

Talking Business

with PETER SWITZER



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Launa Inman

is the Managing Director for Target Australia and former Telstra Australian Business Woman of the Year. Launa joins us to talk about a range of issues currently affecting the retail industry, from managing business finance in the current climate, to changing consumer trends.

www.target.com.au

PS With a long history of working in retail management, Launa Inman became the Managing Director of Target in 2005. A recipient of the 2003 Telstra Australian Business Woman of the Year Award, Launa leads the sales process of Target, from Coles group ownership to Wesfarmers. Today we're going to discuss what areas of business need to be addressed during an economic crisis, as well as the importance of great leadership.

Welcome to *Talking Business* Launa.

LI Thank you.

PS Now, the program I saw recently was a brilliant editorial where the commentator said 'recession, what recession?' That commentator was me as a matter of fact. Are you seeing this recession? My intro said an economic crisis, we presumed it was going to be an economic crisis, but you guys have been doing pretty well haven't you?

LI Well, look, I think we have been doing well, there's no doubt about it, but at the same time we've been very cautious. When that whole banking collapse came to an end as such, in October last year, we recognised that we needed to be very circumspect going forward, and that was that whole loss of consumer confidence. As a result we're really very, very cognisant of making sure we got stocks out of our stores, that we weren't overstocked, that we had good cash flow, all those things, but at the same time ensuring that we gave the customer a reason to spend. Then, when we were notified that there was going to be another stimulus package, what we did is we really analyse our categories that had already responded from the first stimulus package in December, went back, revisited them and said, *okay, what do we need to do to get the consumers to come and spend in our store?* As a result we really focused on what they needed and made sure we were in stock with the right things, and it was all about style, all about value, but also about quality.

PS Now looking back do you think a lot of big companies probably overreacted because it was logical or it seemed

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logical at the time that this was going to be a really bad economic downturn?

LI I don't think they did overreact. I think no one knew what was going to unfold and it was far better to be prepared for the worst case and then react to the opportunities, as opposed to being in a situation where you're scrambling at the last moment, and that's one of the things that we did well. We actually made a decision to put together a team of people, which we called our crisis management team, and we got them to work out some scenarios – what would we do if our sales dropped 10 %? What would we do if our sales dropped 20%? This was all scenarios, but we had action plans to follow through if that absolute worst case eventuated. Now it hasn't, but as a leader it's our job to make sure that we take this company through difficult times and that also means you've got to be prepared for them, and hopefully you never have to use those things but you've got to be aware of what you would have to do if necessary.

PS It's funny, the analysis or the analogy you used made me think that, in a sense, it was batten down the hatches until you worked out how bad the storm actually was, but the warnings were pretty severe?

LI It wasn't so much *batten down the hatches*, it was to be cautious and sensible, but at the same time keep scanning the environment for opportunities and I think that's the whole thing. This so called recession or downturn also comes with opportunities and we always like to talk about for every crisis there's an opportunity, and it was up to us to find out what it was going to be, and it was our opportunity to take more market share, to react to what the customers wanted. You're still going to have mums that need to buy children's clothing. I mean, children grow, thank goodness, so they need clothes and it was really about understanding what they were looking for. What we were very conscious of was that our customers shopping behaviours had changed and it was really interesting, it was evident, that they weren't buying the top end products now, they were looking for

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more value, for better price points. But at the same time they didn't want to be compromised on their quality, they still wanted good quality clothes and they still wanted their children to look good, as did the mother herself, so it was really about understanding how the customer felt and recognising it and catering to it.

PS We're talking to Launa Inman, the Managing Director of Target. Now one of the great things that have come out of this downturn has been the fact that there's been enormous flexibility shown in the workforce and, in many ways, I think the employees have been given big pats on the back for being flexible. But also I think employers have actually shown that they appreciate the workforce that they've got. Was this part of your strategy, to try and ascertain what people could be flexible? What people could you retain? Because in the old days big business would just simply cut 10% of their staff and the costs were saved.

LI In a downturn this is in fact a great opportunity for companies. There are so many good people out there in the market that, for circumstances beyond their own control, may be out of work and we almost consciously made the decision that if we came across some really outstanding talent, even if we didn't have a job for them, we would employ them and back them. We'd say, okay we can use them at the moment, it might not be a fully ideal situation in the sense that we're not stretching them to their optimum level, but we believe these people, long-term, will have great benefits for the organisation. So that was the first thing. As a company we said, here's an opportunity to get good people. The second thing is we recognised that our people, as our employees, were feeling naturally quite anxious and we were very conscious as a leadership team about getting out there and being very visible, talking to them, constantly communicating and making sure that they knew that we had a plan, that we were confident that we would get through any crisis that was thrown at us and that they were part of the team and we'd work through this together. It was that whole essence of being confident and being very visible that does instil confidence in our team members, and therefore

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they start to feel a little bit better, and that's how you retain good people.

PS Launa, let's concentrate on you, that's enough on your great company, what about you? How have you got to where you've got to? Has it been an accident, that you were just determined and some lucky breaks came your way? Or did you set out and plan to become who you've become?

LI Peter, I feel into retailing a little bit by luck, I have to admit, and it was almost fortuitous. I got into an industry that the moment I got there I realised that I'd found something I was really passionate about. I would always say to anyone, if you're wanting to find an industry, whatever you end up doing, make sure you're passionate about it because if you are you'll often end up being good at it because you'll enjoy going to work. So that for me was a good starting point. From there I did plan, I really did. I set myself goals, I had a long term goal but I also made sure that I had short practical goals that I could achieve.

PS Were they written down so you saw them regularly?

LI Not so much initially, today they are more so and I am now far more strategic about it. But I think in my 20s and 30s it was more about seeing what my boss did and thinking, *you know I want that job one day as well*, or the equivalent of that, and giving myself timelines. And certainly new for me, coming to Australia was a big move for us, we moved here 12 years ago and it was a hard call, I'd been doing pretty well where I was working in Africa, and then moved over here without any contacts. I had a job, I was very fortunate, but I didn't have a network, so I had to really go out and establish myself and prove once again who I was. There's no doubt about it, I was very fortunate. When I won *Business Woman of the Year* in 2003 it really was a changing life experience for me because what it did do is it raised my profile. I was working for a large organisation, the Coles Myer Group as it was then, and they knew who I was, I'd been doing a good job when I was working at Target, but I really didn't have a high profile. Suddenly this elevated

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it and I was being asked to go and make speeches, I was meeting people within the organisation, and there were a number of different companies within the group, and I was becoming a figure that women could look up to. So it really was a very changing experience for me and it made the board realise who I was and that I was able. From then I was very fortunate to be given the opportunity to go and run Office Works, which I ran for a while, and then I was brought back to run Target in 2005 as Managing Director.

PS It seems to me you've done what a lot of great executives learn to do as they build their personal brand the way that they build a business brand, and you've done very well. Thanks for joining us *Talking Business*.

LI Thank you very much indeed for the opportunity.

Jeff Bresnahan

is the MD of SuperRatings, a company that provides independent services to the superannuation industry to encourage transparency within Australian superannuation funds. Jeff talks about a range of topics affecting the superannuation industry, including superfunds changing their attention to sales rather than performance.

www.superratings.com.au

PS Jeff Bresnahan established SuperRatings in 2002 with a mission to ensure users, which included members, employer groups and funds using outsourced services, know exactly what is in their best interest when it comes to Australian superannuation funds. Jeff has had over 28 years in the superannuation industry and says he's seen enormous changes over his time, including the increasing complexities facing employers, members and trustees.

Welcome to *Talking Business* Jeff.

JB Thanks Peter.

PS Look, Jeff, we know this has been a very challenging time for superannuation funds and for members. Have you been through as challenging a time for superannuation in all your 28 years experience?

JB No, I don't think anyone's been through times like these. I mean, even since the introduction of compulsory super, which was 1992, just 17 years ago, we haven't been through a global financial crisis like this. In other words, we haven't seen back to back negative returns to the extent we have, and it's just woken up everyone, including industry, to say how are we communicating this sort of thing? Why have they happened? What are we going to do in the future? So this brought a whole raft of questions which is a good thing.

PS So what has been the message that hasn't been well taught to all the people who are in superannuation, particular the less experienced people?

JB Yeah, I'm not sure it's a lesson that hasn't been well taught, but the reality is most of us, most Australians, and I probably put 80% plus, don't even know or don't understand where their money is invested within their superannuation fund. So most of us are in what's called a *balanced fund*, and you assume it's got a bit of everything, and you'd be right, but you'd also probably be surprised to learn that 50%-60% of those monies are sitting in Australian and International share markets. So that's a massive thing for people to understand, that when you get positive double

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Bresnahan**

digit returns it's for a reason, and the reason was they're heavily exposed to share markets, goes through the last two years, which is what we've been through, that's why you've got negative returns. The whole thing hinges around where the money sits and in what share market, whether it's fixed interest, cash, but just remember the average Australian, they've got a 50-60% exposure.

PS Looking back, say over the last 20 years, and probably the last 17 years more relevant since compulsory superannuation has come in, for those people who are probably hating their superannuation fund and possibly their financial advisor at the moment, though things have improved so they might be starting to like them again, what has been the per annum return for a balanced superannuation fund?

JB Since 1992, so compulsory super came in that year, and despite all the ups and downs, the volatility of the whole thing, the average balance super fund has returned 6.7%. Now, as a pure number it doesn't look that great on paper but, in relative sense, inflation over that same period has been 2.7% per annum, so what we call a real return, which is really, simplistically, the actual return less inflation which has been 4% per annum, just above the expectations of the funds. So in reality it has been a good 17 years. Yes we've had some really poor years, yes we've had some bumper years as well, particularly this decade, so 4% above inflation compounded over 20,30,40 years is a lot of money and a lot of growth.

PS But, Jeff, a lot of people got use to the stock market doing more than 20% or 25% for four years. I think some people even complained that their superfund only returned 13% yet the market was doing 20-25%. What is the disconnect in the minds of the average fund member when they think that if a stock market can do 20-25%, why isn't my fund manager doing 20-25%?

JB Again, it comes down to understanding where that money is invested. Just because the share market's gone

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up 25%, logically, if half your money is in the share market and you've gone up 12.5%, well that's logical.

PS But a lot of people don't understand that logic do they?

JB No, that's correct. And the same thing when the share market sinks, you know it's down 30%, do they want to see minus 30% on their statement or are they happy to see minus 15%, because only half the money's been exposed. So it's swings and roundabouts, and it's also a great example of diversification.

