Talking Business*. Jillian is one of Australia's most prominent women in business. She currently serves as a Director for Woodside Petroleum Limited, Coca-Cola Amatil Limited and SBS. Prior to her appointment to the Reserve Bank Board, Jillian was a Senior Executive with Banks Trust Australia. Having responsibility for the banks risk management business and its banking services to the resources sector, in 1987 Jillian was named the Qantas Bulletin Business Woman of the Year and she was made an Officer of the Order of Australia in 2003.

Welcome to *Talking Business* Jillian.

JB Thank you, Peter.

PS Now, Jillian, before we talk about something, I know that really near and dear to your heart are women on boards, and things like that, and retaining the talent in great businesses with their wonderful female employees. You understand financial markets better than most after working in BT... Has the credit crunch surprised you, the severity of it?

JB I think it has been a fairly unique combination of circumstances and it was building up to the point where you'd recognise that it was vulnerable but you didn't quite know when that availability was going to be reflected, or the extent of it, so it is very unique, which makes understanding which way it's going very difficult for all observers.

PS And it's not really something you've studied before, a crunch like this?

JB I think all market over reactions and responses have elements in common, but they're also somewhat unique. You're drawing on some experiences of when markets might have reacted this way, but in this particular circumstance, it's the response of the banks to contract in their appetite for lending, which is a bit unique.

**Jillian
Broadbent**

PS And unusual. Now, I know you're not here to talk about that but I had to throw that one in for sure. Now, why don't you tell us about what you're doing in relation to women and Board's and Executive's positions?

JB Well, I'm a member of a group called Chief Executive Women, CEW, and about 6 years ago we started a program. It's an organisation of about 150 women leaders in their field, in government business and the not-for-profit. About 6 years ago we started a program of involving the CEW members. It started with 4 companies, there are probably over 20 who've been through this program now, but on a voluntary basis we worked with four companies and their top four female executives in each of those companies. They were Macquarie Bank, IAG, AGL and Lion Nathan, and we worked with them to try and understand what we might be able to do to develop female talent as a sample in those four companies. We found a total absence of metrics and data to manage this and when we asked them to pull their data, there wasn't very much there. Then, we started reaching out to other companies about what data they use to manage this, because, while there's a universal interest in making this work better and retaining the talent, there weren't very good metrics for doing so. So, then we started to develop this process of, well, what we think people should measure and how to measure it. We started working on this CEO kit, and the reason why we call it the CEO kit is it's absolutely essential that the CEO sees the business reason for trying to retain female talent and develop it. So, we started with that and we raised questions. Within it there are a huge number of graphs and tracking processes that you can put in place to try and make some progress. And it's amazing how many sort of wow! moments companies have had when they see these statistics and think, 'Oh, I didn't know that' or...

PS Can you give us an example of a surprise one?

JB Well, one example was in tracking across levels within the company, the percentage of females in a particular area - so you might say start from grade 1 to grade 10 - and it basically,

**Jillian
Broadbent**

within many companies, slopes down in a line from whether it's 70 percent down to 0 percent. Once you get to the CEO... And in the case of Woodside, they found there were specific points along this greyed level, where the curve had unusual moves, and they thought that was to do with identifying, at the end of their graduate program, where they had an automatic promotion for each year. You were in the program and then they found it just fell away in terms of women progressing even further. So, they specifically addressed that and found particular practices and approaches that they could easily correct. It was very successful for them.

PS Producing better results in retaining, and I guess also in attracting, female talent?

JB Yes, so that they stop losing them. But when you're looking at a big figure like, what percentage of women do we have, and you haven't got any specific metrics, we all know what gets measured, gets managed and if you don't have the data you...

PS Now, you called it a CEO kit. Was that a reflection of the fact that leaders, in a sense, have dropped the ball to actually ignore the fact that they developed into a certain stage - lose them and don't do much to bring them back, even?

JB I think that's right and most CEOs want to retain and attract talent and they know there's an under-representation of females. They usually say, 'Oh, it's family reasons', or they don't really want the job. There are all sorts of myths out there that need to be broken down and have some data to analyse it. You also have to create a culture where women can be constructive in what they say. Look, this doesn't really work for women, you're operating a system because most of the companies have been...

PS Don't say designed by men. [Laughter]

JB Probably designed by men, but certainly practiced by men where they don't have the input about how it might be more effective for a broader, diverser, population or even workforce, and the CEO usually delegates it to the Human

**Jillian
Broadbent**

Resources department and says, 'You sort this out', or worse! Still, they say to the most senior female, 'Oh, can you do this?'

PS Yeah, you'd understand.

JB Yes and you'd go, 'Look, I've got my day job, I can't do this as well'. You've got to approach this professionally like you would any other objective. And that is; get some data, look at it, get a committee, set it as a KPI for your Senior Executives, because you want to be the employer of choice and you want to be able to, in this tight labour market, attract and retain talent in any form.

PS So, have women themselves something to offer in actually telling the business how they best can keep them after, say, for example, they go on leave for either family or...?

JB I think very much so but they've got to be encouraged to do so and feel it's not just in their self-interest. So, once it's recognised by the CEO that there's a business case for slowing turnover and retaining talent, then you say, 'Can you help me with this?'. Women can help but women are disinclined to offer suggestions, as it does appear in a self-interest sense, and they do have their day job. They probably have an even more busy night job, so they don't want to be taking on tasks which have not been identified as an objective by the CEO. So, it needs the CEO to say, 'Look, I really want to make this happen and can you help me make it happen?', but not say, 'Look, can you do this as an extra job for yourself?', because it's not the right way to go about it.

