

Talking Business

with PETER SWITZER



November 2008

Simon Talbot	2
Michelle Deaker	8
Rob Allen	13
Jenny Stillwell	17
Paul Villanti	21
Alex Malley	26
Katie Lahey	32
Michael Bosch	37
Jennifer Alexander	42
Chris Ralph	47
Marlene Ponder	52
David Pengalese	56



Simon Talbot

is the Head of Corporate Affairs for Kraft Australia and New Zealand, and they have sold their one billionth jar of Vegemite! Simon discusses the marketing and business strategies that helped turn this beer by-product into one of the most successful and recognisable Australian brands.

www.vegemite.com.au

PS First up on *Talking Business*, is Simon Talbot, the Head of Corporate Affairs for Kraft in Australia and New Zealand. As Head of Corporate Affairs, Simon has been charged with reigniting government, corporate and media engagement for household brand names, such as *Vegemite*, *Philadelphia* and *Toblerone*. With the billionth jar of *Vegemite* recently sold, we'll be discussing the marketing and business strategies that a company like Kraft employs to promote the brands of successful and recognisable products.

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

ST Thank you very much, Peter. Pleasure to be here.

PS So, the billionth jar of *Kraft Vegemite*, mate... Is there anything that equals this around the world?

ST The *Guinness Book of Records* are actually looking into it to work out if it is one of the most unique products ever made, and if its continuity for 85 years is truly globally unique. So, we'll know in about a month's time whether it's a truly momentous global occasion, as well as a great Australian one.

PS Is there an Australian product that's gone a billion that you know of?

ST There'd certainly be milk and some chocolate products, but in terms of a shelf stable glass long life product, probably not.

PS Okay, well we'll make it unique in that respect. So, what's the success story of *Vegemite* in particular?

ST The billionth jar gave us a really good opportunity to look back at our marketing campaigns, and I guess the whole company ethos, and to learn. So, all things being equal, potentially some of the marketing with *Vegemite* isn't as relevant as what it has been in the past. And for us, we're looking forward from that history and have changed some of the things we do.

**Simon
Talbot**

PS Okay, to me, the memory is of old ads that have been repeated, and it doesn't offend me, but I guess the question is, is it generating new customers?

ST Absolutely spot on, Peter. The fact that 23 percent of Australians are now born overseas, we need to reengage with those new Australians. It's really important to us, and it was quite a risky enterprise to launch a new marketing campaign this year. *The Happy Vegemites* campaign is the longest running marketing campaign in Australian history, and one of the longest in the globe. For us to change that was something quite dramatic. We've still kept it, but we've got a new campaign as well, to reengage with new Australians.

PS I figure that poor Aussie kids are actually fed the addiction of their parents, because their parents are, in a sense, the *Vegemite* dealers allocating *Vegemite*, and so we're all committed to it. That stream of Australians, and newer Australians, I guess haven't had the same heritage, and therefore they don't know how great *Vegemite* is.

ST That's right, and we need to talk to them. We're doing a whole lot of programs, moving forward, and finding some wonderful rich facts and figures — Chinese Australian communities are using it in stir-fry's and have done so for many years now.

PS I can imagine Kylie Kwong doing something like that. [Laughter]

ST Yes, yes. I'm sure she's got a recipe out there.

PS So, what is the means by which you sell the benefits, or the beauty, of the product to a group that haven't been engaged historically with it?

ST Look, as an icon, we don't claim to own *Vegemite*. It's owned by the Australian people and it's very important in whatever communication we do, to hand across that persona to the people and see what they're doing, understand what they're doing. So, really engaging in recipes new Australians have, particularly the Viet, Chinese,

**Simon
Talbot**

Hindu, Arabic communities, and listening and understanding what they're using *Vegemite* in is really important to us, and we've done that using social media, using internet...

PS Okay, we're talking to Simon Talbot from Kraft. Are there recipes that I'm ignoring? For example, is there a Vegemite chicken or a Vegemite steak, or something like that which you've come across in all the unusual usages? And by the way, my favourite is toast, capsicum and Vegemite, fantastic! I think a lot of other people have weird Vegemite recipes. Do you have ones you could share with us?

ST *Vegemite* gelato is the one that comes to mind, and I have tried it.

PS [Laughter] Have you really?