PS And it's interesting you said when you gave me those figures, 6.7% and 2.7% inflation, that was the average fund. What's been the average performance of the top notch funds? It's a question I've never asked you before, and I'm not sure you've got an answer but I engaged in debate between fund managers and index fund supporters, their funds managers would say, *well that's always based on the average fund manager versus the index*. Above fund managers actually do beat the index. In terms of the top notch super funds, what do they average over that period of time?

JB Yeah, the easier question to answer, and probably the more pertinent question, is what's the range of returns for essentially the same balanced options? It's around 6% to 7% per annum over a five year period. So if you'd been in the worst performing fund over the last five years, versus the best performing fund over the last five years, about 7% compound, so just in straight figures, around 35% to 40% difference between you and your next door neighbour if one of you is in the worse fund and one of you is in the best fund. Now apply that across a couple of hundred thousand dollars and you're talking serious dollars, \$70,000-\$80,000 difference.

PS Yeah, so given the fact that the average figure you put in there was say 6.7%, we might be able to heroically guess probably the average of the very best funds is around probably the 10% to 12% area?

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Bresnahan**

JB Probably around the 10%, that would be about right, and the one year numbers are even more interesting to look at. This last financially year just finished 08/09, best performing fund, around minus 8.3%, the worse, minus 25%. So ones lost a quarter of your money, the others lost less than 10%, so huge disparity there in the last 12 months between returns.

PS Okay, we're talking to Jeff Bresnahan who's the CEO of SuperRatings. Now, Jeff, the big debate is around, of course, industry funds versus retail financial institutions, and I can see you sighing over there but remember there are people on the plane who hear this all the time. Is the debate a relevant one?

JB It's relevant in that has one sector outperformed another over the last 10 years? And the short answer is yeah, it has. The not-for-profit sector has clearly outperformed the retail sector consistently, year on year, over the last 10 years for a whole variety of reasons, but the reality is it has happened and it hasn't been one year to our knowledge where the retail funds have outshone the industry funds.

PS So when you put down those figures for the top 10 funds, and generally seven to eight can be an industry fund. Is the cost difference between the funds also shown up in those figures? They are net of cost?

JB Yeah they're all net of cost. We look at it from a consumer's perspective. I'm a consumer, what's on my annual report? How much interest or negative earnings did I get on my statement? That's all I want to know. I don't pretend to understand how the funds got to that point, meaning me, as a consumer, all I want to know is the actual bottom line, so that includes all cost.

PS But what intrigues me is that if the difference between industry fund and a common retail fund from a bank or whatever, the difference might be 1% at the very most, the performance difference of industry funds are bigger than 1% against the average of these financial institution funds. How

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has that happened? You would know this answer better than anyone else in this country, how?

JB Purely what we call *asset allocation*, and that is simply where the money's invested. Let's go back a step, traditionally retail funds have said, we'll put 70% in growth assets such as international shares, domestic shares, property, and we'll put the other 30% in fixed interest and cash, and that's been the historical model for decades. Now, the industry funds came in and said, *well hang on, let's question part of that*, or as our consultants did, and so they've said, *well how about we start diversifying little bits, so some money, particularly some of the more...* how would you say, not left field funds, but funds that are prepared to have a bit of a bet?

PS Not left wing funds. [laughter]

JB No definitely not. They went into what we call *alternative assets* back in the late '90s, so infrastructure, the toll roads, the classic example the M4, every time you pay a toll where's it go? Well super funds own part of that, or the M2 is a better example. The airports have been sold off. As we know Macquarie's picked up a lot of them but a lot of the underlying money in there came from the super funds, so hedge funds. You've got private equity players which the funds started to get into in the early 2000s, all of those sort of investments. The not-for-profits jumped into those opportunities, whether they thought it was appropriate, meanwhile the retail funds said, no we're going to stick to *true to label* which is we'll be a 70/30 fund in those particular sectors. Now what it costed them was these new opportunities, so yes the infrastructure performed incredibly well, some of the private equity went okay, and basically they added value by taking bets, and the bottom line in any investing is you take bets and you get more right than wrong, obviously you're going to outperform your peers.

PS Last question; some people have complained that the valuation methods on these alternative assets aren't as up to the mark in terms of measuring. What's your response to that?

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Bresnahan**

JB Look, we've gone back to a number of the funds and I think clearly the results for 08/09 where a number of these funds with high weigh ins of unlisted assets were at the bottom of the performance tables, so I think that reflects that the revaluations have come through. When we questioned the fund, on average every asset is re-valued between three and four months, so it's not a period of years, we're talking every asset devalued on average every three to four months, so there's no problem with the revaluations. Unlisted assets behave differently obviously to a direct listed asset, which is you've got a buy and sell price every day, in this case you've got to use assumptions, and methodology comes up with a different result, so I think it's fine.

PS Jeff thanks for joining us on *Talking Business*, and if people want to know more about super funds go to www.superratings.com.au?

JB That would be it. Thanks Peter.

PS Cheers mate.

Robbie Sefton

is both a sheep farmer and successful business woman. Bringing her bush skills to the boardroom, Robbie created Sefton & Associates, a company that advises both national and international corporations on how to do business in the bush. She shares some of her unique insights with us today.

www.seftonpr.com.au

PS Eleven years ago Robbie Sefton, Founder of Sefton & Associates, a communications and marketing company, took a business, along with 4,000 sheep, from WA across the Nullarbor Plain to country New South Wales. Robbie has advised national and international businesses, as well as government ministers, about rural and regional Australia and to farms on a wide range of issues including mulesing, bio-security and child safety. Today we're going to talk about business in the bush.

Welcome to *Talking Business* Robbie.

RS Hello Peter.

PS Robbie, why don't you just tell us your background? I think my producer actually called you *The Farmer's Wife* and I thought, no, no, it's not the farmer's wife, it's the publicist and the farmer, because in a sense the poor old farmer lives in your shadow doesn't he?

RS Oh Alistair sometimes gets called Alistair Sefton, which is often amusing, and I sometimes get mistaken for being a bloke having a name like I do, but I think it's interesting that sometimes women who live and work on the land often get called farmer's wives, yet there's so many more dimensions to women in the bush than being a farmer's wife. They're often the people that are shaping and influencing the decisions on farms and they're often the people managing the business as far as often doing strategy as well as doing the finances, the farm books. They're the ones that liaise with the accountant, the banker, that type of thing, and they're sort of the glue of the farm in many ways, and of course the glue of the family, but importantly the glue of the community which is just so vital for farming communities.

PS I always argue, behind every successful man's a very surprised women, Robbie, and I'm sure your husband would agree with that. Now, you do a lot of public relations for businesses in the bush, therefore you've got a very good finger on the pulse of what's going on in the bush, so how is the bush going?

Robbie Sefton

RS It's going okay, it's pretty tough. As in the general media, what you hear are the really highs or the really lows, particularly, you know, we've really had some challenging times. We've had seven years of drought in Eastern Australia, we've had the horrendous floods and fires in Northern Australia and Southern Australia, and we've found that, for farming and particularly the rural communities that those farms are in, has been really challenging. But the enormous resilience and the robust and can-do attitude of rural people is quite remarkable, so we're seeing that farms are actually getting bigger. There's recent research out by Westpac which their Agret Business Index demonstrates that in the next five years, 45% of farmers and businesses associated with farming in rural and regional Australia will be exiting or they'll need a succession process, so they'll either be selling, closing up or changing. So in five years we're going to see some remarkable change. We have seen young people leaving the bush but I'm really passionate about encouraging a different conversation for rural and regional Australia. I think it's great for young people to leave, have a great education and get fantastic jobs and great expertise, but I really encourage them to bring those back. You often see, like I meet with people all around Australia in major cities, when I'm with people in the city environment I see these young people with young children that are going, oh my god the kids in the bush get to kick a footy, play netball, do all of that weekend sport, have a great life with not lots of security around them, and so I'm encouraging people to think about coming back in their late 20s or early 30s and bring the skills and expertise with them and be entrepreneurial, start a great small business and then create careers for young people in the bush.

PS We're talking to Robbie Sefton, of Sefton & Associates. Well Robbie, you've actually created a great business. Tell us about your business in the bush?

RS Well, we've been around for a while. Like many small businesses it's pretty tough, cash flow is king. We've been around for 20 years. We started in Western Australia and specialising in agribusiness communication work

**Robbie
Sefton**

there, and then we moved across here, as you said, with 4,000 odd sheep, all enjoying canapés and cocktails on the trip over the Nullarbor with our Border Collie dogs and stock horses, we looked like The Griswolds gone bush when we arrived here. And our business is a public relations and communication company that specialised in getting messages into the bush for our clients. They're all corporate, or government, or scientific type of clients, so organisations like Westpac, Woolworths, Grant Thornton as our corporate examples, and then Federal Government, we do a lot of work for the Feds in looking at getting some of their policies out into rural and regional Australia. Plus we do work for the research development corporate such as Meat and Livestock Australia, those type of organisations.

PS But you've also had employees who don't actually go to work where you work.

RS That's right.

PS You actually have home based business...?

RS Right across Australia. The model of the business is one of a lot of flexibility, but because of the work we do it's really quite pressured and deadlines are extraordinary. And also when you're working in a very high strategic level you really need to have the smarts about you, so we found that they're a fantastic bunch of people in the bush who have had really great jobs all around the world and have married these farmers and gone, *oh my god what am I going to do?* So we've sort of found those people or they've found us, and they work in our team, usually they've got young children and so we have all this great flexibility, and they're very skilled. So they're the people who are working with us externally, we rely heavily on good internet speed as well as our phones and things, and then we'll often travel to major metro areas on an as needs basis. I'm travelling all the time, I'm Qantas' most frequent flier from regional Australia, and so we're very flexible with our attitude. The good thing is with the time zones, we work with three creative teams across Australia, so some of our creatives, the best ones

**Robbie
Sefton**

we work with, are in WA and they can turn work around overnight, so the time distance really helps for us. Then we get to work in this sort of, a bit like a, pressure cooker, then we walk outside and go, oh god we're in the bush. Sometimes you feel like you're in the middle of Pitt Street or Burke Street or whatever. We all have this great balance in our lives, so on the weekends I go home, like this weekend we're sheering at the moment so I'll be mustering sheep this weekend and just doing some drenching, things like that.

PS So you're mustering politicians and business clients during the week and sheep on the weekend? [laughter]

RS And I don't know who's harder to muster sometimes. As they say, herding cats, but let me tell you, it's always a great challenge.

