

07

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EDITION 4



east business as usual



Major Investment In Tasmania by Mainland Couple

In 2006 Katie Doyle and her partner Jason Williams moved from Queensland to Tasmania with a view to establishing a child care centre in Tasmania.

A property at Cambridge close to all the new commercial development area was chosen to build a first class centre. The facility can cater for 77 long term day care placements and creates employment for in excess of 20 people.

Katie was referred to Business East by Business Point of the Department of Economic Development. The Manager of Business East, John Beard, did all he could to assist with the Business Plan and referred Katie to other relevant businesses and Government Departments to gain information.

It is reported that the facilities are subtle and home-like, very sensitive to the needs of the children and their parents.

A feature of the Centre is the establishment of a fruit and vegetable garden, and there are plans to bring in some farm animals. To further increase children's awareness of environmental practices, rainwater is collected in tanks for use in watering the extensive gardens.

The property is operated by Lady Gowrie Tasmania. However Katie and Jason are still actively involved in the business.

2007 City of Clarence Business Excellence & Service Awards

Planning is well under way for this year's Awards Presentation Dinner.

All business owners or operators are welcome to ascertain the criteria for the Awards. Please contact John Beard or Sally-Anne Wise at Business East Ph. 62 448005 to obtain the details.

This is a marvellous opportunity to promote and receive recognition for the efforts you have undertaken to make your business successful.

Should you wish to become a sponsor of the Service Awards please contact Business East Inc.

The Excellence Award winners last year were:

- Salvation Army Employment Plus
- Cosy Cabins, Mornington, Cambridge & Risdon
- Barilla Holiday Park
- Cooper Automotive, Howrah and Lindisfarne
- Tasmanian Cricket Association

Highly commended

- Mulberry Cottage & Grannie Rhodes
- RACT Rosny



Enterprise Evening



A marvellous Enterprise Evening Dinner was held at the Bellerive Yacht Club in June 2007. This event was an initiative of Business East Inc. and was one of many such functions to be organised during the coming year.

Guest speaker Clare McShane from "Casaveen Australia" gave a very enlightening presentation about their business. It was a matter of diversification from sheep farming to the manufacture of first class woollen products. The products are sold through more than 60 outlets in Australia. Clare commented that they have found a niche in the market and the customers come back because they like the designs and quality. The business currently employs 14 people.

Recently they opened a cafe in the premises which has proven to be a very successful sideline.

Entertaining guest speaker Wayne Tucker, the Manager of the Hobart International Airport informed the guests of the major developments to be undertaken at the Airport, the motel to be erected by Ali Sultan near the roundabout at Cambridge leading to the airport terminal and Tiger Airlines coming into Launceston Airport.

The function provided an excellent opportunity for networking between businesses.

Business East Inc. provides a Free and Confidential service to business intenders and existing businesses. You are also welcome to become a member of Business East. The annual fee is \$77-00. This membership enables you to meet with other members at networking functions and entitles you to certain discounts offered by a number of business houses.



Left to right Lauren Skinner, Sarah Jo Sinclair and Rose Bowerman

OBESITY IN CHILDREN the fight continues

The Federal Government has renewed its commitment to the "Active After School Community" program for the next three years; providing further funding for primary schools to host different providers over a wide cross section of sporting activities. Alternatively, schools can use the funding towards transporting children to a venue; where involvement is promoted and encouraged within a particular sport.

"Jumping Jacks Trampoline Club" on the Eastern Shore; is one such "Not for Profit" Community based club facilitating schools both within their own venue, and offsite at different schools. The club supplements their AASC program with sessions and classes for Kindergym (under 5 year olds), Recreational and Competition based Trampolining, Circus Skills, Dance and Birthday Parties. In addition, High Schools and Primary Schools are encouraged to utilize the facility and equipment as part of their Physical Activity Curriculum during normal school hours.

The club was established in 2005 (with an initial membership of 14); operating from the Warrane Recreation Centre with restricted hours and limited growth opportunities. With the help, assistance and continued support from John Beard through Business East; the club moved into their own (leased)

premises in September 2006. Utilising a business plan, 7 day access, and a genuine commitment to provide a friendly, flexible and attractive environment; our current numbers have increased to around 90 registered athletes; whilst hosting some 400 children from 12 schools within the AASC program (2006/2007).

Future growth and diversification within the club will target both the Aged population, those involved in Rehabilitation Programs, ex-gymnasts and alternative sports requiring similar skills such as Diving, Snow Boarding and WakeBoarding. The Club is affiliated through Gymnastics Tasmania, with Gymnastics Australia as the parent body. With the assistance of Business East, GT and GA; the club aims to provide traineeships in Sporting Administration, Coaching and Personal Development.

Although run by a voluntary committee; based on advice given – the decision was made to operate the club in a professional, business like manner with a focus on communication at all levels. The club is actively pursuing grant applications through various avenues; and welcomes any enquiries or assistance from both individuals and businesses, by contacting the Club Administrator on 0407 352 579.



What is VET?

BUSINESS EAST INC. ASSISTS STUDENTS PREPARE FOR EMPLOYMENT THROUGH THE VET SCHEME.

VET (Vocational Education & Training in Schools) is a national program which allows students to combine normal TCE studies with vocational learning and on-the-job training while attending College.