ST It is a sobering experience, but we certainly have uncovered that every single Australian and Kiwi has their own peculiar taste for *Vegemite*. It's not up to us to tell them how to have it, it's actually to listen to what they do, and to almost compliment them on it. There are chicken wingding and southern fried recipes about. There are also many other uses in Japanese sushi coming forth. One of my favourite stories is the fact that the Japanese named *Vegemite Marmi*, which means *delicious fifth sense*, and that's only one of ten foods in the world that were named *Marmi*. We didn't understand anything about this until the poor Australian expats in Singapore and Hong Kong were crying blue murder because they ran out of *Vegemite*. We said, well how can this be? Our *Vegemite* sales are going through the roof in our Asian neighbouring countries. And the reason was the Japanese tourists were buying up *Vegemite* on shopping expeditions to Singapore and Hong Kong, so maybe we've got a new market, maybe not.

PS So, in what countries of the world does it sell?

ST I can actually predict where Australians are overseas by where it sells. So, Hong Kong, Singapore, London, LA, New York really, and 98 percent of consumption is Australians or Kiwis.

**Simon
Talbot**

PS Why can't we convince other cultures to take it on?

ST I think that's a challenge for us.

PS It seems surprising.

ST When you've got a product that is full of vitamins, no fat, no sugar, it's a wonderful way to start the day or have a snack, we should be moving that area more. I guess for us, as I've said before, getting in touch with new Australians is first and foremost, and if we get that right, we can take it from there.

PS I know many Australians were a bit concerned that we didn't finish in the top 3 in the Olympic Games like we usually do, but I've always thought it was weird, a country of our size to do so well. But I would have thought you sneaky guys at Kraft would have said every one of those Australians who've succeeded in sport, have been *Vegemite* kids. World, if you want to be as good as Australia, get into the key product... and maybe beer as well. [Laughter]

ST Well, we certainly made sure that all our athletes were greeted with a *Vegemite* tube when they arrived, and thanks to the Chinese government for that, a few of our food competitor friends have probably locked away most of those athletes with some pretty good sponsorship deals.

PS Yes, funny that, isn't it? Alright, the other products, *Philadelphia* cream cheese and *Toblerone*... So, how long has Kraft had these? Particularly *Toblerone*, that's quite a surprise to me.

ST Yes, it is a surprise to most people, over 80 years! [Laughter]

PS Well, that's probably why I missed it. [Laughter] So, what are you doing to reengage people, say for example, with *Toblerone*?

ST Just really making it an occasion event. So Father's Day, Valentine's Day, the moments when people want to have what we call a delightful or indulgent moment. Just making

**Simon
Talbot**

sure we're their front of mind. And *Toblerone* is a wonderful product, unique shape, easy identifiable, and particularly as a father, I love to receive it on Father's Day.

PS Okay, now what about the internet, is that becoming an important medium for advertising and building the brand?

ST Yes, certainly. I think if you're in marketing or communications, and you're not using the internet and actually analysing social media, you're missing an immense amount of opportunity for your product or brand. Just to give you a very rough stat, the two strongest behavioural drivers in consumption are word of mouth on the street, and those activities on social media, the blogs and forums. By analysing in a professional, ethical way, it is a rich vein of information, and we've certainly done that with IBM and found out some amazing results.

PS Can you give us an example of a result that surprised you?

ST Yes, certainly. I was woken up about two o'clock in the morning by IBM's New York research lab, and they told me that *Vegemite* was the most loved brand, pound for pound. So, there are more mentions of love for *Vegemite* than any other brand, and I was shocked, but you have to take it with a bit of a grain of salt.

PS What *Vegemite* with salt? That sounds like a really good idea. [Laughter]

ST [Laughter] It's actually not as high in salt as what you think – but that's a different conversation.

Vegemite was right next to *Louis Vuitton*, *Sony*, and these amazing global brands. So, we delved into this love, and it is so strong and passionate, Australian's love *Vegemite*. It almost makes us stand out as the Australian larrikin in front of overseas cousins! And that love won't go away, and you need to be very humble with it as an organisation, and really let people run with the brand as they have done.

**Simon
Talbot**

PS One last question, because everyone feels as though they own Kraft, does it mean that, in a sense, it's hard for you to control what people might do with that brand? Has that become a risk management issue for you, in many ways?

ST Look, certainly. Ninety-nine percent of the stories unauthorised about *Vegemite* are positive, and that's just because it's such an Australian icon. It's almost hard to imagine an editor of any of our major news outlets letting a bad story go on *Vegemite*.

PS It's nearly anti-Australian.

ST It would be, yes.

PS But, I just thought maybe the odd drunken footballer may well have turned up with a jar of *Vegemite* in his pocket, or something like that, and that might have been a negative for you?

ST I haven't come across that yet, and if we do, we'll tackle it as it comes.

PS Yeah, most drunken footballers don't actually eat Vegemite after a big session on the booze anyway. Simon, if there's anything people want to know about the product and what you guys are up to, what's the website?

ST www.vegemite.com.au.