PS Clearly the internet age has really made it easy for someone like you to create this entrepreneurial operation in the bush, and I guess that's why you're saying other people should be thinking laterally to see how they can actually create businesses in the bush?

RS Absolutely. I walk and talk that opportunity. We really need fast broadband, there's no denying it, if there is ever a divide between rural and regional and our urban cousins it will be helped managed by having good broadband access, so that's critical.

PS So you mean to say some National Party voters might be looking at Labour saying they're delivering what I want?

RS I guess the beauty of Sefton & Associates is we do not walk any political line but we do demonstrate what's needed, and then what you can then do with the infrastructure that you've got. So when we moved across the Nullarbor we moved to a really beautiful little community called Coonabarabran, which is where the Warrenbungles are, most magnificent, in North West New South Wales, and that was 10-11 years ago. The internet only had just come in so we've been right at the beginning of it and we've used it strategically

**Robbie
Sefton**

daily, live on it. So just like most others, we've got all the gadgets that you need and life without it, everything stops for us. Like most other businesses, we all rely so heavily on it, so it's just critical, and I do encourage people to consider it. So you can literally be in a community of around 3,000 people or on a farm or sitting in a back paddock, which I often have been, and you could be working.

PS It sounds very alluring for many people on the plane I'm sure. Robbie, thanks for joining us on *Talking Business*.

RS Thanks so much Peter.

Katherine Strong

and her husband entered the world of business when they purchased a UK Subway franchise. Since then the pair have moved to Australia and purchased a Blue Mountains Guesthouse and Restaurant. Katherine joins us to talk about the importance of reinventing business ideas and strategies to suit markets.

**www.
glenellabluemountainshotel.
com.au**

PS After losing three Subway franchise stores almost overnight in the UK, Katherine Strong and her husband Gareth decided to move to Australia and start over. Following three months of travel around the country they bought a Subway franchise in Sydney and set out to buy another cafe or restaurant, that's when Glenella in the Blue Mountains turned up. They refurbished the site and reopened the restaurant which had been closed for eight years.

Welcome to *Talking Business* Katherine.

KS Thank you.

PS So many people on the plane would have remembered the name Glenella because it was a famous restaurant, and was it a guest house in those days as well?

KS It was, yes.

PS So it's a guesthouse and a restaurant, but people would be thinking to themselves, *what kind of restaurant background does Katherine have?* So would you share that with us?

KS My experience is purely ascent. I'm a mechanical engineer by trade and my partner Gareth, he's an electrical engineer.

PS So you've got a couple of engineers and you've opened up a guesthouse and a famous restaurant, but you've had some experience in food because you had three Subway franchises in the UK and one in Balmain...?

KS Yes we did. That was to break away from the engineering fields, we decided to look into franchise systems to learn about business through hands on experience, and that's when we found Subway.

PS Okay, how did you lose three Subways in the UK? It's an unusual thing to do, to lose a franchise.

KS It is. We were given the rights to open the stores in the locations that we chose in the UK and Wales, and due to clash of heads on terms, Subway's a very strong company

Katherine Strong

and our leaser was as well, they refused to budge and ultimately we couldn't open the stores.

PS So it was a battle between two big businesses and you were the small business casualties...

KS Trying to run a business, exactly right.

PS Okay, so you got cheesed off and you went on a travel around the world, but you still must have liked the Subway franchise to buy one here?

KS We did. The system in itself is great, it teaches you how to run a business, not only how to work in it but also allow other people to manage it for you when you're not there.

PS Okay, so did you have a good experience in your Subway franchise in Australia?

KS We did. I only have good things to say about Subway. I learnt a lot about running a business and the importance of systems and understanding figures in the background.

PS Okay, now then, you and your engineer husband decided it was a good idea to open up or re-open a famous guesthouse called Glenella, and also be a restaurateur at the same time. Did you think that maybe you didn't have the skill set to do this?

KS It did cross our minds, I must admit a glass or two of wine might have helped influence to buy it. I just think spirit, passion, and drive is the strong forces behind any success, and as long as you do your homework initially, then I think you can't take that away from anyone.

PS We're talking to Katherine Strong who owns the guesthouse/restaurant Glenella in the Blue Mountains. Now a lot of restaurants are actually owned by a restaurateur or a chef, you're obviously not a chef, has that been a challenge for you?

KS It has partly because I have to trust someone else to do something that I have no experience or skill over, and can't

Katherine Strong

take over the role if ever he was to choose to leave. But on the other hand it's great as a business owner because I can concentrate on setting up a module for the business and I'm not detracted by the day to day running of things.

PS I guess one of the best things that could have happened to you is the *Sydney Morning Herald* gave you a massive write up? That must have been a fantastic turning point for the business, because once you get a write up in a newspaper like that, it does help the bookings and things like that doesn't it?

KS Oh most definitely. On the phone where I normally get five bookings a day turned into 45 to 50, so it was unbelievable the response.

PS Was it something that happened by accident or was it a strategy to get the key person to the place and hope that they wrote something nice about it?

KS We'd always kept the *Sydney Morning Herald* and the *Good Food Guide* up to date with our movements with the hope of getting in the *Good Food Guide* this year, but his trip to Glenella, his visit to us, was completely luck I suppose.

PS Yeah okay. In a sense, was he a mystery shopper and he came through with flying colours? It can be very dangerous to have the opposite effect can't it?

KS Yes, well my head chef is much more familiar with the key players, so to speak, of the culinary scene, and he had offered to show me photographs of people. I'd actually declined because I believe service should be the same for everyone, be you famous, be you our next door neighbour. So it was a great write up and very true.

PS Look, what you've done a lot of people want to do, like you often hear the stories of, I'd love to have my own restaurant, and the success of all these restaurant television programs indicates how silly we all are, that we must think it's easy. How easy is it?

**Katherine
Strong**

KS It's not easy at all. When people say it's hard work they're not lying. It's 24 hours a day, seven days a week. I'm on call 7 o'clock in the morning till midnight, and it is hard. The rewards however far outweigh the pain and suffering in the initial starts. I've been trading for just one year now and I can come down to the city for three or four days, take time out and also know the business is operating to the level I would operate it myself when I'm not there, so put the hours in initially and the rewards are great.

PS Because you come from a systematic background and engineers clearly are systemised, has that been a help to you in making the chaos which is the restaurant/hospitality scene a little bit more manageable?

KS It has, most definitely. If people love to cook, be a chef, if people want to own a business you have to love the system, the finances and the background information which isn't as regarding as producing a gourmet meal for 60 people, but it is critical to running a business. However, with my experience of engineering, it's also taught me that being your own boss you can get away with things which you normally shouldn't, and that's where it's quite important to have people to talk with and a good team behind you to support you in your actions and keep you on track as well.

PS Now, the man who made Glenella famous, of course, was Michael Manners, the famous chef. Has he got involved or has he given you any sort of mentoring influences?

KS We have met him for drinks and he is coming to stay with us this month actually, to enjoy dinner with us. He's been the best marketing tool we could have. His wife and myself have discussed maybe doing a project together. He's just been more of an inspiration and that sort of icon to hold with Glenella, as opposed to hands on experience with us.

PS One final question. You are Welsh people living in Australia and you've taken on the challenge of opening up a restaurant. Being from Wales, was that a challenge in its own right, to understand the Australian psyche?

**Katherine
Strong**

KS Slightly. People over here are much happier and friendly, the glass is half full, she'll be right for example. I find it as positive as anything else, I've got surrogate mothers and grandparents dotted throughout Blackheath where their children are in Britain and they have adopted me, and I just find it a very, very, positive experience.

PS Well it's been great to meet you and good luck with the enterprise.

KS Thank you very much, thank you.

Peter Steidl

is an author and a partner at MindShare, a firm that specialises in business planning and provides strategic partnership to some of the world's leading brands. Peter discusses the key strategic challenges for companies during the recovery phase and explains how recessionary periods can be a great catalyst for business and personal change.

www.mindshareworld.com

PS We all know that an economic downturn can bring changes to how consumers buy, but how can companies use this to their advantage? We're going to discuss this and more with Dr Peter Steidl who is the author of a number of publications and a partner at MindShare, a global media and marketing network that offer strategic partnership to a number of big name brands.

Welcome to *Talking Business* Peter.

DrPS Thank you very much. I'm glad to be here.

PS So what's your background?

DrPS It's sort of a varied background. I started as an academic at the University of Vienna, then took a one year job at the University of Adelaide in South Australia, that's a long time ago, and then I stayed on in Australia without ever planning to do so, and became a consultant. More recently I've joined WPP Group and, in particular, MindShare.

PS Okay, was it the wine in South Australia that kept you there? [laughter]

DrPS Oh that's certainly a good part of it. In Austria we believe we make good wine, but when you come to Australia you realise it's just fantastic here.

PS [laughter] That's right. So tell us about MindShare first, because people have heard of MindShare. Tell us about the company and what it actually does?

DrPS MindShare advises its clients on how to spend media dollars, and that includes a strategy, especially today with the fragmentation in media, there are many new media options, many of them need to be explored, and MindShare gives you the leading edge of what's happening on the media scene and can advise clients on how to spend the media budgets most effectively.

PS What's the big take home message for people who are running their own business and really want to market

Peter Steidl

effectively? The old environment use to be in newspapers, radio, television, and if you can afford it, then direct marketing and all that sort of stuff. What's the big new age lesson?

DrPS It's really a move to exposing you to a message. In other words, you see an ad on television, in the paper, and so on, to engage you, and to engage you we might need to bring you to the digital environment that you can actually participate, voice and opinion, play a game, get involved. Now I'm not saying digital media will replace traditional media, it's basically an extension and an addition but it allows us to do more. You still of course need the traditional media for massive exposures and to bring people to the digital media.

PS I came across a statistic recently that apparently only 53% of small businesses actually have a website, which seems to me that lots of small businesses probably aren't fishing where the fish are?

DrPS I think that's very true. Really, a few years ago when websites were sort of novel, it was quite expensive to develop a good website. Today it's not a major expense and certainly for small businesses it's something to consider.

PS So let's just talk about consumers changing their purchasing behaviour during tough times, and even though economic statistics have told us that it's not as tough as we thought it was going to be, we still do know people have become cautious, so what are the big lessons then?