PS Has the age of the internet made it easier for women who are maybe out of the workplace for one or two years having children... At least they can keep up with what's going on in the modern business world because of the internet, where once upon a time they were isolated at home?

JB Yes, I think that's been a big factor in retaining a connection for women on maternity leave with the company. Rather than be totally disconnected, they, as

**Jillian
Broadbent**

you say, can keep up with the intranet of the company and communication is readily available there where they can read it if they want to and not read it if they don't want to. So, there are a lot of techniques to make that work better, but you've got to, again, want to make it happen and you've got to encourage a mood where you are really seeing it as an objective of significance to the company and endorsed by the CEO.

PS So, Jillian, for women on the plane and men in executive positions who are interested in the CEO kit, where can they get it and what kind of information should they be looking for?

JB Well, where they can get it, the information about that is available on the CEW website which is www.cew.org.au under CEO Kit. What they can get out of it is that within the kit itself is a CD which enables you to feed in the data, and the graphs in the kit are reproduced. Again, when this data is seen, you often say, 'Well, I didn't really know that', so getting the data and looking at it is usually, in itself, a way of progressing. But we're also running some seminars with the kit to say, how do you use it? How do you start on this task when there are so many analytics in this? You might say, 'Well, why don't you just focus on five or which one's are relevant for you', and helping them identify which ones they should look at and what are the most important for their particular company.

PS Okay, great. Well, thanks for joining us on *Talking Business* Jillian.

JB Oh thank you Peter.

Tim Derham

a Director of Abercrombys Luxury Real Estate, discusses what's happening to the top-end of the residential real estate market in Melbourne, and the change in the market with all the economic misery.

www.abercrombys.com.au

PS My next guest on *Talking Business* is the Director of Abercrombys Real Estate, Tim Derham. Launched in 2005, Abercrombys Real Estate has since established itself as the leading agency of those in the luxury home market. Based in Melbourne, the boutique real estate agency specialises in the high end luxury and lifestyle property market, and has sold more than \$1billion worth of luxury homes in just over 3 years of operations. With property markets around the world suffering, particularly in the United States and the UK, we'll be getting Tim's insight on the short term outlook for the top of the range Australian properties.

Thanks for joining us on *Talking Business* Tim.

TD Great to be here. Thanks Peter.

PS Now, mate, why don't you tell us about Abercrombys. It's not an old firm really, but why is it called Abercrombys?

TD We started the business only 3 years ago and we wanted something that was at the start of the Alphabet.

PS Oh, really? Good thinking.

TD And, it's a well known company overseas as well, Abercrombie & Fitch, in Canton.

PS And you're relating to the luxury style too?

TD Correct.

PS Okay, so what's your background mate?

TD Oh, I've been in the industry for 36 years, since not long after I left school, and worked long and hard at it. I've seen some great markets and I've seen some pretty tough markets.

PS Tell us about the market right now. You know Melbourne well, so let's concentrate on Melbourne and the top end.

TD Well, certainly it has changed quite dramatically since the end of last year saw some fabulous growth across the board, 30 to 40 percent, but things have certainly tightened up. We

**Tim
Derham**

have found that with things like Generation Y staying home longer, and the cost of stamp duty, the baby boomers are tending to stay longer in the bigger homes, so the demand is certainly very strong with the supply tightening up.

PS So, this is a very interesting insight. You're saying, because these wonderful darlings called Gen Y are hanging around with their baby boomer parents longer than, historically, you'd expect, people therefore are staying in bigger homes and so your supply has been reduced?

TD Correct. We think last year in the city of Stonington, where we do a lot of our main focus, there were, in the last 12 months, some 957 properties sold, as against an average over the last 5 years of some 1,400 each year. So, it is dwindling. Rents are becoming quite expensive and we've seen very big hikes – 10 to 15 percent hikes. A lot of the younger generation are tending to stay at home and not have to fork out the dollars.

PS That's not the reason. They love their parents, that's why they're staying there. They want to contribute and really help their parents in their dotage.

TD The washing and the ironing, and all that sort of stuff.

PS Hey, I know. Now, also an interesting part of your business is the top end executive, you know, the Christmas bonuses, the sort of stuff that we use to hear in America many years ago. It is here, in the high flying finance industry... Things have changed since November haven't they?

TD They certainly have and we've made a conscious effort over the last 3 years to actually go offshore. We're dealing with a lot of expats out of the UK at the moment, and a lot of international buyers out of Asia, dealing with migration organisations as well. Certainly, those people see Melbourne, and Australian, real estate as very good value.

PS And you've had a bit of a challenge, because the Aussie dollar is climbing all the time, I guess we'd knock out some of those expats with the currency currently on the slide. It's

**Tim
Derham**

probably going to help the market at a time when you need a bit of help?

TD The first couple of years of our business, we were in Hong Kong, and the expats over there were getting paid in US dollars and getting their big bonuses. There was a really good client base. But they certainly have dried up the finance sector over there, so we've taken ourselves to the UK, and we're finding it to be very fruitful.