PS Thanks for joining us on *Talking Business*.

ST Thank you very much, Peter.

Michelle Deaker

is the Managing Partner of Andover Venture Partners, formed through the merger of her venture capital firm OneVentures with Andover Group. As a boutique investment bank with offices in Sydney and Washington DC, her company specializes in investments in Clean Technologies, IT&T, New Media and Life Sciences.

www.andovergroup.com.au

PS My next guest on *Talking Business*, is Michelle Deaker, the Managing Partner of Andover Venture Partners. Formed through the merger of her venture capital firm One Ventures, Andover is a boutique investment bank with offices in Sydney and Washington DC. Her company specialises in investments in clean technologies, IT&T, new media, and life sciences. Michelle currently plays an active board and advisory role with One Ventures portfolio companies Data Castle and Adgent 007, and is a Board Director of two not-for-profit organisations Round It Up Australia and McDonald College, Australia's leading performing arts academic school.

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

MD Thanks, Peter.

PS You've got a lot of things on your plate there, how do you find the time?

MD I think the busier you are, the more time you have, isn't that what they say?

PS They do say that.

MD So, that's how I like to think of it.

PS Why don't you explain to us your business story, because you've been an entrepreneur, you've started companies, so take us from the beginning to where you are today?

MD Yeah, I think it has probably been a very interesting road in the sense that I never probably expected to take this path. I'm just one of these people where opportunities arise, and you walk through those doors as they arise. Then I was running an IT company back in 1998, which I'd been running for about 3 years. I knew that the tech boom was sort of approaching, and the whole eCommerce market was moving, and I thought there'd be opportunities there for us. I was looking for opportunities to scale the business, so I thought that stepping out and having a go at building a company in that space might be a good thing to do. We had a great idea, and we followed that idea, that dream, and we

Michelle Deaker

managed to execute on it. Even though we went through a tech crash, we ended up having a very successful exit for our investors who put in six and a half million over the course of about six years, and we returned them 30 million dollars when we exited to a UK company.

PS Okay, so why don't you tell us about that particular company, because it is an interesting story too?

MD It is. Well, I guess it literally started Mother's Day in 1998, when my mother-in-law was given a gift voucher and my husband looked at her and said, "gift vouchers online would be a very good thing to do", and I just looked at him and said, "I think that's the best idea you've ever had in your life!".

PS Apart from marrying you. [Laughter]

MD Apart from marrying me. [Laughter] So, we went home that day, and we bought the URL, giftvouchers.com, which, amazingly enough, was still available, and then set about setting up and structuring that business. That business moved to literally provide gift card and gift voucher services for about 80 percent of the Australian market, including the big players like Coles Myer and Woolworths Group. I think we were managing about 700 million in funds liability, and settling about 300 million through all the Australian banks each year. So then of course, logically, it started to expand offshore, and that's when we had interest from players to obviously acquire the business, that did happen in December 2005.

PS Okay, so it's really the dream story isn't it? Like an idea over a kitchen table, why don't we do something about it? Thank God for the internet where you can actually do that sort of thing. And so then it was like a family business for a while, then it got bigger and bigger and you sold it off?

MD That's right, it really is the dream story. Actually, I call myself a bit of a dream believer at the moment, because I see a lot of entrepreneurs obviously coming through looking for funding, and it sounds like a dream story, but it's

Michelle Deaker

really quite a tough road, actually having the upstanding and knowing how to do that. At Andover Venture Partners, we've tried to put together a team who have all executed and delivered on businesses and achieved successful exits before, because we actually believe you need that expertise within a venture fund to achieve good results for the companies, and good results for investors.

PS What kinds of companies now are knocking on your door and saying, "have a look at what we're doing, we need some help"?

MD We would see 250 to 300 companies a year, which is quite significant across all the sectors that you mentioned earlier. But really, we're seeing quite a lot in the clean technology space, there's very good opportunities for investors there. You know, investors are even seeing on the list of markets 30 percent growth, year on year. And there's going to be a trillion dollar market over the next 6 to 10 years.

PS Because people want clean technology?

MD And industry is being forced through regulation, and other reasons, to actually invest and move forward in those areas, such as renewables, energy efficiency, water purification and recycling. We're seeing a lot of companies coming up with new ideas in technologies in that area. And in Australia, getting interest offshore from some very big players.

PS So, you sell off one business, you started another business which was called One Ventures.

MD That's right.

PS And how did the Andover Group get in there?

