

Favours rarely work out

sole trader

Peter Crocker

SO your customer phones and says, "I need something fast, cheap and cheerful, nothing fancy. Could you have a quick look?" Don't believe it. The result can be less than satisfying for everyone involved.

Having done quite a few of these small "favour" type jobs over the years, I can tell you that they often cause the biggest of all business headaches.

Quickies are often identified by language such as "throw something together", "mock something up", "just give us your top-line thoughts", "take a quick squiz", "while you're here", or, "don't spend much time on it".

While these sound fair, reasonable and innocent requests — and sometimes they are — typically these jobs have vague requirements, low budgets and fast time frames. A sure-fire recipe for failure.

The first problem is that people like what they like.

If they don't like the logo you designed for them, their opinion won't change just because you did it in half an hour.

The second problem is these speedy jobs can end up taking the longest time.

Even if the initial execution is quick, the subsequent liaising and clarifying eats away at time.

The third problem is that once a low-quality job is delivered, all the control and context is lost.

People won't critique your work with the knowledge that it was low cost, they'll just criticise it based on quality. In the same way that people quickly forget a high price if you deliver high quality, they'll forget the low price if you deliver low quality.

Peter Crocker supports Australia's solo business community at www.flyingsolo.com.au

Prices give an edge

BUSINESS owners should no longer ignore the fundamental need to offer strategic pricing and cost management policies, according to Grant Thornton, Australia's Tony Markwell.

The latest Grant Thornton International Business report said 41 per cent of businesses believed pricing measures could deliver a strong competitive advantage.

Only 45 per cent believed cost management was a major source of success in the marketplace, and only 37 per cent believed economies of scale gave them competitive gains.

The survey of 7800 business owners found 72 per cent of Australian companies and 71 per cent of overseas respondents believed quality was the main source of competitive advantage. Ethical practices were second, with 66 per cent of those surveyed.

Australian companies favoured staff retention (61 per cent) above brand strength (59 per cent).

Desperate directors resorting to fraud

Jenny Dillon

MANY troubled businesses are digging themselves into even deeper trouble by committing financial fraud.

According to chartered accountants PKF's partner of corporate recovery, Ken Whittingham, there has been a rising trend of businesses and company directors using criminal means to get access to cash to keep their businesses viable.

Mr Whittingham said his firm had received an increasing number of calls from bankers, accountants and lawyers whose clients' businesses are on the verge of collapse because of the global financial crisis.

But once those failures were examined, it was found that many business owners and directors had resorted to some form of fraudulent activity in the lead-up to the firm's collapse.

Stopping cheats

THERE are some measures businesses can take to minimise their risk and exposure to fraud, said Mr Whittingham. These include:

- **KEEPING** books up to date and in order;
- **SEGREGATING** duties with different people for credit and debit activities, that is, not having the same person banking deposits and paying the bills, thereby having too much control over cashflow;
- **ARRANGING** for co-signatories for cheques; and
- **BEING** alert and vigilant for changes in gross margins and trends

"We have seen a huge increase in fraudulent behaviour, much of which had gone undetected until these companies' books came under scrutiny," Mr Whittingham said.

Instances included invoice fraud, directors cashing unauthorised cheques, and companies borrowing large amounts of money while knowing the loans cannot be repaid.

"One recent case involved a direc-

tor receiving financing from two different institutions for a piece of plant," Mr Whittingham said.

"Property and related industries are also at a higher risk because the property market moves so quickly.

"For instance, a valuation made in March will likely be higher than the property is actually worth by September, but banks have often lent on the basis of the earlier valuation.

"That money is then lost."

Mr Whittingham said that he expected to see more fraud occurring as the economic downturn continued.

"It's disturbing to see a criminal element creeping in, but business owners and directors should remember that crime doesn't pay."

Unlisted companies were more at risk of fraudulent behaviour than listed ones as compliance rules and regulations were tighter for listed companies, he said.

He called for unlisted companies to clean up their acts, and tighten their systems and internal controls.