DrPS I think the first and most important point is that consumers have actually more discretionary income now than they had before the recessionary period of tough times. I mean, petrol prices are lower, interest rates are lower, there are fantastic savings all over town. Even the stimulus package, of course, has helped some consumers to boost their discretionary income, so it's not a time where consumers can't spend. What's happening is that the uncertainty and the feeling that, *I don't know how bad it will get, I don't know what will happen to my job, I don't*

Peter Steidl

know what the future looks like, this uncertainty is driving a change in consumer behaviour.

PS And of course we are saving more. That's one of the statistics that is actually showing up pretty clearly.

DrPS We are saving more. I guess when you are uncertain about the future you sort of hold on to what you have got to a greater extent and you probably enjoy life a little bit less, you worry a bit more, and so your behaviour changes. Probably the most dramatic changes are what you have done habitually before, routine behaviour – you go to the supermarket, pick the same brands off the shelf, you don't think about it. Suddenly your holiday, your grocery shopping, everything you start thinking about.

PS Okay, so we're talking to Dr Peter Steidl from MindShare. So given that change in attitude, what do people who are running marketing departments or running their own business need to do differently given the changing attitudes of consumers?

DrPS One of the biggest mistakes right now is to focus only on price. Of course consumers want to spend less because they feel uncertain, but how would you feel when you go and you buy something simply because it's cheap? So what the companies need to focus on is value and really promote value, and focus on value. The price has to be right of course, but the communication and the position of your brand has to be based on value.

PS Alright, now if I was sitting on the plane listening to this and saying, great, that sounds good, but give me an example of a company that effectively is offering lower prices but more importantly is offering value? Is there a standard ad you can actually remind us of?

DrPS [laughter] I mean, examples, everybody knows about Target and Myer, they're doing a terrific job at delivering very competitive prices but still emphasising value, and I think that means they're more likely to keep customers that switch to them during tough times because they feel they're

Peter Steidl

not just going there because it's cheap. They're going there because they actually buy something that's smart to buy, it's good value. Yes it's an acceptable price, but it actually is a good product, it's something I really want to buy.

PS So when it comes to communicating with your potential customer is it something that you sway away from, the price, but talk about the other things you get, even at an equivalent price?

DrPS It's very much focused on why you would want to buy this particular brand or product, and at the end bring the price into play. Whereas a communication that just focuses on price may be affective in the short term, but you're not going to keep those customers because you're devaluing your brand, it becomes a cheap and nasty brand.

PS Okay, so how can a disruptive time such as an economic down period be a catalyst for business and personal change?

DrPS One of the interesting things during boom times, they tend to be reasonably stable, you can project what will happen next reasonably well, and so it's not actually a time where change is easy, it's very difficult for organisations and people to change. During a recessionary period, tough times, when things change it is easier for you and for your business to make changes, changes acceptable, effective and desirable. One of the things that changed right now, not only because of the tough times we are having or have had, but because the whole world is changing, is that it becomes more difficult to project into the future, which means speed and flexibility become far more important than scale. I think that's a massive change in terms of what works as a strategic driver for your business.

PS So I guess what you're saying then is, even though you may well be experiencing lower sales levels, this is a great time to bring your staff together and talk about flexibility, planning for the future, reviewing costs, and in a sense it prepares you for when times get better, your business is going to be a better business?

Peter Steidl

DrPS Oh absolutely. I mean, there are two things, one is when we talk about speed and flexibility, it's literally looking at your business, for example, your decision making, how long it takes you to make significant decisions. What's the process you are going through? Can you change it? Can you streamline it? Can you delegate? Can you make it faster? Can you make it more flexible? So it's a fundamental change in how we actually do our business. If you're a listed company, if you just cut costs I think your shareholders will say, *okay that's prudent, tough times we have to cut costs*, but imagine if you also change the way you do business, if you actually improve your effectiveness and efficiency, that's a real boost to your share price. When it comes to personal change, as I said, people often out there are busy, they're doing the same things every day, now is a time where you actually have to step back and say, is this really what I should do and how I should be doing it? It's a great time to actually, for example, change from what is called *expertise decision making*, to just do what worked in the past, to use your intuition more and say times are changing, let's explore what might work in the future. So it's a change in the way we think and the way we manage.

PS I think Edward de Bono would call it lateral thinking wouldn't he? It's a good time to do it.

DrPS It's a good time to do it, and I think the difference is it's not like I sit down and do a session, lateral thinking, brainstorming, whatever it might be, but I'm actually starting to change the way I act, the way I think, naturally. And so it's a period that's really interesting and I think the recessionary period we had is just the start, there will be many more dramatic changes over the next few years.

PS Dr Peter Steidl, thanks for joining us on *Talking Business*.

DrPS Thank you very much Peter.

Sue Forester

is the Chief Executive of The CEO Institute and holds directorships with several large enterprises. Her vast knowledge of the legal, commercial and change management spheres make her an authority on the ways to create diversity and equality in the workplace which results in optimal performance.

www.ceo.com.au

PS Sue Forester is the CEO of the Queensland operation of The CEO Institute. The Institute provides a forum for CEOs and Senior Executives to discuss and share insights into business issues that matter. Sue has a wide range of experience in the legal, commercial and financial management world, in public, private and charitable organisations.

Welcome to *Talking Business* Sue.

SF Thank you.

PS So, Sue, we've got a rough idea of your background, but how did you end up, sort of, plotting your course to become the CEO of The CEO Institute in Queensland?

SF Well, that's an interesting question Peter. I suppose it's all about the journey that I've been on over the last 20 years and always being aware and alert to other opportunities. I trained as a banking and finance lawyer more than 20 years ago, and as much as I enjoyed the thrill of the big deals I worked on in the mid '80s, and some of the corporate collapses I worked on in the early '90s...

PS Did you cause some of the collapses? [laughter]

SF Oh, far from it, but when you've seen the message, what not to do next time around... But I suppose I just felt constrained about giving legal advice, so I was looking for something wider and a bit more commercial. Hence, at one point I had a fork in the road, I suppose, in career terms, and could have gone down the path of being corporate council in a major corporation or something else, and that something else was an executive MBA through Mount Isa Business School specialising in change management and strategy. So that really opened my eyes to how I could apply all those skills in a more holistic way.

PS Okay, for people on the plane who don't know much about The CEO Institute, why don't you basically give us a quick explanation on what you do?

**Sue
Forester**

SF Sure. Well The CEO Institute itself is a leading forum for CEOs, is a learning and development forum, so I suppose you might have heard before that education is all about formal education, example and experience. When you get to CEO level you've usually done all the formal education and you're looking for a way of constantly developing yourself, so we offer a forum for CEOs only, where they come together once a month, group of 15 CEOs, and they talk about issues that are important to them and they learn from each other's experience.

PS So, you might have arguably 300 CEOs, you have 20 groups of 15, and those 15 become like a support group where you can sound out issues and ask for innovative ways of tackling problems and things like that?

SF Very much, Peter. Yes, they saw that the role of CEO is the loneliest job in town, and so whilst we're at the front of the company, they're very confident externally, it's nice to have a group of 15 other peers that once a month you can get together and show your vulnerability, admit you may not know what you're doing, and learn from those around you. It's also confidential, so even though CEOs are surrounded by great talent and skill within their organisations, it's great to be able to look outside once a month and seek the opinions and experience of others in other industries and other sectors.

PS But clearly you're not talking about publicly listed companies only, because there aren't enough CEOs to make an organisation, so is there a starting point for a CEO of a company turnover or something like that?

SF We tend to focus on those with \$10 million turnover plus, but it's not all about turnover, it's about diversity, and as you know we get the best performance out of a diverse experience. Around our tables we may well have a couple of heads of public companies, heads of not-for-profits, heads of government organisations, and it's all about people coming along and contributing, because to be good at experiential learning you have to be aware and open and ready to contribute.

**Sue
Forester**

PS Okay, we're talking to Sue Forester, the CEO of The CEO Institute in Queensland. Now, because you deal with CEOs on a regular basis and most CEOs are encountering something that's a bit challenging at the moment, called *the global financial crisis*, how are your members responding, what's the mood of the CEOs that you deal with?

SF Sure. Well CEOs are under enormous pressure to perform, as you mentioned. They're under enormous external pressure from their stakeholders and their shareholders, and internal pressure from employees who often haven't seen this sort of crisis before, so they're really copping it from both sides. Our CEOs, certainly in Queensland which is my experience, are quite optimistic, they're not trying to look into the glass ball and say, *when will this all turn around?* But they're saying, *what do we need to do in terms of our own leadership to see us through this turmoil?* Whether that's tight cash management, working capital management, or whether it's about what they have to do to twig their own leadership to get through these challenging times.

PS And I'm sure some of the people, the older heads in these panels are saying, look at this threat and look for the opportunities?

SF Absolutely, and I think leadership in the next two years or so will be all about those who can really balance the opportunities and the risks that are out there at the moment. It's about bunkering down and now looking out for opportunities, but it's not about being so innovative that you miss the core product that you're operating with.

PS Okay, let's go into a bit of a scary area for me and that is the fact that I think two groups are making the financial crunch that's coming from this downturn harder. I think the media and also politicians. Do you think they're actually adding to the fear factor for consumers and businesses by regularly emphasising the bad news out there?

SF I think, Peter, certainly around October/December last year they were, there was a lot of doom and gloom around,

**Sue
Forester**

and we really found there was a lot of paralysis whereby every experienced CEO were saying, *I just don't want to do anything at the moment and told tight.*

PS If you looked at Queensland, in particular, was travelling so well. The mining sectors been affected, are you still feeling that in your state there is a sense of optimism, that this is not going to be as bad as the worst case scenario promised?

SF Yes Peter. We did a survey of our members in late January this year and that was certainly the feeling, 80% said that.

PS And that was the worst time too, January wasn't it?

SF That's exactly right, yes. Certainly mining royalties were at their lowest ever, but there's been room for other industries to come through, such as the agricultural industry. Tourism had a battering but it's showing signs of improving later this year, so I think our CEOs are really all about looking for the optimistic and, as I said, balancing those risks and opportunities.

PS What have you learnt about CEOs since you've become the CEO of The CEO Institute?

SF What I've learnt, and having been exposed to about 150 of them within Queensland, is that they're human beings, they're vulnerable, a good CEO seeks constant learning and development, and they're the sorts of people that don't see themselves as the top of the hierarchy, they see themselves as part of the team. So I found them very accessible and very keen to share their ideas in a forum such as ours.

PS Now, being of a media background, I'm sure you've had the odd phone call from a newspaper talking about the salaries of CEOs, and I'm sure you have a position. What's your position on the salaries of CEOs?