MD Well, One Ventures I founded as a venture capital company, and the focus of it was to be able to bring these expertise into venture companies. I was out building and growing a fund, looking for investors, and somebody introduced me to Andover as potential investors in my fund. They said, "Michelle, we don't want you to do this. You

Michelle Deaker

know, we like your strategy, where you're going is exactly where we think venture capital should go. The positioning and your strategy, in terms of getting companies offshore and into the US, is exactly the strategy we want to follow. So don't go and continue on your own track, we'd like you to merge in with Andover and become part of the group, and setup Andover Venture Partners", which we, you know, consummated that deal in about June this year.

PS So, it was, in a sense, a dream that you were planning on, but it's something that became an offer you couldn't refuse?

MD It was an offer we couldn't refuse and additionally, the partners involved in that business had the same focus and goals. So, it was really a merging of minds, and also giving One Ventures, in its own right, a lot more solidity to move to the next stage and build venture funds. And we've got some fantastic opportunities. We've got an opportunity at the moment coming through with government innovation investment fund license, which will be \$20million, and that will become a leverage fund for investors.

PS So, it's very exciting isn't it?

MD It's very exciting, and, on top of that, the governments also supporting some new investment vehicles for high net worth investors, such as the early stage venture capital limited partnerships, which are capital gains tax free for high net worth investors in this country. So there are some good opportunities for investors, but you know, bringing together all these pieces was like a puzzle for me. As entrepreneurs do, my brain still works that way, and so everything was, sort of, falling into place around making that opportunity a reality.

PS But one aspect of this whole success story is also to understand the potential that you get from government. Are governments just trying to inspire some innovation which will ultimately bring export income and all that sort of stuff? That's a bit of a challenge in its own right, isn't it?

Michelle Deaker

MD That's true. You know governments need to be the facilitators to allow businesses to innovate, and some of the ways that the government chooses to do that is to help invest back into people who will, like us, support the next wave of business and ideas, as well as those ideas developing through into creating better productivity for the country. And so, the government does help facilitate that in a number of ways. Whether it's a way for allowing us through investment structures that help improve the tax position for our investors, or through providing additional capital to help match any privately sourced capital that we have. So, they're all great initiatives.

PS Now Michelle, we could talk about this all day, but the reality is we're out of time. If people want to get to know some of the things you're talking about, even the investment possibilities, are they on your website?

MD Certainly. There's some information going up on our website now and they can certainly call Andover and we'll be happy to help.

PS The website?

MD www.andovergroup.com.au.

PS Thanks for joining us on *Talking Business*.

MD Thank you, Peter.

Rob Allen

is the young founder of Allomak Limited, a small company that started in the auto aftermarket industry, and has continued growth through ethical management and acquisitions. Rob discusses how the company has stayed a success in the face of the credit crunch.

www.allomak.com

PS My next guest on *Talking Business* is Rob Allen, founder of Allomak Limited. Since its initial public offering in 2006, Allomak has acquired auto related companies at the rapid rate of one every six weeks. In the past two years it has managed to assemble 16 companies through targeting businesses run by individuals looking for an exit strategy. The company's early success was recently confirmed when it was ranked second on *BRW's Fast Started List for 2008*.

Rob, welcome to *Talking Business*.

RA Thanks very much, Peter.

PS Tell us a bit of the history of this company before it became a public offering?

RA Sure. Well, I guess the original, sort of, foundation came from identifying opportunities in a demographic shift in the market. With the retirement of the baby boomer generation imminent, many of these people had had businesses that they'd started, and have been running for 20, 30 and 40 years in some cases, and were really needing to be looking for either lifestyle changes, or just pure retirement.

PS There's super in it. A lot of people use their business as their super.

RA Absolutely. And with, I guess, limited opportunity with the shift in generations, many family businesses not really being able to be past down to Generation X and Generation Y, and they're not interested in operating, quite often, industrial companies.

PS Yeah, they want computers and social networking.

RA They're off in London or New York doing advertising or investment banking, absolutely, so we saw an opportunity. The forecast has predicted that between 2006 and the next 10 years, that \$1.6trillion of wealth would change hands in Australia. That represented 40 percent of all private companies in Australia. At quite an unprecedented time, this needs to be changing hands of business wealth. So, I guess

**Rob
Allen**

we saw an opportunity to provide a home for those good businesses that otherwise wouldn't have one. That was really the foundation of what Allomak really started.

PS When did you start accumulating these businesses?

RA The first acquisition was done in 2005. We did another in early 2006, then listed the business in August where we actually acquired another 3 at that time.

PS What would be the most well known names that people would have heard of?

RA We're in the wholesale automotive aftermarket segment and now in an industrial brand segment, so it's actually more a business to business company than necessarily a retail brand. We stay out of that retail market, we also stay out of the OEM sector, the new car market. But certain names would be a business called ECB or East Coast Bullbars which is the leading provider of bullbars.