PS I'm talking to Tim Derham from a real estate business called Abercrombys. And, I guess, because of the long term nature of your association with real estate, you would have views on what you think is going to happen in real estate generally? Over the next few years, we know prices in most states, apart from probably WA and Queensland, have been falling, there was a surprise rise in Melbourne in particular last year, and there are forecasts out there that pricing will fall by 10 to 20 percent. What's your feeling?

TD Well, certainly we're finding, in the top end of the market, that whilst it's stabilised because of supply and demand, we'll probably see somewhere between 5 and 10 percent growth this year, as compared to the 30 or 40 percents that we've had in the last 12-18 months.

PS Do you think the level of interest rates created by both the Reserve Bank, and the banks raising rates independent of the Reserve Bank, has really put a stopper on the general real estate market?

TD Overall we're finding, in the top end, that rates are not affected. But, the lower end most definitely will have an effect, yes.

PS Historically, how long does it take a market to react to interest rate cuts? Let's assume we see some interest rate cuts before Christmas, how long does it usually take before the market reacts to cuts in interest rates?

TD Well, I think it's almost a weekly thing at the moment with the way the media report it, and with auctions on most

**Tim
Derham**

weekends. The Sunday and Monday papers are certainly speaking about how rates may well effect the market overall.

PS And when rents are rising, it's a great opportunity for property investors to get into the market. Are you seeing that sort of thing happening in Melbourne? I know in Sydney the opposite is happening. Rents are rising but the property investors aren't turning up to the auctions and aren't buying the properties. What do you think is going on there?

TD Well, I think that's exactly spot on Peter. We're finding that, with interest rates going, up the investors are not going into the marketplace to physically buy, and therefore, again, it's a supply and demand situation, and rents have risen quite dramatically right across the Eastern Seaboard I believe.

PS But isn't it a bit irrational, that if you're getting higher rents, it will be a time when you think a property investor would be saying... And also given the fact that real estate prices are falling as well, probably two reasons to get in the market, but it's that fear factor, I presume, that's stopping them?

TD Yeah, and I think a lot of people have been hurt pretty savagely with the stock market. A lot of people lost large amounts of money with their superannuations and I think people are sitting back on the fence with interest rates having risen. You know, the four major banks have raised rates over the last few months by themselves without the Reserve Bank of Australia increasing them. But, they've raised them .5 of a percent already and there is nervousness there.

PS I would say, given the fact that you are often competing against the stock market with the sort of properties that you're selling, have you developed over the years sort of a standard defence or attack against those people who say shares are better than property?

TD Well, I think bricks and mortar have always been a sound investment. I've been in the business for 36 years and if I'd bought real estate 36 years ago, and held onto everything that I owned over the years, I wouldn't be...

**Tim
Derham**

PS Talking to me today? [Laughter]

TD Talking to you today, Peter, that's correct. So, it is a great investment and like shares, it's a long term investment, it's not something that you contemplate buying and selling over a 12 month period.

PS Do you think some people go into real estate and... The thing that gets me, more than anything, is that it is a wonderful investment but they tend to buy with their heart rather than their head, and they're often doing it with the largest amount of money they've ever, ever, been associated with. That staggers me.

TD Yeah, we come and sell a \$5 million or a \$10 million property, we can have people walk in and within 15 minutes they've made a decision. If they were going to invest \$5 million or \$10 million in a business, they'd have accountants, solicitors, people pouring over the books for months on end.

PS Yeah, I've seen people saw more interest in buying a suit than they have in buying a house. Mate, if there's anything people want to know about your business, is there a website?

TD www.abercrombys.com.au.

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

TD Thanks for having us, it's been great.

Yvette Love

runs several businesses including Love Recruitment, and she is on *Talking Business* to talk about the challenges faced with attracting, hiring, and then retaining staff in this competitive labour market.

www.loverecruitment.com.au

PS My next guest on *Talking Business* is Yvette Love from Love Recruitment and she's going to talk to us about how best to attract good staff, and then, more importantly, how to retain them.

Thanks for joining us on *Talking Business* Yvette.

YL Thank you for having me.

PS Okay, with a wonderful English accent like that, you haven't been an Australian from the beginning, have you?

YL No, I haven't. I came over to sunny Australia 5 years ago.

PS And you're going to stay here forever now?

YL Absolutely. Of course I am, why wouldn't I? Sunshine...

PS Yeah, and you can always fly home to see your mum and dad.

YL Exactly. Definitely. No, it's a wonderful country.

PS On Qantas of course.

YL Of course, always on Qantas. [Laughter]

PS Okay, now, let's get down to it, because the area that you're involved in with Love Recruitment... The business, I presume, has been going for?

YL Two and half years.

PS Okay, and you've walked into a really tight labour market and it's at a time when people are prepared to pay for good recruits. What have you learnt about recruitment in this modern age?

YL Okay, I definitely have learnt that it's definitely harder to attract candidates, there's definitely fewer quality candidates out there, so you have to go about attracting candidates in a different way. So, what I mean by that is, especially for companies as well as recruitment consultants, you have to constantly be prospecting and you always, always, have

**Yvette
Love**

to look for new opportunities to gain quality candidates. You have to develop your networking skills in quite a tight market. You have to be going to a lot of events, and what I mean by going to events is, going to your industry events. Because, if you think about it, the company always sends their best people to those events, so, therefore, if you turn up to those events you can also find out what's going on, and the best people in the market. Again, it's also creating your brand, I definitely think companies need to have a brand presence in the market, and they also need to have an employee engagement scheme and retention. As you've probably heard a lot at the moment with Generation Y, they do tend to move about.