SF The CEO Institute, as a spokesperson for CEOs, doesn't have a firm position because we haven't surveyed our members on that. However, certainly my experience in

**Sue
Forester**

terms of sitting on boards and also being a CEO myself is such that CEOs don't like being on the nose in the public domain in terms of their remuneration, and what they want to do is actually clarify their own performance goals with their board, so it's quite clear what they have to achieve, what they'll receive if they achieve and make that more transparent and accountable.

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

SF It's a pleasure.

Karen James

is the General Manager of Direct Services and Sales of Local Business Banking at the Commonwealth Bank. With over 20 years experience in IT, Karen is responsible for Local Business Banking's IT and innovation. Karen joins us to share her thoughts on the current business conditions.

www.commbank.com.au

PS After working in Europe, Asia, and the US, Karen James began at the Commonwealth Bank in 2006 as a General Manager of the Local Business Banking Direct Sales and Services Team. Karen enjoys mentoring young women both inside and outside the workforce, and today we're going to discuss business conditions and confidence, and many other things.

Welcome to *Talking Business* Karen.

KJ Hello Peter.

PS Now Karen, you're obviously in banking, have you been a career banker?

KJ No I haven't. Historically my background's been around IT and running IT services businesses.

PS Okay, so when did you decided to cross over into the dark side of banking? [laughter]

KJ [laughter] Oh it would be three years ago.

PS Why were you recruited then? If you weren't a career banker, what was the thinking by the bank to pull in, in a sense, a wild and whacky person like you?

KJ [laughter] The thinking was to bring people in with a service background and with an IT innovation background so that we looked at problems differently and tried to service our customers differently.

PS Okay, so clearly banks cop a bagging from everybody, Commbank nowadays has a new USP determined to be different. Was this a part of the strategy, that if you were going to win small businesses over you had to understand them and get people like you who have a small business empathy?

KJ Absolutely. Without the understanding of our customers and hiring people that have come out of small businesses and that also have an empathy, we knew we could never win our customers back and win them over.

**Karen
James**

PS Okay, if someone said to you, what's your point of difference, because a lot of the banks are doing small business really well, like you have to be fair, ANZ's done it very well, Westpac talks about doing it very well. I'm not sure whether they actually are doing it because I haven't got any experience with them, but certainly all banks will realise how important they are. From your point of view is Commbank getting it right?

KJ Absolutely, I believe we're getting it right. I believe it's a journey, I don't think it's absolutely right now. We know we're on a journey, most of us are there for the long term, we understand that we're not going to fix problems that have been there for a long time overnight, so we've spent a lot of time investing in technology, investing in people, putting people back into the branch network, putting things online, operating 24 hours a day, seven days a week. We now have bankers available for our customers all the time, our customers don't get any Press 1 for this, there's no menus, they ring, they get us directly, and also hiring people that have both the knowledge and the skills, but also the focus on small business. We're all in local business banking because we want to look after what we see is the back bone of Australia, the four million small businesses that keep Australia running and to keep Australia special. You know, Australia's a special country and I believe it is because of the small businesses that run it.

PS We're talking to Karen James from Commonwealth Bank. Now, Karen, what about the conditions that you're actually experiencing, because you're obviously talking to your customers, is small business going through this downturn better than what a lot of the predictions were?

KJ Absolutely. We're seeing record lending in local business banking, we're seeing a lot of really savvy smart customers take advantage of the situation. The Federal Government's allowance for invest has made a big difference. A lot of clients are looking at their lease bills and looking at commercial property and making decisions to invest in property, where before they weren't going to be doing

**Karen
James**

that. We've seen a lot of customers who have been made redundant in their roles now setting up small businesses and customers that have a strong business, that understand their customers, that have good relationships with their suppliers, are weathering it well.

PS Do you find lots of businesses are also marrying their home loans with their businesses and, say, drawing on the equity in their home loans to get lower interest rates because business rates are pretty high at the moment?

KJ We see a lot of clients that use their personal equity to build their small businesses, but not necessarily using the equity. We thought that might happen, it's not happening to the extent that you would expect. People like to keep those finances separate, but they often need their personal finances to start their business.

PS In terms of business confidence, what's the feeling that you're getting right now?

KJ The feeling we're getting from directly relating with our customers, day in and day out, is that confidence is there. Confidence is there because of the fact that not a lot of small businesses have gone bust, at least not in our portfolio, confidence is there because they're seeing the government doing great things for small business. Confidence is there because they're seeing their partners back them and we have a client that renamed the GFC a Good, I'll leave the middle word out, Chance, you know, so we've got a lot of really interesting positive customers. I'm finding it a really exciting time to be at Commonwealth Bank because my goal in joining the bank was to help small business and to look after the little guy, and we're in a position where we can do that and we're seeing the fruits of that and getting some really good stories from our customers.

PS Has banking always been good for women, or is it becoming a better place for men? I can see you're pulling a face there but you're here to be honest and answer the question. Has it been a good place for women and is it getting better?

**Karen
James**

KJ I'd like to change that question. Is business a good place for women? And you know I've been in Australia for almost 20 years and I think my comment on that would be it's still moving slower than I would hope. I attended an IT conference in the last three days in Melbourne and was disappointed with the fact that there were very few women there. I was saying to someone, a colleague in our IT department, that I would like to see things moving faster in Australia for women, and just seeing more women in business, more women in engineering, more young girls doing engineering degrees, more women in leadership positions. I'm in a leadership program for women at Commonwealth Bank that Ralph Norris started, and it's fantastic. I have a mentor, we have a mentoring circle, and I think those initiatives make a big difference. I mentor a lot of women at the bank and I think that those steps make a difference, but I would like to see things moving faster.

PS But you also had a pretty strong role model in a couple of aunts didn't you, way back in New York?

KJ [laughter] I did, I did. I had Aunt Sissy, the first female bank manager in New Jersey, and Aunt Miggy, the first female ski instructor and life guard in New Jersey. So I did, and I was very lucky – and Aunt Ninny who's 94, remains with us, driving her BMW against all family rules, and I'm the only one who knows, she said, because I live so far away.

PS So I guess it's a matter of not only men behaving better in business and banking, women have to actually step up to the plate as well?

KJ Absolutely, absolutely.

PS Karen James, thanks for joining us on *Talking Business*.

KJ Thank you, Peter. It was a pleasure.

Peter McGauran

is the CEO of Aushorse, the marketing body for Australia's thoroughbred breeders responsible for promoting the quality of Australian thoroughbred horses, both domestically and internationally. Peter joins us to share his views on the Australian thoroughbred breeding and racing industry.

www.aushorse.net.au

PS Following a 25 year career as a member of the Federal Parliament, including a term as Minister for Agriculture, Peter McGauran is now the CEO of the marketing body for Australia's thoroughbred breeders, Aushorse. The non-profit public company promotes the quality of Australian thoroughbred horses, both domestically and internationally, as well as assisting newcomers who want to buy and race horses.

Welcome to *Talking Business* Peter.

PM Very glad to be with you.

PS Before we get to what you're doing now, how did you end up in politics? What's your background?

PM Well, it was always my great ambition, and in fact I did law really to get what I thought was the qualification, but in actual fact people from all walks of life make up the parliament, but I use to listen to the parliamentary broadcasts, read the Hansards, buy the magazines...

PS You were a boring twit weren't you! [laughter]

PM I had no interest in sport and, I have to admit, even the arts at that early stage, but politics I thought was the most exciting, interesting and important profession.

PS Yeah, and so how did you actually get to where you wanted to? Did you go into the young liberals and all that sort of stuff?

PM No, because I concentrated on my law degree in Melbourne and then returned to my rural roots in Gippsland, Victoria, I was fortunate, at the age of 27, an opening occurred with an unexpected retirement of a long serving and senior politician, Peter Nixon. Put my name forward against 12 others and almost miraculously, looking back, given that I had no party credentials with the Nationals, I was pre-selected.

PS Okay, so you ended your time in Parliament at the last election?

**Peter
McGauran**

PM No, I stayed about six months, and left in a by-election in April 2008, which is always very risky. Fortunately people of Gippsland, and all of their graciousness for which I would be eternally thankful, let me go happily after 25 years and re-elected a National party member, so the slate was wiped clean.

PS Now, how did you work your way into the thoroughbred industry?

PM Well, apart from politics, my great interest and love was racing. I became an amateur jockey only for one season, fortunately won three races and then became a racing steward. So, to be frank, if I hadn't gone into politics I'd have become a racing steward.

PS Okay, fantastic. So, tell us about Aushorse?

PM Well, breeders pay a levy which will be used to generically promote the Australian thoroughbred, mostly overseas. We export 2,500 a year to Macau, Hong Kong, Singapore, Malaysia, South Africa, the Northern Hemisphere, for racing purposes as well as breeding. So our job is to work with the sales companies, studs to promote the Australian thoroughbred, to maintain our market share against those always competitive New Zealanders.

PS They're like that aren't they?

PM Peter, they just don't promote dairy and lamb products better than anyone else in the world, it's also thoroughbreds. So we will hold events and functions and sponsor races in Singapore, Hong Kong, our target markets. In other words, breeders have decided never to become complacent, taking their market share for granted, which is the largest in the world, but to build on it.

PS We're talking to Peter McGauran, the CEO of Aushorse. Tell us, Peter, how big are the exports? If we put the numbers together, what's the value of horse exports?

PM Well, we know from the sales, from the international buyers, that it's quantifiable \$85 million, but there's a whole

**Peter
McGauran**

number of horses, about 1,500 of them that are sold privately as weanlings, which is a six month year old, or as broodmares. So we can certainly qualify \$85 million, we think it's well over \$100 million, and we'll try and survey it in the manner of the Australia Bureau of Statistic does, but government certainly accepts at this stage is well over \$100 million.

PS Why was it necessary to create Aushorse?

PM Yeah, very good question, because we breed so many horses. The Australian thoroughbred breeding industry is second in size to the American industry. We also have the second largest racing industry again to the United States, and so we have to export. If we don't have inward buyers purchasing up to 1000 yearlings a year at the sales, as well as being the under bidders on five times that amount, we won't get the same return for breeders.

PS Is there a government involvement in Aushorse whatsoever?

PM No, except through the AusTrade, which is the government's trade commission service where we get a subsidy like all other export industries, but it's capped. Our other task, Peter, is of course to promote horse ownership within Australia, we want to grow the international market but we also want more Australians to buy into race horses and enjoy what it can bring them.