PS I love these auto names, Bullbars!

RA [Laughter] We're a leading provider of workshop equipment through a business called Dyno Dynamics. We're actually the leading converter of LP Gas in Australia, in fact, in the southern hemisphere, through a business called LP Gas 1.

PS They're really *blokesy* names aren't they? [Laughter]

RA Absolutely. And what's interesting, a lot of people involved in it are there because it's a fun industry, they're being involved in the business because they're so passionate about the industry. It's actually quite exciting to be involved in an industry where people just love what they do, because they have such a passion for it.

PS We're talking to Rob Allen from a company called Allomak. Okay, so is it hard marrying the cultures in? Because, in a sense, you want these businesses to keep performing as well as they are because that's why you buy them, but is it difficult to keep the culture going when you lose the founder?

**Rob
Allen**

RA Yeah, I guess the short answer is yes, it can be. And thus, it's so important to focus before actually choosing a company and bringing a company into a new structure like that. There's actually a strong alignment in things like the values and what the company really stands for. If you get those things wrong, that's when you can really suffer some sort of post merger issues. We always plan for the fact that we structure our mergers, if you like, so that the founders are actually involved in the business for a period of time, which actually gives the opportunity for the company to transition through a small family run, perhaps entrepreneur driven, company to become part of a public company structure. So, having a couple of years to do that is pretty much critical to the transition process.

PS How's the industry generally going given the fact that we're faced with really high oil and petrol prices? Has it affected your business?

RA Not so much. We've sort of targeted businesses that you'd consider in the non-discretionary sector, so businesses that really are somewhat more robust to the economic cycles, the down turns and up turns. So, things like the fuel price clearly effects new car sales, particularly at the larger end of the market, and that has an impact on some of our businesses. But then the flip side to that is the *LP* gas conversion, with the petrol prices at the pump very, very, high, we've never been busier. The doors are getting knocked down to get vehicles converted to a dual petrol/ gas hybrid, and so we're seeing that we're not actually being particularly affected. In fact, last year we doubled our earning, which was a pretty significant result, particularly in the current climate.

PS And how has the stock market treated you, because a lot of great companies, including some of our best banks, are being treated pretty hard? Has it been a tough time for you?

RA Sure has. We haven't escaped that either, and in particular, the small caps sector. You know, we've seen a lot of money move out of that sector into, sort of, perceived

**Rob
Allen**

safer areas of the blue chips. And so, no, we certainly haven't escaped that, despite delivering this kind of performance. But for us, it's a matter of, you take these times to consolidate a bit of what you've done, focus on the earnings, and building the business. And as it always does, the markets somewhat cyclical, we believe that the interest will return at the right time. Whether that's months or years, we'll be there to benefit from the outset.

PS And I'm sure you go to sleep at night cuddling that piece of information which says the small caps always rebound a lot harder when the good times come. [Laughter]

RA Absolutely!

PS Going forward, do you see a lot more acquisitions on the horizon? Because, I guess there's probably some businesses that are pretty good value at the moment?

RA There really are. And actually, a lot of the business values have come down in the correct environment. Unfortunately, with the tightening of the capital markets, it's certainly making the access to capital, both the equity markets, as well as debts, they're somewhat of a bad word again. You don't want to over extend yourself on either, so we've paired back our acquisition program to what it was, and conserving our capital a little bit just to play it safe. But at the same time, we have a number of very good acquisition opportunities in the pipeline, and we anticipate being able to do a few of those over the course of the next month and year, despite the conditions, but certainly not at the pace we once were.

PS Mate, good story. For people who want to check out what you're doing, what's the website?

RA Website is www.allomak.com, and we're listed on the Australian Stock Exchange as AMA.

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

RA You're very welcome. Thank you, Peter.

Jenny Stillwell

is the MD of BOSS Management Group. BOSS deliver professional strategy management and mentoring services to organisations committed to growth and development. Jenny is going to talk about strategic business management.

www.bossgroup.com.au

PS My next guest on *Talking Business* is Jenny Stillwell, Managing Direct of BOSS Management Group. Established in 2001, BOSS delivers professional strategy, management and mentoring services to organisations committed to growth and development. Jenny believes that most organisations take an ad hoc approach to delivering the skills and expertise of management, and this produces varied results and outcomes. We'll be talking to Jenny about the benefits of strategic business management.

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

JS Thank you, Peter.

PS Now Jenny, before I start, I've got to say you got really lucky with this name of the business, BOSS Management Group. There's a magazine that comes out in the *Fin Review* called *BOSS*, and there's a great manufacturer of clothing which is in your demographic, BOSS. Has anyone ever complained that you had that name?