PS Yeah, they do don't they? Now why do they do that?

YL I think that they're an extremely educated generation and I think that, with technology, they do want more and more all the time. So, you're lucky to get a Generation Y to stay in a job for anymore than a year, to a year and a half, at the moment.

PS Okay, so will they change over time do you think? Say, for example, when they get into their 30's and they get a mortgage and maybe get married with kids, will they become normal? [Laughter]

YL I think so, as normal as they can. It depends how the world goes. I mean, if more opportunities come up then I think they will because they've always been fairly good job hoppers. And I think they also could, if the opportunity arose, and that they're not scared to take a risk and take a gamble, whereas the trend used to be the employee/company loyalty and it was one job for life. It's certainly not that trend anymore and I would probably say the trend is more about employee, peer to peer, loyalty.

PS So, what does that mean, peer to peer loyalty?

YL We recently did a survey and you find that the number one reason why people won't leave their jobs is through really close relationships with their peers.

**Yvette
Love**

PS So, team building and having great relationships in your team is a good way of keeping people in your workplace?

YL Definitely, definitely. It's all about peer to peer nowadays, obviously with the managers input, and the manager is creating that culture and that team building. But definitely it's with peer and peer. I would say it's getting to know them on a personal level, it's finding out what their talents are, and their tools, and then obviously making those very large in the workplace. So, if you've got somebody who wants to be creative but also is doing an admin job, then get them to do some mail shots or get them to do some flyers, use their creative tools, and then you will actually retain your staff.

PS We're talking to Yvette Love from Love Recruitment. Are there any other sort of little Gen Y tricks that you could offer for people who are listening on the plane, who really do value them but fear losing them?

YL Okay, if you think you're going to fear losing them, I would definitely recommend sitting down and talking to them, and asking them where they want their career to go. They really do want to feel like they're being touched and felt quite often, so, it's not about telling them, it's about asking them. It's getting them to give feedback, but it's also, you know, if you haven't got the career advancement in your company, which some companies don't, then it's sitting down with them and asking them where they want to progress in the future. It might even be helping them to find their next dream job. Now, if you sit down with that employee and find out where the next role is, and even give them training or interview tips, you're probably going to get that employee to stay around a lot longer.

PS That's an interesting one. You train them how to get a job somewhere else and they stay with you.

YL Absolutely, they do. [Laughter]

PS Okay, that's reversed thinking isn't it?

YL Definitely.

**Yvette
Love**

PS So, in a sense, when I'm listening to you it reminds me of some of the themes that someone like Marcus Buckingham's been exploring, with the idea that people like to work in their strength zone. You're saying that the Gen Y employee really likes to think that they are working where they have particular skills, and we should, therefore, ask them what they think they're good at and try and position them there occasionally to keep them happy?

YL Absolutely, absolutely. You know, there's going to be parts of a job that is deemed boring or monotonous, however, if you ask them what they're creative insights are, or their tools, then you'll definitely get retention.

PS Now, part of your problem is, that given the tricky nature of managing Gen Y, it does get down to the calibre of leadership of your clients, because you find them clients. If the leaders in these businesses aren't good at managing Gen Y, then, in a sense, you could have a problem inside three months again, and try and find another one. If it's after three months, well maybe it's okay for you. So, do you spend time in trying to help your clients understand the new age workforce?

YL Yep, definitely. I think it's the extremely important part of the recruitment process. What I've actually done is setup a mentoring scheme, and I mentor very high level executive assistants and couple them with junior personal assistants. The reason I do that is you get a long retention from that candidate, but also, I think that it engages them in the company. The course is a 12 month course, and over that 12 months, you get to know them extremely personally and you know what other areas they want to progress in. So, if they do want to branch out and become a HR assistant, then they can obviously get trained in that area.

PS Now, everyone does concentrate on Gen Y, but what are the poor old, neglected Gen X's doing? I know some people say, well they've got kids and they've got mortgages – we've got them by the short and curly's – but obviously these are the senior management people who are getting there now,

**Yvette
Love**

and in the future. What should management be thinking about this group and what are their aspirations and expectations?

YL I think that they should also be treating them in the same sense, as in, asking what they want to do and where their career advancement is, including them in on the succession planning and teambuilding games. Getting the Generation Y and the Generation X to work together is extremely important, because otherwise, you're going to have two separate cultures, and then the company is going to go in two different levels. If a company sets out its culture and its vision from the outset, then they can work together. But definitely sitting down and asking them where they want to go as well, because I totally hear what you're saying, and I think sometimes they get left to the side. It's all about Generation Y at the moment, and the poor baby boomers and Generation X just get pushed to one side. [Laughter]

PS On that point, and I guess the final question I'll put to you is, in this tight labour market, with a very mobile and hard to control Gen Y workforce, are recruitment firms like yours looking at flexible baby boomers who really do want to come back into the workplace, particularly with their retirement being challenged by stock market problems? Are you looking for the cool and groovy baby boomers who want to go back into the workplace?

YL Absolutely, definitely. I think that they are an incredible workforce, and I think they've got loyalty and the give the employers support. They're just fantastic at getting the job done and I absolutely am looking at that market at the moment.

PS And some people say, the one thing that a lot of people forget is, that there's corporate memory with these people as well, and they actually do know a lot of stuff that you don't see in the training books.