PS So what's the trend like? Are non-horse owning people getting into the game at a fast rate?

PM Yeah, hard to tell. At best you'd say it's stagnated, particularly in these economic hard times. The Australian industry hasn't been hit as hard as internationally. At Keeneland in Kentucky, America, and at Newmarket in the United Kingdom, the average price of their yearly sales has dropped between 40% and 50%. Here we've dropped about 25%, so we have critical mass but 25% drop in prices is difficult for many breeders to absorb, and that's why we want more Australians to buy race horses and enjoy ownership.

**Peter
McGauran**

PS And I guess the growth of the syndicates, you know like the one that Gay Waterhouse has – I'm sure you know the names of them better than I do – Star Thoroughbreds – that's the way in which smaller people can actually get involved in the racing game. Is that helping the industry?

PM Exactly. It's been a lifesaver, Peter. The democratic nature of mass participation of ownership in Australia is in stark contrast to overseas. When you open the race books overseas you'll see, particularly in Europe and North America, the honourable Joe Smith or the Duke of Norfolk, or the Sheik Muhammad own horses. Whereas here in Australia we have syndicates and there's some great successes. Weekend Hustler who was the champion Australian horse over the last year or so is owned by newcomers to racing, about 15 of them Star Thoroughbreds which raced some great champions.

PS Sebring wasn't it?

PM Sebring, 120 of them brought together by Denise Martin, legendary, wonderful individual as well as syndicator with strong ties to Gay Waterhouse. They buy a horse for \$150,000 it wins

\$2 million in prize money and is sold as a stallion for \$30 million. Weekend Hustler is a gelding so they're not going to get the same residual value that Sebring did. And Thesio, a champion race horse in the last 12 months... There are numerous examples, so you can get into racing according to your budget.

PS In fact, I know someone who's a member of the Sebring syndicate who happened to be in hospital beside Gay Waterhouse, and that's how she was talked into this Sebring, it was the illness she had to have. [laughter]

PM Exactly, and supposing somebody had outbid them at \$160,000 for Sebring, they would have never have got it. It has to be said, there's a lot of chance, even luck when you're purchasing a racehorse, and whether it progresses on to return a profit, let alone a windfall.

**Peter
McGauran**

PS I guess, Peter, the website is www.aushorse.com.au?

PM Exactly.

PS Thanks for joining us on *Talking Business*.

PM Glad to be with you.

Robbee Minicola

is the CEO at Hybrid TV, the exclusive licensee of TiVo Australia & New Zealand. Robbee is here to enlighten us about how the new digital wave is set to dramatically revolutionise the way businesses interact with consumers.

www.mytivo.com.au

PS As the country makes the changeover to digital TV, a number of new television channels are becoming available. Robbee Minicola is the CEO of Hybrid TV which is the exclusive licensee of TiVo in Australia and New Zealand and is owned by the Seven Media Group. Robbie is here to talk about how Australian viewing habits are changing and how traditional advertising will be affected.

Welcome to *Talking Business* Robbie.

RM Thanks Peter.

PS Okay, Robbie, your background?

RM Well I came out of the Seven Media Group before I was asked to lead this company, and then prior to that, in mobile, and prior to that, 20 years in marketing and communications.

PS You sound like you're a modern woman on the cutting edge of what's going on in the media world...

RM No, I'm just a mum raising two kids and I fit work somewhere in the middle of it all. [laughter]

PS Oh what a great understatement. Okay, so tell us what's happening to our television watching habits?

RM Well we're pretty fortunate because Australia is the last bastion really of the free to air world. Many countries, like the US where they have more than 90% of the households with cable and satellite. In Australia more than 72% are still watching free to air.

PS Why is that? Have you worked out why? Are we tightwads?

RM No, no, no. It's actually an attitude and cultural thing. Australians, to which I am one – don't be fooled by the accent – basically believe that television is their fundamental right, and to have to pay for it is travesty. It also helps that the free to air networks provide outstanding viewing content, and sport is protected in free to air, so many people don't feel the need to have pay television.

**Robbee
Minicola**

PS What percentage of Australians, for example, are buying pay TV nowadays? About 35% or is it less?

RM No, last I checked, I can't be quoted, but it was 28%.

PS That's right you mentioned 72%, yep.

RM But I think the most important thing about that is that it's not about pay TV people and free to air people. 100% of Australians watch free to air, 28% of them watch other channels as well. People with pay TV, still more than 60% of their viewing is of the free to air channels. So what's happening is pay TV customers are basically seeking more variety. And with the onset of movies on demand through the internet, people are able to get that outside of a pay television environment.

PS Okay, so in terms of hybrid TV, what's the full offering from hybrid TV?

RM There's really three sides to our business, there's kind of three pillars. We, as the exclusive licensee for TiVo, obviously retail TiVo in Australia and New Zealand...

PS And you probably should briefly explain what TiVo is for people on the plane who've got no idea but have heard about it.

RM Basically, TiVo is about command and control of television and entertainment. So what you do, this is not a subscription services or a pay TV service, you can walk into a Harvey Norman or a JB HiFi, you can buy yourself a TiVo, plug it in yourself, plug it into your aerial on your roof, connect it to your wireless broadband in your home, and essentially you've got all your digital free to air channels as well as the ability to download movies, free services, and free games etc, but there's no monthly subscription fee. Where the dawn will come for us is the broadband portal in the back of the TiVo, so you're getting all your free to air digital but the broadband portal gives us the opportunity to deliver content and services.

**Robbee
Minicola**

PS So you must've been cheering loudly when Prime Minister Rudd, or opposition leader Rudd, made the big offer for a big overhaul of the broadband network?

RM It's a fundamental games changer. It's a game changer for the pay television operators and it is a game changer for free to air and for telecommunications.

PS Okay, so we're talking to Robbee Minicola from Hybrid TV. Tell us why it's just a game changer for both free to air and pay TV?

RM The reality is that free to air networks are already looking at opportunities to explode their relationship with viewers and exploit various platforms to get their content out to consumers, because they know that if they can get you to catch up with TV you'll get back into the furry red couch to go back to continuing to watch the episodes on air, which is obviously funded by the advertisers. So the opportunity of high speed ubiquitous broadband is about helping people continually be able to catch up, to be able to stay in that hot seat of the theatrical release of TV, which I call Primetime.

PS A nice turn of phrase there Robbie.

RM That's the first thing for free to air. From a pay television perspective there will always be people that will subscribe to pay TV, but with the dawn of this high-speed ubiquitous broadband, instead of actually watching variety in a linear fashion, e.g. 80 channels of linear delivered scheduled programming, what you're going to find is Australians are going to be able to say, *hey I get my primetime, fantastic! But when I want to go away from that I can now go to ten million bits of content on demand instead of 400 movies spoon fed to me over a year in a linear fashion.* So it moves from this very restrictive menu to the consumer of no free to air, to this buffet of choice.

PS So imagine I was such a corny person that I want to watch the movie *It's a Wonderful Life*, maybe once a day, you're saying that in this new world I can actually watch it once a day, delivered from some other channel or some other deliverer of movies?

**Robbee
Minicola**

RM Yeah, I think what it's about is you'll find that scheduled programming, and especially primetime which the free to air's have the moratorium on, that that will become sacra saint and more valuable. What will happen is, non-primetime people will be able to say, hey it's not just about me going to the laptop with a PC to get more content, which is today's paradigm, it will be me being able to go, say, on my TiVo and type in *Hugh Jackman* and be able to see a huge array of movies, interviews, TV programs, anything with Hugh Jackman, and start watching that instantaneously. So what happens is that my free time or anytime that I'm not actually engrossed in free to air primetime is now my time, and my opportunity to choose content.

PS But what happens to advertisers? If I'm going off to watch Hugh Jackman every day of my life where are the advertisers? Where's the ad for the Holden Car?

RM Okay, so, Peter, you've hit the nail right on the head there, and that's our favourite topic because the reason why the Seven Media Group brought TiVo to Australia was not for anything other than the fact that we need to determine the ad model for broadband delivery of on demand content, and that's why we're here, not for any other reason.

PS So what's it going to look like?

RM Well, and I also have to kind of add in here that Television New Zealand, which is the largest broadcaster in New Zealand, bought a third of us in March, so we're not holding our own Seven Media Group anymore, God bless TVNZ.

PS Trust the Kiwis too, fantastic.

RM Exactly, so we've got to make sure Rick Ellis and his team are in there, but what is the ad model going to look like? The question now is when I go online to catch up with television I usually see quite a small little screen and I see ads all around it and I might see a pre-roll and a post-roll, and in the main that's very much swallowed up in display advertising online in a highly distracted environment. Don't

**Robbee
Minicola**

get me wrong, the model works, but when you go to the television you need to have a different model for on demand content. So the concepts that we're testing right now is that, number one, there's one, no more than two advertisers per program, so reducing clutter is critical in the on demand world. Number two is that the message is no longer just an ad message, it's now an interactive ad message that can take you onto a transactional portal, or to learn more, or to get samples etc, so that drives more. But number three is those ads are addressable, meaning if I'm actually going to watch *Will & Grace* on demand, I've allowed TiVo to deliver me advertising messages that I want to see, and so by the by-product of me giving that permission, I'm now getting a targeted ad.

PS That's profiling gone mad hasn't it? But I guess that's the way of the future. Robbie we're out of time, fantastic information, good luck with it all. Thanks for joining us on *Talking Business*.

RM No probs, thanks Peter.

Fabio Grassia

has traded audio visual and consumer electronic products for 25 years, and in 2008 Fabio created his own brand of electronics called VIVO, which has become one of the highest selling ranges on the Australian market. Fabio joins us to reveal how he penetrated the Australian market successfully and in such a short amount of time.

www.vi-vo.com

PS Fabio Grassia has been involved in the audio visual and consumer electronics products for 25 years and started his company NatComp International in 1989. Last year he created the new brand VIVO which actually is an Italian word as all the products are designed in Italy, but launching the brand during a global financial crisis was a challenge.

Welcome to *Talking Business* Fabio.

FG Thank you Peter.

PS So what's your background mate?

FG My background is mainly computer science, electrical engineer, and did a few years at uni for that. After that I decided it was a long road at uni and to get out and get into the real world of business, and in 1989 I decided to go on my own and to get into the IT industry, which was a booming industry at the time. We just kept on importing and distributing IT products.

PS Okay, so NatComp International. What was probably the stand out product?

FG PCs at the time. PCs and laptops, they were the major products and the mass retailers were our major customers, we never really sold directly to the public as such. Then we were doing a lot of OEM products, different brands for different customers.