JS Well, that is a very interesting opening question. No, they haven't. And we actually had our brand built around the BOSS name when we first started. I became a little bit uneasy about that and thought that we might have been challenged, so we actually changed the brand to BOSS Mentor which has worked very well for us. So, the business name is BOSS Management Group, but the brand is actually *BOSS Mentor*.

PS Okay, that's sensible. But still, you get fantastic passing off and they can't do anything about it because they mention B-O-S-S, and it's great for you.

JS It does work for us, yes. [Laughter]

PS [Laughter] Okay, we've got that clear. Now, we promised to talk about strategic business management, which might have put a lot of people asleep on the plane unfairly, but it's really an exciting topic. Why is it an exciting topic?

JS Look, I think it is. The work I do with my clients, it's not dry business planning kind of work, what we like to focus on is

**Jenny
Stillwell**

really when people run their own business. It's about aligning their personal aspirations, and lifestyle goals and dreams, with what they're doing with their business. It's about aligning the two, and taking a strategic approach to that, not just about looking at what revenue are we getting in the business, or what our profit targets are. It's about the bigger picture of a person's life, and a future that they're creating.

PS Jenny, do you think a lot of people who run their own successful small or medium sized business sometimes don't actually see the strategy as clearly as would be ideal? They actually just get in there, they're selling stuff, they're making stuff, and they think they're solving the problem to a market, but they haven't really thought about what the real strategy is?

JS Yeah, all the time, all the time. The strategy really is usually focused on very simple things, like we want to make X amount of revenue, or we want to increase our turnover by X percent, or we want to hit a certain goal with our profit target, but sometimes that's really out of alignment with what a person wants. So often I've had clients say, we really need to double our turnover in a certain period of time, which of course brings with it more people and more staff, and that may be something that they're struggling with. They don't really want a bigger team to manage or it's going to take them away from home and away from a young family. So instantly they have a conflict that they're setting up for themselves, trying to grow a business a certain way and with a certain business model that is out of alignment with how they want to be, from a personal perspective, with their family in their life.

PS Do you sometimes come into a business and say, "okay, what's the strategy?" and they give you an answer like, "oh, not sure", or do they give you an answer like "oh, we want to double our revenue in the space of 12 months"?

JS It's usually something along the lines of the latter, but when we drill down into it, it becomes quite clear fairly quickly that there isn't an overriding bigger picture of what they're trying to achieve.

**Jenny
Stillwell**

PS Okay, for the people on the plane who may well be thinking along the same lines as me – that I know what the strategy is for my business – but a lot of people might be saying I don't know what my strategy is. How do you define the strategy?

JS Oh, that's a great question. It's really hard sometimes, because where I start with clients is, what do you want to achieve in your life? You know, what sort of things do you want to be doing? How do you want to be living? How do you want to work? What inspires you? What de-motivates you? Really try and get at the heart of the person and what sort of things they're doing when they're really functioning at their highest competency, when they're really in the zone, and try to work out what inspires them and what they really want to be doing. And then feed that back into the business. It's not always an easy process, because sometimes people haven't thought about it, they just don't know.

PS Well look, I'm thinking to myself that the perfect business for me is the one that doubles the current revenue I'm bringing in, and I'm still able to go for a surf every lunchtime for 2 hours. It seems like very few people actually try to develop their strategy around achieving that, is that a fair call?

JS Yeah, it is and it's a real pity too, because I see many businesses where you've got someone who's running the business, who's a real driver and they're very motivated, but it's at the cost of a lot of other things in their life. If they took a more strategic view of their business, often they'd find that there's a lot of additional untapped revenue already within their client base. So there's an opportunity there to expand the business, to improve the profit, and yes, to take some more time away from the business. But they're more focused on getting more, getting more, getting more, rather than let's have a look at what we've got and really structure a business model that's going to work for me.

PS We're talking to Jenny Stillwell from BOSS Management Group. Jenny, you're giving me a warm and fuzzy feeling here, because you're saying to people who we're probably

**Jenny
Stillwell**

working too hard, working maybe 7 days a week in their business, that in actual fact, if they took some time out and started to think about a strategy, they may well be able to work a four day week really, really, hard and have that fifth day to sit back and relax and work on their business or something like that?

JS Absolutely. And isn't that really what we're all trying to achieve? I mean, most people would like to take more time out during the week to play golf, go for a surf, see friends or spend time with the kids, and enjoy their business as well, but I don't think they should be one at the cost of the other. I think there's a lot of scope for a lot of business owners to take a more strategic approach and reap the rewards personally.