YL Definitely, definitely. They can add so much value to a workplace, and I think the HR and internal recruitment consultants are just starting to realise that now.

**Yvette
Love**

PS Okay, but I guess, on the other hand, sometimes there's a culture problem, which is something, once again, the leaders have to manage.

YL Absolutely. It comes down to senior management at the end of the day, and also middle management.

PS Okay, so if people want to learn about what you're doing, what's your website?

YL It is www.lovereceuitment.com.au.

PS Thanks for joining us on *Talking Business*.

YL Thank you.

Terry Hartmann

is the Global Director, for Identity & Credentialing, for Unisys Corporation, and he reveals developments in biometrics and applications for business, and then the security issues that business leaders need to consider when implementing these types of systems.

www.unisys.com.au

PS On *Talking Business*, I'm now with Terry Hartmann who is Global Director for Identity & Credentialing for Unisys Corporation. Terry has over 20 years experience in the IT industry, and is an internationally recognised authority on all aspects of home security and positive identification technology. He regularly speaks at international conferences on identity matters and is a globally recognised leader in the biometrics industry.

Welcome to *Talking Business* Terry.

TH Thanks very much Peter.

PS Now, I didn't think I would be trying to keep and audience enthralled and interested using the word *biometrics*, but it's a pretty sexy topic nowadays, so, why don't you explain to us what it's all about?

TH Biometrics is basically about identifying a person and verifying their identity, who they are based on a physical characteristic or a behavioural characteristic of that person.

PS Now, taking our mind back from the first time we saw this, I'm thinking *Get Smart*, *The Man From U.N.C.L.E.* and *Mission Impossible*, things like that. This is what we're talking about, isn't it?

TH Absolutely. What was fantasy on television not that long ago, is reality today.

PS Yeah, and what has sped it? I guess September 11 was one thing, but was the momentum already there anyway?

TH The momentum was there prior to September 11, but the funding wasn't, and the focus on boarder security and on protection on boarders has sped up research and development, investment has sped up technology. So, we're now, I'd say, five to 10 years ahead of where we would have been otherwise, in terms of that.

PS So, Unisys, in a sense, they can actually track the interest from the market in terms of the dollars they're now investing in this sort of technology as well?

**Terry
Hartmann**

TH Yeah, absolutely.

PS Okay, so, tell us. What are the big biometric products that you guys are involved in that we all should know about?

TH Well, anything to do with identifying people these days pretty much has a biometrics angle, because we've got to move from people using a card, which can be lost and used by somebody else, to something that ties that person to that document they were originally issued. So, passports, drivers licences, Visa's, any kind of identity document involves biometrics these days.

PS Okay, so give us an example of how someone like me, either now or in the very near future, will have to, say, do a finger point identification, that sort of thing?

TH Yeah, simple example, you're travelling to the United States tomorrow, you need a passport so your photo has been taken, a digital image of that photograph has been put into a chip in that Australian passport, and when you arrive in the United States your fingerprints are being taken on entry, and your photograph is checked against a watch list of people they want to look at as they enter that country. And, as time goes on, the photo that's in your passport can also be verified to make sure you, who were issued that passport, are the same person entering the country on that passport.

PS So, are you saying that everybody who goes into America now effectively is being fingerprinted?

TH Absolutely.

PS And is kept forever or is it only checked against the ones that people are worried about and then they get rid of it?

TH At the present time they're keeping them indefinitely.

PS God. It's a new world isn't it, mate?

TH It is, it is.

**Terry
Hartmann**

PS Okay, so we're talking to Terry Hartmann from Unisys, and we're talking about biometrics. What about voice recognition? How have we got along with that?

TH Voice recognition is progressing. It obviously has a great application around verifying credit card information over a telephone, it's used a lot in IVR's for interactive voice response menus and that type of thing. The technology is improving. It's not quite at the level of accuracy and reliability as technology like fingerprints and iris scans are, but it's steadily improving. Applications and pilots are being developed in many financial services industries.

PS Okay, so we're talking to Terry Hartmann who is the Director for Identity & Credentialing, for Unisys. Terry, okay. So, obviously the big demand is coming out of governments, particularly, I guess, even corporations with security matter. Where do you see this kind of technology applying to small and medium sized businesses? Is there going to be an easy application and use for this stuff?

TH Yeah, you can look at simple applications... Like people going to gyms now have a fingerprint for a locker instead of having to have a key. You go to a theme park and it's always a problem about where do you put your wallet or where do you put the keys to the locker, and so on. So, little applications, like a fingerprint or a facial scan to open that locker, to access that facility, popup here and there, and they're being embraced at that kind of small level, as well as the larger government corporation access control type levels.

PS So, this is actually going on? Now, obviously I need to go to the gym more often, because I haven't seen this?
[Laughter]

TH Yeah, it is in selected places. People are then using it as a differentiator in saying, 'Well, come to my gym. You haven't got to worry about where you put your phone or your keys, you just bring your fingers with you.'

PS Are you getting a bit of a backlash from community groups on the privacy issues of this sort of technology?

**Terry
Hartmann**

TH Well, biometrics, it's how you use it, it's a privacy enhancing technology. If you're using it for an informed consent point of view, and you're giving people the option to opt in, then for them, they can have much more assurance because they know somebody is not pretending to be them, particularly if they pick up a lost card and use their identity. So you have to look at it as privacy enhancing technology.