PS So what's the history of VIVO and exactly what does it do?

FG Okay, VIVO is quite simple, and it's Italian, meaning *Life*. After getting out of the IT industry, after 18 years or such, I decided to take a break, sit down and consider what I was going to do, spoke to the family and said, well what do you do, sit around coffee shops all your life? I decided to get back into the industry through 15 and 18 years of contacts in China and Taiwan and I decided that if I was going to bring a product into the country then it will be a different category and audio visual is definitely a product which has grown in this market at the moment. So we decided to get into the TV

**Fabio
Grassia**

business, flat screens, plasmas and LCD's. Again, one of the major factors was if I was going to bring another product in then it would be under our own brand and promote our own brand because we were always promoting other peoples.

PS Okay, so effectively, for the person who doesn't understand how the real electronics world works, there are companies in China that make plasma TVs and they're unbranded ones and you can come along and say what you want and you whack your brand on it and that brand is VIVO.

FG Absolutely, and we've gone one step further. When we started VIVO, just over 12 months ago, we did pick a couple of factories that did product our TVs or panels for us, but I've now invested in a factory in the south of China. I have an investment in the factory, this assures us to build our own TVs, so we assemble our own TVs and we do things a little bit different from some other major importers in the sense that the VIVO brand is such that we procure all the components. So to make a TV it's not just a panel, it's the panel, the case and everything that goes with it, the tuner and so on, and so on. So we procured the components, we quality check them, we assemble them, and then we do the quality final checking at the factory. By me having an investment in the factory, it gives us much better control over the product and the trend.

PS Okay, we're talking to Fabio Grassia the founder of VIVO. So how big is VIVO now? Like it's an interesting concept because they're being made in China, you've got your obvious distribution business here, how big is VIVO?

FG Well, in 12 months it's grown from a \$2million company to \$12million, and hopefully it will grow even further in 2009 and 2010. What we're trying to do is we're trying to confine the business to a point where we can deal with certain mass retailers in the country, in Australia, but our biggest objective is to get VIVO out to other countries via China under the brand, which we already received our first order for from Israel last week, for more than a million dollars worth of TVs. That's exciting for us because that's coming out of our own factory and hopefully we'll be able to get more customers in Europe.

**Fabio
Grassia**

PS How many people do you need on the ground in Australia to make a business like this, which you've just described, work? Because that's the unusual thing about the new world, you don't need as many people as you would of in the old days.

FG Absolutely not. We only have eight people, and that eight people is basically comprised of administration service, and sales, and of course accounts is the most important, but that's it.

PS Okay, I'm sure people on the plane would be saying, how did you actually get into the department stores? What department stores are you in at this stage?

FG Yeah, the department stores we're in is Dick Smith Electronics, Tandy Electronics, Strathfield Car Radio, WOW Sight and Sound, and then into various Retravisation and Better Electrical stores. Then we sell to a lot of various resellers, and what we call them as resellers are the ones that install TVs in schools, pubs, hotels and conferences, that's basically it. How did we get to most of the mass retailers? We started with one or two and then it just grew from there, other people had contacted us, and it's a hard slug, it's not easy.

PS Yeah but, in a sense, the kind of retailers you're talking about, they're actively competing against the real big boys like Harvey Norman, Bing Lee, the Good Guys, and whatever. You, I guess, provide a competitive advantage to those sorts of retailer?

FG Yes we do, Peter. What we actually do is, again, going back to the factory because we have a factory situation, A; we can see where the trend of the TVs are going and we can supply. B; is because we're procuring the components it makes us competitive, and C; we don't have a huge overhead infrastructure in Australia because you don't really need it. We have an office in our warehouse and everything is shipped out to the mass retailers based on forward orders. One of the strategies that I'm trying to do is not to put the VIVO range into too many mass retailers because,

**Fabio
Grassia**

like you said, the product will be discounted and that won't be an advantage to us, so the product is a mainstream product and we try to keep it as a mainstream product.

PS The new age is also an online age, does VIVO have an online connect with the market?

FG No. We have our own website of course for our customers which they could log on and see all our various models, but we don't have an online system for customers such as end users.

PS Is that because you don't want to cannibalise the retailers that are supporting you?

FG Absolutely, yeah, you can't do both. One or the other.

PS That's right, it's a very interesting challenge business, and so how did you crack the Israeli market?

FG That was through our China office actually. They approached us, we saw them at the major Hong Kong show in April and, through back and forth of quoting, they came to the factory, saw the quality, saw the factory, and they were impressed and put their forward order.

PS Well, Fabio, I think everyone listening to this loves an Australian who's having a go, and it's clearly what you're doing. We wish a lot of luck.

FG Thank you.

PS And we'll get you back when it's a \$100 million business.

FG Absolutely.

PS Thanks for joining us on *Talking Business*.

FG Thank you.

Kirsty Spraggon

is a writer and motivational speaker who provides advice on sales techniques. Kirsty joins us to share her specialised knowledge on growing your business through social networking.

PS After a successful 15 year career in sales, including being ranked in the top 1% of individuals with RE/MAX's 121,000 agents worldwide, Kirsty Spraggon decided to write a book designed for entrepreneurs and sales people alike. The result was *Work As If You Own It*, and she's now also on the speaker circuit helping people achieve personal happiness and success. Today we're going to look at how businesses can use social networking to their advantage and a whole pile of other things.

Welcome to *Talking Business* Kirsty.

KS Thank you very much.

PS Okay, so you're a real estate agent first and foremost, or did you go from sales to real estate?

KS I'd been in sales for 17 years in a variety of different industries, predominantly with a family background in real estate, so it was a natural transition for me to move into real estate sales.

PS What is the dominate characteristic of a successful sales person, because lots of small business people open up businesses and don't realise they're in sales until they realise they're not selling stuff, and I'm sure when you talk to these people you have to get to the heart of it. What is at the core of successful sales people?

KS Well, I believe that the core of it is really about building relationships. Daniel Goldman's book talks about IQ being accountable for 20% of our chances of success. The other 80% is determined by our ability to have emotional intelligence, which is connection, rapport and understanding, and I think far too many of the industries who are in sales aren't training staff on that.

PS So you're saying EQ rather than IQ?

KS Definitely.

PS Okay, the book title is intriguing for me. It's a bit provocative when you think about it because you're saying

**Kirsty
Spraggon**

Work as If You Own It, so if I'm an employee, are you kind of implying if you work as a normal employee you're not really going to contribute as much as if you were an owner of the business with 24/7 commitment to the task?

KS That's right, and I guess the commission sales in the industries, in particular, they're not being paid a wage, they're on a retainer most of the time, so they really need to act as if they're running their own company. They need to be juggling and wearing multiple hats, they need to be able to market, to be able to sell, to be able to do their books.

PS Well, I've got to say, when I do my speeches to executives I say the lessons from small business can be just as relevant to you because you're building your personal brand. That's basically what you're saying isn't it?

KS Definitely. There's the philosophy of *you incorporated*, there's the one man brand, and I think all of those are so relevant, you have to be able to do everything.

PS Okay, let's got to the social networking area, and you're saying that businesses can use social networking to their advantage, tell us how?

KS Look, I think any type of networking is just so important when it comes to relationship building. I think so many people now think the word *network* has become about doing something, going to a networking event once a week or getting online, whereas the definition of network is actually about creating an interconnected system. So, for me, the most important thing is that people first understand they need to create a network around them, a support structure, people that they can go to for advice and wisdom that they can learn from, as well as making money, but it's not always just about the business.

PS Do you think that small business people, sales people, even think about the actual network, or do they just, sort of, see it evolve? Some people are really good at it because they realise the value of it, and some totally ignore the value of a network?

**Kirsty
Spraggon**

KS Definitely. I think more sales people are focused on the sale. They're thinking, let's close a sale, *let's have a script, let's have a dialog*, and partly that's because that's what the culture and the training has been around, for a very long time. You know, in the 15 years that I've been in the sales industry, I've never once been to a sales training program that's on emotional intelligence, that's based around connecting with people, building rapport. You don't want to be on that one-off treadmill and you don't want to be just closing a sale, you want to open a relationship with someone so that they're a customer for life, they're coming back, and there's that repeat and referral business flowing in. You have to build a network around you.

PS Okay, it's a really interesting issue you raise, because when you were talking there, I thought a lot of the people learnt the old line that you have 10 objections...

KS 25 'no's gets you closer to a 'yes'. How to close the sale.

PS Yes, exactly. But yet to me it sounds very much like what blokes would do, and blokes aren't famous for EQ, and of course plenty of men do have emotional intelligence, but a lot of sales guys, they don't demonstrate they've got a lot of emotional intelligence. They are sort of like, get in there, make the 25 phone calls and they'll eventually get the sale and go onto the next one. Is that what you encountered going into the sales process and you thought, this is not going to work for me?

KS Definitely. I'd been brought up where relationships were key, but when I came into the real estate industry it's very much trained out of you and you are trained to not waste your time having what they called *Nescafe Appointments*, don't just sit and chat with people, make sure you're closing the sale and you're asking those questions. I guess it didn't feel natural to me and eventually, when I became successful, I realised that my way did work and you didn't have to close the sales and have those scripts and dialogue approach.

**Kirsty
Spraggon**

PS But it's critical if you go and invest time in what you call *Nescafe Appointments* that you have a very high conversion rate, don't you?

KS Definitely.

PS Okay, and I guess you have to have a very good screening process to make sure you aren't just having a cup of coffee, you've got to get someone who potentially is a client?

KS Yeah, you know, they say statistically there's a nine to 18 month incubation period from when you first meet someone to convert to using you. That's whether they're from the point of seeing your sign, your marketing or your advertising, and I think not enough people value this nine to 18 months, thinking immediately they've got to have a need to buy or sell right away. In a lot of situations that won't happen, but if you build the relationship and you stay in touch and do all the right things in the process afterwards, then the relationship will be there down the track, and that's how you end up with a pipeline and you're not on that one off treadmill. That's how you get people who are loyal to you, who trust you, who comeback time and time again for years.

PS We're talking to Kirsty Spraggon who is the author of *Work As If You Own It*. Kirsty, when you talk about nine or 18 months, that, for a lot of people, is a big investment, and I use the word investment wisely in this relationship, but it's also a starvation period for many people. However, we're often told that the great businesses actually make the costly decisions in the short term for the long run benefit. Have you had to actually defend the relationship approach, because it can be slow off of the mark can't it?