PS Okay, and I guess what you're also saying is that because people are too busy doing, doing, doing in their business, they're not seeing it. So maybe an objective set of eyes can come along and say, well have you thought of doing it this way, and pulling off the double play of a bit more free time, as well as a better performing business?

JS Yeah, and it's amazing. It's so gratifying to me when I actually see it happen, and I've seen it happen with many clients. When we first start going down this path they don't believe it, they don't embrace it, they don't really think it can happen. They don't quite understand how the process can work, but after a period of time, and you know some get there faster than others, but after a period of time when it all comes together they are able to sit back, take more personal time and have a business that functions well and is profitable. It's just so rewarding, it's great for them and it's really rewarding for me, and it's possible!

PS Jenny, your website for people who want to check out what you're up to?

JS www.bossgroup.com.au.

PS Thanks for joining us on *Talking Business*.

JS Thank you, Peter.

Paul Villanti

is the General Manager of IMG eCommerce, which provides sports management solutions globally. For most of his career he has specialised in high growth ventures, including building the Optus Vision broadband business in Australia, as well as the first prepaid mobile business in the country.

www.imgecommerce.com

PS My next guest on *Talking Business* is the General Manager of IMG eCommerce, Paul Villanti. IMG eCommerce is the Information Technology division of IMG Australia, a member of the world's premier sports and entertainment marketing and management agency. IMG eCommerce is a global leader in online services in the world of sport and entertainment, and develops solutions for the likes of the Sydney Swans and Swimming Australia. Paul joins us to discuss sports branding and marketing, both domestically, and overseas.

Welcome to *Talking Business*, Paul.

PV Hi Peter.

PS Alright Paul, I think a lot of people know of IMG from big names, like I think Greg Norman was an IMG person at one stage... But IMG eCommerce, where does that come from?

PV Look, IMG eCommerce is a technology arm of IMG, as you said, and what we do is focus on providing affordable technology to sporting clubs and organisations across Australia. One of the challenges I think for sporting clubs, both at a grass roots level and at an elite level, is that the needs of members are, you know, quite diverse and quite complex, and a lot of them historically haven't had access to the technology capability that enables them to offer the kinds of services that most members of the public want today. They want to be able to join or renew online, to be able to register for an event online and not to have to pull out that cheque book that most of us don't have anymore. So, what we did was built a technology platform that was basically, I guess, built on a more affordable commercial model. Historically, it cost tens of thousands, or hundreds of thousands, of dollars to get access to this kind of technology. So we've wrapped it up in a platform that doesn't cost anything upfront, works on a small percentage of the member fees, and really enables little athletes clubs through to elite sporting organisations to offer greater member benefits.

**Paul
Villanti**

PS And I guess what's really interesting, and correct me if I'm wrong →→ but I prefer you not to as this is my show – but historically, clubs have failed to realise that there are a lot of potential money making activities that members wanted to do with them, and because they create the websites and start the business relationship, ideas come?

PV Yeah, I think it's fair to say that technology hasn't historically been the greatest strength of sporting clubs really. Up until recently, a lot of them didn't even have technology resources within their organisations, so a lot of bad practices have developed overtime. They had one system dealing with membership management, another system dealing with email communications, a third system dealing with online shopping, and another system dealing with corporate hospitality, and not one of those systems talked to each other. From a member's perspective, they might be wanting to renew their membership and register for a club event, but they had to do it a completely different way every time and, more often than not, they still had to fill in the piece of paper and write the cheque.

PS And also physically walk down to the club. I know my surf club, North Bondi, is all online now, while once upon a time, I had to find time to go down to the club to make the payment.

PV Absolutely, and it costs a lot of money to send out those forms. Organisations spend anywhere from \$5 to \$10 each, sending out the membership pack. Then we tend to sit on it for a while till the last possible moment, so the club suffers from having to send out a lot of expensive paper, and it takes a long time to get its money. So, organisations, such as the Swans for example, have looked at the IMG system and are now using it for all of their interactions with a member. A member, for example, can use it to join, they can use the system to renew their membership, if they want to bid on Swans merchandise they can do that, if they want to buy an event to the Grand Final Breakfast, they can do that all in a single system. And they don't have to worry about putting in their username and details ten different times.

Paul Villanti

PS We're talking to Paul Villanti from IMG eCommerce. Paul, okay, it seems logical that the big clubs with the big following, they have to do this, and there's a lot of opportunity. But I bet you've had examples of smaller clubs in reasonable situations where they're being surprised about what they can achieve by establishing an eCommerce relationship with their membership base?