Rosny College offers around 23 VET courses ranging from studies in Automotive, Business, General Construction, Hairdressing, Horticulture, Hospitality, Sport & Recreation, Tourism and so on. Students spend either one day a week or a block of time in the workplace, where they develop general employability skills that are applicable to all industry areas, as well as specific skills related to their VET course. Students gain national qualifications which count towards their future training such as a traineeship or apprenticeship.

If you are looking for some extra help in your office or are in the position to offer a work placement at your business, Penelope Stewart at the Rosny College has many keen students who would love the opportunity to do a placement with you. The students are all working on completing their Certificate II in Business this year and are required to complete three work placements. If you can offer any assistance or would like to find out more about the Certificate II in Business course, please contact Penny at Rosny College by phoning 62449236 or emailing me at penelope.stewart@education.tas.gov.au

Plan to Succeed

Over the next five years, 54% of Australia's family business CEOs will retire. Yet 65% have not identified their successor and just 25% have a documented succession plan in place¹.

When the partners of a small company organised the finance to expand their business, the future looked bright. With both of them in their early fifties, they knew they had a good decade to grow the business, move themselves out of its day-to-day running,

and sell it for a small fortune. They had a plan and business was booming. They thought they were on track for a well-earned and extremely comfortable retirement.

But then the unthinkable happened: the senior partner suffered a heart attack and died. It was an appalling tragedy. But it wasn't just a human tragedy; it was also an economic disaster. Left without instructions and wanting a fast resolution, the grieving widow understandably opted for a quick sale. Already highly leveraged, the other partner couldn't raise the cash to buy her out. The resulting fire sale delivered a fraction of the company's worth. If, as seems likely, the business now collapses, it will leave employees without jobs and the supply chain out of pocket.

These business partners believed that because they had an exit plan, their business was safe. However, as this true story shows, adequate succession planning is more complex and far reaching than most business owners imagine.

Manage the risks

Succession planning requires you to consider three major areas of risk: that you will not be able to:

1. leave when you want to;
2. realise the maximum value of the business when you do; or
3. keep the business running without you.

However, how you manage these risks depends entirely on your personal objectives. There is no 'one size fits all' succession plan. Some owners are happy to stay involved in their business well into their 70s; others want to be able to sail their yacht to the Caribbean the day they turn 60. Some desperately want their business to remain in the family; others want to reward their loyal staff with equity. Some need to retain ownership; others are happy to hand

Your business is at risk if...

1. Your customers have a relationship with you, not your company
2. Your supply chain is held together with handshakes and 'gentlemen's agreements'
3. You are the only person who knows how every bit of the business works
4. Your key staff only stay out of loyalty to you
5. Your intellectual property is in your head
6. You are using your personal assets as security for your business
7. You don't have contingency plans (or a disaster recovery plan)

UPCOMING EVENTS 2007

September

Annual General Meeting

October

Business Excellence and Service Awards Presentation Dinner

November

Clarence Cup Race Day



BUSINESS TIPS

over responsibility and walk away free with a bag of money.

It doesn't matter what you want; what matters is you have the choice. A 35-year old owner of a successful construction business has a five-year exit strategy; he's going to make his money and have a sea change at 40. Because he has a good succession plan, while he's surfing his business will still be going, paying him a dividend and continuing to employ his staff.

Establish a suitable structure

Whether your eventual goal is ownership succession (selling the business), or management succession (finding a new CEO but retaining ownership and some level of income), you will need to structure the company so that it can function without you. As a minimum, that means: formal governance systems; protected IP; well-documented systems and processes; and formal contracts to lock in key staff, customers and suppliers.

In a management succession, you will also need to bear in mind that it can take as long as five years to find, train and mentor the new CEO. Even if that person is already within the business, they may only know their part of it, and it can take three to five years to get them across the whole entity.

In an ownership succession, it will take a similar length of time to prepare the business to stand up to due diligence. Purchasers are all too aware that in small businesses, most of the goodwill sits with the owner. Unless your business can run without you, a new buyer may only pay what the business is worth if you agree to stay on for a defined period of time – perhaps up to three years. You should also bear in mind that, to get the best sale price, you may have to wait out the market. Business sales are like real estate: you don't want to have to sell at the bottom of the market.

Create an ongoing legacy

Good succession planning takes care of you, your family, and the community that relies on your enterprise.

Good succession planning caters for both the expected and the unexpected; it is done early, reviewed regularly and based on sound, independent and expert advice. Good succession planning starts now.

www.sbsp.com.au to register for the seminars to be held in Hobart or email [Tina Gould@au.ey.com](mailto:Tina.Gould@au.ey.com) or phone **02 9248 5597**.

¹ MG/RMIT University: Australian Family and Private Business Survey 2006.

Food for thought

1. What are the ten largest risks to your business?
2. How are you managing the aspirations of your staff?
3. What sort of management information do you generate every month?
4. Do you know how to structure your business to get the best tax outcome from its sale?
5. Have you discussed your succession plans with your spouse?
6. Does your spouse share your vision of the future?



Business East Inc. continues to provide "Free and confidential" premium small business guidance and advice to potential and existing businesses. For further information please contact: John Beard or Sally-Anne Wise.

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