KS Yeah, look, I think you've got to do your numbers around this and you've got to work out that the short term approach of closing a sale... yes you might get more immediate results but you're not going to have that pipeline there and you're on a one-off treadmill. It's exhausting and it's tiring, and there's lots of statistics out there around the fact that customers who come back, repeat and referral, cost

**Kirsty
Spraggon**

you less from a marketing point of view... I think of course there's going to be some that will take that nine to 18 months, but you're still going to capture the ones that have an immediate need. So to me you're not missing out on anything, you're always going to get the ones who are ready to buy, but you're also going to get the one that might have to take a little longer.

PS Okay, let's go to the social networking now, because to me a *Nescafe Appointment* is everything, it's eye to eye contact, it can even be touch, it can be empathy and all that sort of stuff. Is it easy in a social networking sense to show that you are a relationship person?

KS Definitely. For me the key is being willing to be open and share parts of yourself. I've seen so many people join Facebook and they'll put up one or two 'business' shots and that's it. At the end of the day I'm on there because I want to get to know them, I want to see their family, I want to see their dog, I want to see their holiday photos. It's whatever you feel comfortable with. Obviously not everyone's going to want to put pictures of their children up, and that's fine, but it's allowing people in, so it leaves you feeling like they're not sharing if they don't have a picture on there, and the whole point is to be on there to connect with people. Now *authenticity* is said to be the new buzz word of the 21st century, and it's about people wanting something real from someone genuine, they want to see behind the scenes.

PS It does remind me of the old line, *sincerity, once you can fake it you've really got it made*. [laughter]

KS [laughter]

PS Kirsty, thanks for joining us on *Talking Business*, and the book again is *Work As If You Own It*.

KS Thank you very much for having me.

Max Walker

is a popular media personality who has managed to build his brand and explore many business opportunities outside of the sporting arena. Max tells us what can be achieved by stretching our thinking and becoming a part of the new world marketing.

www.maxwalker.com.au

PS My next guest really needs no introduction but I'm going to give him one anyway. His name is Max Walker. He was part of one of the greatest bowling trio of all times, Walker, Thomas and Lilly – and I put them in the right order, mate.

Thanks for joining us on *Talking Business*.

MW Thank you Peter. Right arm over left here, legs crossed at the point of delivery, up the hill and into the breeze on a flat wicket with an old ball, it was great to make up the third member of that trifecta.

PS Fantastic, and I guess there's a lot of young bowlers who've unorthodox methods, who look at you and say, well you *can* get to the top with unorthodox methods.

MW And I think it's so appropriate in business to be unorthodox. Unordinary is one of my favourite words, *authentic*, different, Seth Godden might call it *Purple Cow*.

PS Yeah, exactly right. Now, Max, when did you make the decision that you had more future in cricket than footy?

MW Again, not planned, it evolved. I was selected to play cricket for Australia in '72, just come off the back of an AFL, or VFL session back then, with the Melbourne Footy Club, and I got picked to play for the touring team that went to the West Indies. After a summer against Pakistan, got back in the middle of May, final year architecture thesis to complete, and play VFL footy. Even superman couldn't do that, so reluctantly shelved the footy, got my architecture degree and never really got back to football. Cricket flourished and we travelled around the world many times with a great bunch of guys, very talented in many ways. And architecture was exposed to me not just in magazines anymore but three dimensions. You can go to Canada on your way across to England, you look at the beautiful old buildings and architecture in the UK and Europe, and more recently I went to India and saw the Taj Mahal. I mean, that's the number one wonder of the world, this inky black rectangular water and this white reflection, and I love photography, so that's another extension. At this stage of our life you can look back and think of all of those things that go into the sandpit.

Max Walker

PS Yeah, you well and truly got out of the sandpit too along the way. But, Max, on this program we had another great Australian, Herb Elliot, and Herb once said to me, he said, *a lot of people can't beat the little voice inside them that stops them from succeeding*. Have you encountered the little voice? And I would have thought bowling under the hot sun against the West Indies, you might have felt like giving up. Did you have something inside you that kept pushing you on to believe in yourself, to make sure that those results eventually came through?

MW There are always voices, sports men and women, I'm sure it happens in other professions and walks of life, that self-talk and self doubt saying, *well what if you fall over? What if you take some bark on the knees? What if you fail? What's the world going to think?* They drive you crazy but you've got to just keep layering, repetition gives you confidence to do things a little better. In writing they say it's the first 10,000 hours then you start to finally be able to scribble something down that's worthy of someone paying a price for it. And whether it's a violin or anything, to be really good you've got to put a big bet down. Fortunately, my attitude always used to be, *tomorrows a new day*. It's really about failing forward or just making enough mistakes, little ones to learn by and that makes you better, so you lift the bar and you stretch your own capability, and over time you won't totally defeat them but you have a really strong conversation with them.

PS Who was the scariest rival you ever competed against, whether it be in cricket, football, business, television, whoever it might be, where you think you learnt the most and you actually went to another level because of the challenge of the rival?

MW I reckon I've written about 14 books answering that question Peter, it's a ripper of a question [laughter]. There are a lot of scary ones.

PS I would have thought Kerri Packer in television would have been one of them?

**Max
Walker**

MW Well, he was going to be my first one. Kerrie was a remarkable man and I think in Australia we miss him in so many ways. I'm sure across a negotiating table he would have been scary, scary beyond belief. I met him in two fields, one was sport and the other was television, and he was a man who stepped out from under his dad's shadow, Sire Frank, who must have been almost horrific a man really, if you believe the stories you read in the books.

PS Let's just call him a hard man.

MW Hard man, okay, but character building nevertheless, and Kerrie had the courage to back an idea, as we all do at some stage, but when it's just an idea it's hard to back, in business in particular, isn't it?

PS Yes.

MW And so he spent \$1.9 million before a ball was bowled. I know that's not much when you compare the IPL at the moment, next nine years of television rights in India for the revolution over there, 30 years after Kerrie Packer, \$2.9 billion US, not bad if you can get it. So he said the only way that this can fail because we have your product, 60 of the best players in the world, the only way to fail is if one or two of your guys don't want to commit, and so we did, revolution beyond belief. This guy, white ball, black side screen, drop in wickets, coloured gear, lights, a magnate for marketing, that was what he wanted, cricket for television station, the amount of money that flowed in. One of the best conversations I had with Kerrie was many years after the cricket when I was hosting *Wide World of Sports*, did for 16 years along the way, it was wonderful, but he said early on, "Maxie, do you understand the contract you've just signed?" And I said, "I think so Mr Packer" – we always called him Mr Packer [laughter]. He said, "I'll tell you what, I'll make it simple for you. I'm going to pay you more than Channel 10, more than Channel 7, more than Channel 2, and if you don't do a better job I'll sack you and don't think I won't be watching", because he had the four or five monitors in his office.

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PS Loved his sport too didn't he.

MW Not unusual for him to ring up one of the producers at TCN Nine and say, "How come Channel 10's got a better show than us? Fix it". He was an innovating man, didn't like Yes men and women. If you had an idea and came to Kerrie Packer, back it up with some good thinking and sound possibilities, you can find yourself on an aeroplane the next day and doing it. What and environment to work in.

PS Now, tell us what Max Walker does nowadays, for people who would be interested?

MW Well, what do I do these days? Even my daughters ask me that. It's hard to describe in one sentence. I have a lot of fun, I've got a lot of energy for life, for genuine love of people. As a speaker, which is one of the elements that I do these days, I would go into a lot of businesses, sit in the engine room... the privilege is enormous to hear the thinking for the next 12 months or next five years, like going to university and being paid. I like to think that in an hour I can take the group on a journey. I'm not good enough to change their culture, as I have been asked to do in an hour, something that's happened over 25 years, but if you can leave them with the question and the challenge by showing example and you use examples that have sign posts in your life with real people like Kerrie Packer... I love speaking, so I've been doing it now for 30 years, but it's changing enormously that scene. Shorter version of what else I do, I write obviously. I've written 14 books and six or seven of those are number one best sellers. I think when I wrote *How to Hypnotise Chooks* you put your marketing hat on. I could remember I got into writing because no one in television would write like I speak, so much better to regurgitate my own words down the barrel of a TV camera. But no one would give me a job, only the dear old now defunct Australasian Post, the WEG cartoons and those crazy photographs. But you know what? It gave me two years of weekly commitment to pen to paper, and I still write with a Mount Blanc Fountain Pen on rice paper, opens a creative gate, it's just beautiful, beautiful, stuff. Then I ran

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into a publisher from Victoria and he said, "You know, those stories are great!". Isn't it nice when someone says yeah *I love what you do?* And so I go into the Australasian Post and I said, "why don't we publish a book? I've been told this would make a great book", and they said, "nup, yesterday's fish and chip wrappers Maxie". So, sort of deflated and disappointed I go back to the publisher and he said, "okay we'll publish it, it will be great". He asked me what I'm going to call it, and I say, *How to Hypnotise Cooks*, and he said, "you can't call it *How to Hypnotise Chooks*, what will people think?!" Well 120,000 people in a very short space of time thought it was a good title. [laughter] And then they said do another one, *How to Kiss a Crocodile*, and of course it started an extraordinary sort of time in my life and I guess even the publishing industry here in Australia.

PS Max, before we go, give the listeners a website so they can see what you're up to?

MW Very simply www.maxwalker.com.au. The brand I've tried a lot but it's simply *Max* and just recently travelled a bit into China and India into business matching groups over there, and I'm finding that really significant and exciting. I think I've got a lot of future in China, India and Australia in the mobile telephone business.

PS Okay, well let's just quickly sum up in a nutshell what you're doing in India and China?

MW Australia India Business Council, we took a dozen delegates into India to look at possibility. Wonderful to go into a room networking possibly with 60 or 70 handpicked people with business cards wanting to hand out and do business. To find a match for you we went into Delhi and into Mumbai and Chennai, places like Infosil. They've got 103,000 employees, average age 27, you know this Y Generation thinking stuff, it's just fabulous to be exposed to that, but we took some equities and finance people with us and another group wanted to build shopping centres and the same with China. It's a World Expo next year in Shanghai between May and September, the Australian Pavilion.

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They've spent, I don't know, somewhere in the area of \$60million on that. I hope to be able to plug into that in some way as an extension of the last trip to China.

PS Well of course, Max, as we know the Chinese are a great fan of Australian Test Cricket, so I'm sure you'll be a big star over there. Thanks for joining us on *Talking Business*.

MW Thanks Peter.