PS What about the actual cost of all this interesting technology when we're talking about voice recognition and iris recognition? Is it currently very expensive that will become progressively very inexpensive as more and more companies take it onboard?

TH Yes, it is and, you know, a really good example of that is chips in passports, which, prior to September 11, were very, very, expensive propositions. There was only one country in the world who'd even contemplated doing it, whereas now, by the end of this year, 60 countries will be doing it, and the fact of volume drives down prices. The adoption of particular different types of technology drives down prices, you know, capturing a facial biometric now is common place because all you're doing is you're using a digital camera. Whereas, before digital cameras, you had to have a Polaroid camera, you had to develop the film and you then had to scan in the photograph. And so, that was a much more costly and difficult exercise, and as we go on, high resolution cameras start to mean you can do things like capture a photograph of a person and their iris pattern in exactly the same shot.

PS We're living in a *Mission Impossible* world nowadays, aren't we mate?

TH We are indeed.

PS Now, if people want to know more about what you guys are doing, and also about this sort of biometric technology, what's the website?

TH www.unisys.com.

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

TH Thank you.

Campbell Fisher

Managing Partner of employment lawyers FCB, is on *Talking Business* to discuss the changing nature of enterprise bargaining, and the move towards a bargaining system focused on collective agreement making at the enterprise level.

www.fishcart.com

PS My next guest on *Talking Business*, is the Managing Partner of the employment law firm FCB, Campbell Fisher. FCB is widely respected for its independent and impartial commentary on industrial relations and employment issues. Campbell is a regular commentator in the media, explaining the practical ramifications of changes in the IR landscape. Over the coming months there will be changes to managing people, and workplaces heralded by the Federal Government's new *forward with fairness* legislation. Campbell will be outlining for us what businesses need to do to ready themselves for the changes.

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

CF Thanks Peter.

PS So, this *forward with fairness legislation*, when does it actually start?

CF Well, it's actually coming down in, sort of, bite size chunks. We've had the first lot of changes become operative earlier in the year. The major thrust of that was getting rid of Australian Workplace Agreements from the Labour Government, and then we're going to progressively see the changes implemented with the substantive changes, coming into effect from 1 January 2010.

PS Okay, I guess if a company had AWAs, it may well be something they care about. How have AWA's been affected by *forward with fairness*?

CF The current AWAs really continue on to operate until they would normally expire, and the government has introduced, for a two year period, transitional individual agreements so that businesses that have used that model of employment can continue it for a two year period. After that, it will be phased out and there'll only be collective bargaining for those organisations.

PS Okay, so in terms of a firm that might have a one year left on an AWA, in reality they might have 3 years to put together an alternative collective bargaining arrangement?

**Campbell
Fisher**

CF They certainly do have some time. And, one of the great aspects about *forward with fairness* is, because the changes are progressively being implemented, businesses do have time to plan and understand what the changes are and to move the way that they regulate their employment so that it's consistent with how the law will be when it's fully implemented.

PS So, if I'm an individual small or medium sized business, and I've had AWAs in, what do I have to do to create a collective bargaining agreement? Employ you of course?

CF [Laughter]. Certainly, we can provide advice on those kinds of things.

PS Really? That's surprising.

CF A collective agreement process is a little bit different because you are dealing with your workforce as a whole, and while there have been attempts to simplify the process, it is reasonably complicated. A small business would normally set up some kind of consultation dialogue with their employees. Probably a small business would draft their own agreement and give it to employees for comment before they're given the opportunity to vote on the agreement as to whether they accept it as something that they think will benefit them in their terms and conditions.

PS So, for someone who started up a business, say, over the last five years, the collective bargaining scenario would be quite unusual in a sense that they've never had to go and get their workers together and say, 'Well, what do you think of my offer?'

CF It certainly would for small businesses. You know, most small business wouldn't operate under collective agreements, and there would be a more complex business process for small business. Lots of large sectors of industry have collective agreements already, particularly in the heavier kind of industries, infrastructure, mining and the like.

PS Would individual agreements still be possible under *forward with fairness*?

**Campbell
Fisher**

CF They are, in a limited form. There are going to be limited abilities to contract out of the awards systems. But in reality, it's not going to be as free as it was under Work Choices for businesses to vary traditional terms and conditions in ways that suit particular employment arrangements.

PS What staggers me is, because the people in the IR world have geared up for businesses in industry, do we have to do it? There are lots of people out there in business who actually employ people, even without contracts, and they basically look at what they think the award is and pay over it. They think they're kind of safe, but those sorts of employers are potentially in precarious situations, aren't they?

CF Oh, certainly. I think there's always risk in not having your employment arrangements properly defined. I think it's in both an employers interest, and an employees to understand what their rights and obligations to each other are. Often those arrangements sail under the radar until something goes wrong, and that's commonly around a time when an employee might leave employment, and the parties look to understand what their rights are in that circumstance. They're not well defined and understood, and that often leads to disputes.

PS Yeah, it often comes when they start looking for their superannuation and it hasn't been paid, things like that as well.

CF Certainly there are employers that don't meet full compliance from time to time, and yeah, superannuation is one of those areas.

PS Okay, we're talking to Campbell Fisher from the law firm FCB. And what about unfair dismissal? Where is that now?

CF Unfair dismissal arrangements are proposed to change in a number of key ways. The government is proposing to implement a code for small business, which is designed to guide them in how to terminate people fairly. And, we're also seeing some changes in the exemption, so that, in effect, more people in more businesses will have the right to

**Campbell
Fisher**

challenge their terminations through unfair dismissal. We're moving back closer to a pre Work Choices situation.