"Having strong controls in place will make it a lot harder for someone to tamper with the books or engage in some form of illegal behaviour," Mr Whittingham said yesterday.



Looking to expand: Envirolab Services Sydney managing director Tania Notaras is hoping to open up business in Perth

With right mix lab is confident of growth

Jenny Dillon

AT a time when businesses of every shape and hue are batten down the hatches, there is one that — having already experienced spectacular growth since it began three years ago — is looking to expand.

The global financial crisis is not going to stop Tania Notaras from pursuing her plans to open a branch of Envirolab Services in Perth.

When Ms Notaras started Envirolab in Sydney in 2005, she had a team of four. Now she has 38 on board.

The company offers analytical test-

ing to the environmental sector and tests for things such as asbestos in soil, or lead in paint.

Despite Perth being a long way from Sydney, it is the city that is now offering the most opportunities, Ms Notaras said.

"It looks like it's tough, with high rentals and high wages, but there is lots of work and the indications are that there is a need for another laboratory," she said.

The one difficulty the company is facing is finding appropriate space to set up operations.

"We have a particular look and

feel to our operations that we'd like to maintain," she said. "A lot of labs operate out of buildings that don't have windows. We want a nice building, with windows and lots of natural light. We'd like something existing because to design and construct would take 18 months."

Ms Notaras is confident that she will have another branch in 12 to 18 months, and Australia-wide coverage within five to seven years.

And she's not daunted by what's happening with the credit crunch, although she is not ignoring it.

"I've found that having a slow

period inspires you to do things smarter and cheaper. It's important to have opportunities to introduce efficiencies," she said.

"A slow time is a good time to work on other things."

Ms Notaras was working for another company during the economic downturn of the early '90s and can recall how difficult things can get.

"We are worried, but we're taking steps, making sure we have enough cash flow, not buying as much stuff, being more cautious. We're concerned, but it's not stopping us in our plans," she said.

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inside today »



T. food

What to eat for the day
 Kitchen Police 20 | Sweet revenge 21
 How to make a good impression at work
 How to make a good impression at work

Sydney terror plot

First details of conspiracy case: P5



SECRET LABOR PAY INSULT



Rees hands \$5m to failed bureaucrats as NSW suffers

exclusive

Simon Benson
 State Political Editor

THE state's top-paid bureaucrats have been granted a secret pay rise of up to \$60,000 as the State Government refuses increases for front-line workers and tells the rest of NSW to "tighten its belt".

Two weeks before the Government's mini-Budget is expected to dump major public projects to address a \$1 billion black hole in state finances, *The Daily Telegraph* can reveal that more than \$5 million has been splashed around to reward the Government's fat cats.

With police, teachers and other frontline workers being told their pay rises will be capped at 2.5 per cent, the state's 853 senior executive officers and CEOs have been awarded a 3.9 per cent pay rise.

The most elite will also get an extra \$43,000 allowance just for staying in their jobs.

The pay rises were awarded on October 1, a month after Nathan Rees was made Premier, but were only gazetted last Friday — a week after Mr Rees declared he would cut 171 jobs from the senior executive service.

What Mr Rees did not reveal at the time was that a bureaucrat on the top salary of \$428,900 would now get a pay rise of \$16,727, plus the possibility of a special \$43,000 recruitment allowance for "specific skills".

The total pay rise amounts to more than the annual wage of a frontline police officer.

Last night the Government was accused of delivering another "kick in the guts" to the state's frontline workers — and to taxpayers who have been told the Budget has been blown — after Mr Rees had promised to start "cutting fat from the top". The pay rises were



Picture: Noel Kessel

Pool king crowns a princess

AS one of Australia's greatest Olympians, Grant Hackett, announced his retirement last night, a new swimming star was officially anointed.

Golden girl Stephanie Rice, the darling of the Australian Beijing Olympics team, wore a stunning pink gown as she was crowned the Telstra Swimmer of the Year at an awards ceremony in Sydney.

Reports Sydney Confidential, Sport

Continued page 4