PS So, those cases where you heard of, say, someone who stole \$10,000 from the business who gets reinstated with compensation, those kind of days could come back?

CF Those kind of problems could exist, and certainly I think employers will have greater amounts of litigation around termination of employment than perhaps they've had for the last couple of years. And so, it is an area for businesses to focus on their policies and procedures, and how they manage terminations.

PS Currently your exemption from unfair dismissal goes up to firms with less than 100 employees?

CF That's right.

PS When does that change? When do businesses need to know that the new regime will be in place?

CF It's not 100 percent certain at this stage. The government hasn't released its next bill, and there's a bit of conjecture about whether all the changes will wait until the 1st of January 2010 to become operative, or whether they'll parcel them up so a range of them will be operative, probably towards the end of this year, and others at the beginning of 2010. It's something that the union movement is strongly pushing for, some of the promised changes to the Work Choices system to be implemented more quickly.

PS What will the exemption for unfair dismissal look like when it is fully in place?

CF One of the key ones for businesses will be the removal of the exemption for operational reason. So, at the moment, if a business terminates an employee for a genuine operational reason and they're mostly associated with restructuring and redundancy kinds of circumstances, employees don't have the right to change that through unfair dismissal. That exemption is proposed to go and it will really open up all those kinds of terminations to scrutiny.

**Campbell
Fisher**

PS And what about businesses in terms of the numbers of employees, the exemptions from unfair dismissal, and for how long do you have that exemption?

CF Yes, they're planning to lower the size of employer and they're also planning to still have a period of 6 months where somebody, who hasn't been employed for 6 months, can't challenge a termination. So those kinds of areas are still going to stay quite similar to what they are now.

PS Okay. Is there anything else in the *forward with fairness* legislation that we should be aware of if you are an employer, or if you're an employee?

CF One of the big areas I think that's been less talked about is the award rationalisation process.

PS It sounds so interesting mate. I'm surprised that people weren't clamoring, "More on award rationalisation!"

CF [Laughter]. Well, awards are very important things. They set the common conditions, and there are hundreds of thousands of workers that have their conditions set by awards, and there'll be major changes to that award system. It will affect the many businesses and many employees.

PS Can you give us an example of a change that a lot of people would be concerned about, either for the employer, or the employee side?

CF Something would be the clerical industry. So, just about every business would employ people in clerical and secretarial kinds of roles. At the moment, there are a whole range of awards which cover those terms and conditions with different terms and rates of pay and classifications. And the proposal is to try and move that to one common set of conditions for all clerical employees in Australia, and that could mean significant change in the current terms and conditions that people enjoy.

PS And, it's highly likely they won't be taking much away from many, and giving more to many, in this change?

**Campbell
Fisher**

CF That is the creative tensions. So, I think the process is to try and ensure that people aren't worse off, the government certainly hasn't made that commitment, and to try and ensure that businesses aren't suffering large increases in the cost of operation.

PS Campbell, I think we could talk about this for a long time but... If people want to know more about this, do you have something on your website that people can catch up on, something like that?

CF Certainly. We have a whole range of important information on our website which is www.fishcart.com.

PS Fish Cart?

CF Yes.

PS Fish Cart [Laughter]. That's a great name! Spelt like a fish cart?

CF [Laughter]. Spelt like a fish cart, and it reflects the ancestry of the name of our organisation.

PS Yeah, you're not suggesting that the changes in legislation are a bit on the nose? [Laughter]

CF Some of them might be, for some businesses, that's true.

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

CF Thank you Peter.

Ram Chhabra

is the CEO of a newspaper, *The Indian* and Managing Director of Concorde VFR, the largest ethnic air ticket wholesaler in Australia. Ram has expert knowledge on the Indian market place here in Australia.

www.cvfr.com.au

PS Joining me now on *Talking Business*, is Ram Chhabra, who is the Managing Director of Concorde VFR, the largest ethnic air ticket wholesaler in Australia. He's also the CEO of a newspaper called *The Indian*, and he's all of 31 years of age.

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

RC Thank you.

PS Why don't you tell us a bit about your Concorde VFR business first. It's the largest wholesaler air ticket business in Australia, tell us about that?

RC It's an air ticket wholesaler business. In the travel world, we call it a consolidator, basically, and we specialise in the subcontinent market, so, India, Pakistan, Sri Lanka, Bangladesh, Nepal. And VFR stands for *Visiting Friends and Relatives*, basically meaning ethnic travel. So, ethnics of those parts of the world travelling home to visit friends and relatives. It's a special term used in the travel industry by the airlines, and since we are a wholesaler, it's a phrase understood by our travel agents who buy tickets from us, and we don't need to explain to a layman retail person, because he's not buying from us directly anyway.

PS Okay, when did the idea come up to create this sort of ethnic hub of wholesale air tickets?

RC My dad was probably one of the first ethnic retail travel agents in Australia, about 22 to 23 years ago, and became the largest, because he was probably the only one of that time in Sydney.

PS Was it a name that people might remember because of its size?

RC It's a gentleman named Christian la Chhabra, and he was an icon in the ethnic world back then because he was a first. And throughout the years, he grew that retail business, and as time went on, more agents started and there became a need for a wholesale business. Airlines looked at him as he was the guy who started the ethnic market at that time, and this was about, say, almost 15 to 16 years ago.

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He became a part consolidated air ticket wholesaler and part retailer. I joined my dad, it was 13 years ago, and we just move at that time to become a pure consolidation unit, because there was a bit of conflict interest – you can't be a retailer competing with your own clients at the same time, who are travel agents, so we moved away from that model and became a true consolidation unit.

PS Okay, so, how's the business actually doing now, with the price of oil going up and airlines in trouble? But, at least, you are selling to a high growth area.

RC Correct. Ethnic travel is quite unique. Our business has grown drastically over the last few years. My father left the business about 4 years...

PS He was tired of working with you? [Laughter]

RC Yes, I think the father/son bickering finally came to a new high. But, with ethnic traffic, where we're quite lucky is, it's quite strong. What I mean by that is, people always go back to their homeland, and economic pain and high fuel costs plays a part, but it doesn't just stop them from going back home. It's the last traffic to be effected due to oil and terrorism scares. Even during the scares, and during 9/11, the ethnic traffic still moved, because they're heading back home. They're not going to a foreign country or foreign land, they're going back home to visit their family and they're quite comfortable about travelling back there. So, we have not been that badly effected by the fuel cost yet, but, like I said, we're the last to get effected, so I think we'll see, in the coming months, our traffic slow down a little bit. I've always said, two great indicators of how an economy's going are restaurants and travel agents. They're the two that usually get effected when people get tight with their money and we've seen it in the normal retail environment of travel agents. The ethnic traffic's yet to come.

PS I've always figured that people who are involved in ethnic businesses, are very lucky, in a sense that, it's easier to target their customers because you know where they are,

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you know that they'll read ethnic newspapers, they'll watch SBS or listen to SBS radio. So, has that been a helpful part of your ability to market to your key customers?

RC You're right there Peter, because we know exactly how to get to them. At the same time, the problem with the ethnic market is it's highly competitive, and extremely price driven.

PS And they also like cash as well, don't they? [Laughter]

RC Exactly. They always want cash, they don't want to pay that one or two percent for their credit card, so, it's extremely price competitive. You're relying on a business with extremely low yield, low profit, but extremely high volume. It has its pros and cons. But you are right, the greatest part of the business is, we know exactly how to target our market.

PS How long have you guys been in the newspaper game? Are you planning on being an Indian version of Rupert Murdoch one of these days? [Laughter]

RC [Laughter] One of my friends referred to me as the Indian Richard Branson, in air, and in papers. Actually, we launched an IP TV business a couple of months ago as well, to bring all of the Indian television channels into Australia, but that's just starting up.

The newspaper was something of interest. There were a couple of new newspapers started 10 or 12 years ago, but the Indian people here in Australia, they're more professional now. When they came 12 to 13 years ago, they were struggling, they were trying to make a buck. But the next generation, who is now, sort of, settled down, white collar and earning good money, they don't want to read just about what's happening in India. They want to know about what's happening here in the local community. They want the business news of Australia and India, so I thought there was a niche that needed to be looked after. So, we started the paper about one and a half years ago, and we brand ourselves very different to the other ethnic papers. We are more for the up-market, the high end, the high income

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earner of the Indian community, and we've found our niche pretty well. We're actually, probably, one of the most popular papers now going around in New South Wales.

PS Do you have affiliations with Indian newspapers in India to get the cutting edge news?

RC Yeah, we do. And I think – and I don't mean this to get the other papers' nose out of joint or anything – but we're one of the few papers which aren't just stealing off the web. We actually have a genuine relationship with those papers and take the news...

PS You might have put a few noses out of joint when you just said the word stealing. [Laughter] But go on.

RC [Laughter] Well, we are doing it in a genuine way, we have proper relationships with those guys in India. We purchase those stories from local writers in a proper way, because I see it as an asset, which we eventually want to grow. In fact, only four months ago, we had a Japanese media company buy 25 percent of our paper out, because they see it as a vehicle to tap the Indian market here in Australia. So, I was quite pleasantly surprised only a year into the business.

PS It's a great synergy between all the other things you might want to sell to the Indian community, to be linked up with the newspaper. Do you have challenges being a 31 year old CEO when it comes to dealing with people in the various industries?

RC Lucky for me, I think I naturally look older than 31 anyway, so I'm quite fortunate there. I'm relatively young, and, therefore, sometimes it's hard for people to take you seriously and you're a new kid on the block. However, it takes a few minutes for them to realise that I know what I'm talking about, and they feel comfortable doing business with us. I try to work with the sound business plan.

PS And, I guess, one final question is, have you found it beneficial to be, sort of, linked up with people of similar like minds in any organisation, or anything like that?

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RC I'm a member a group called EO, Entrepreneurs Organisation. Basically an entrepreneurs group of like minds who get together and discuss business, and so on, and that has been extremely helpful to me. We're obviously of a similar age group, trying to make a mark for ourselves in the community here, in the market here. So, you learn a lot from each other and you, sort of, get a lot of business ideas. In fact, we just came back last weekend from our once a year forum retreat, and it's basically treated as a solid business discussion on where you want to take your business, and I think those 2 days of learning and invaluable.

PS Brainstorming. And Ram, just for people who are listening who want to find out more, what's your website?

RC Our travel website is www.cvfr.com.au, and the newspaper is www.theindian.net.au.

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

RC No problem.