PV Oh, absolutely. Look, I think those of us that are there to volunteer for the local athletes club, or the local footy club, we all know the experiences of not only being there in the cold and wet to collect the membership, but then there's the processing of all of those cash and cheques, and there's looking at the bank statements to check who's paid and who hasn't paid. All of that for small organisations is incredibly time consuming, and these days I guess less and less people have time to provide that level of support. Being able to offer a grassroots solutions that enables parents to register their little athletes kids online, without having to write the cheque, without having to move away from home, or you know, if they're in a regional swimming club the logistics of actually getting to a club to pay your membership fees is very difficult. So we deployed a solution for Swimming Australia that enables all of the swimming clubs to offer a service where their members can renew their membership or participate in a swimming event, simply by jumping on the computer.

PS Do you think in this country that because we are preoccupied with the big end of town sport, and the grassroots, in a sense, have not been looked after well enough, that this sort of technology actually helps them piggy back off the big name organisations, and therefore we actually can see the potential to grow these sporting groups better?

PV Yeah, I think that's one of the exciting things from our perspective. Obviously it's fantastic to have elite sporting organisations, such as the Swans and Adelaide Crows, as clients of ours, but I guess the barrier for the normal footy club, or athletes or swimming club, is they don't have the money to buy technology systems. They're historically

**Paul
Villanti**

managed by volunteers, they don't have technology resources in their organisation, and they don't have big budgets either. So to be able to offer a solution that works as well for them as it does for the Sydney Swans, without them having to buy computer hardware or software, and simply setup a fairly simple website, and off they go. We think it's very exciting as more and more people demand online capability to buy merchandise, to join a club, or a newer membership. To us it's fantastic to be able to see local little athletes clubs being able to offer that capability anywhere in Australia.

PS But do you also find that once that communication has been established, these clubs then see more opportunities to make money and satisfy the demand of their membership?

PV Yeah, something as simple for a local athletes club or swimming club as being able to promote merchandise.

PS Or a trivia night, or a fundraiser?

PV Exactly. Or run an event, or do an online auction, you know, those kind of things they've now got the ability to do. And it's amazing to us, even with online auctions, you've usually got someone connected with a club that's got the ability to find a good piece of merchandise, so to be able to very simply put that online and get members to bid, is something a lot of people get very excited about.

PS And, in a sense, IMG started off thinking about great sporting names, entertainment names, but now you're permitting a club to think about how they can think around the brand that's really strong in a community area?

PV Oh, absolutely. And it's amazing the kind of ideas that you see clubs wanting to initiate once they understand the power of the technology. Whether it's promoting their organisation, whether it's particular events that they try and push, you get some fantastic ideas with online auctions, we've certainly had a few beauties recently.

**Paul
Villanti**

PS Fantastic. Mate, the website if people want to learn more about what you're doing?

PV www.imgecommerce.com.

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

PV Thanks, Peter.

Alex Malley

is the President of CPA Australia and joins us to discuss the important role of accounting in making a real difference in people's lives. A walking (and definitely talking) example of the benefits of the accounting profession, Alex has been a tireless advocate for the profession.

www.cpaaustralia.com.au

PS On *Talking Business*, I'm now joined by Alex Malley, the President of CPA Australia and the CEO of The Urological Society of Australia and New Zealand. A great example of the benefits of the accounting profession, Alex has been a tireless advocate for the profession and what it can contribute to for the greater good as he traversed the globe. In his role as CPA President, Alex has initiated the concept of the CPA Australia President's Charity and has identified Motor Neurone Disease as its particular cause.

Thanks for joining us on *Talking Business* mate.

AM Thanks, Peter.

PS Look, I guess we should start this way. A lot of people hear CPA, but why don't you tell us what it means and how big the organisation is?

AM Sure. CPA Australia's got about 117,000 members, Peter, worldwide, and over 25 percent of our members reside in and around Asia and Europe. We're a very large organisation, about the 7th largest in the world, and we certainly, by name, sound very local, but we're actually a global organisation.

PS Okay, now unfairly some people think accountants are boring. You and I know that's wrong, but it's an enormously exciting organisation when you see the magnitude of the businesses involved, and the people involved, isn't it?

AM Absolutely, Peter. I often speak out about the romance of accounting and I get the reaction I'm getting from you right now, but actually it's a ticket that takes you anywhere you wish to go. So, if the market is booming, it's the qualification to have, because people need to know how well they're going when the markets are recessing. You need to know how badly you're going so you're accountant can tell you in both ends.

PS Yeah, that's right. And a lot of young people, in particular, are travelling the world working for big corporations because they've got the accounting and CPA association.

**Alex
Malley**

AM That's right. Look, I've got seven kids and I have a vested interest in their future, and their success, and if all of them became accountants, I'd be comfortable in the fact that I could die in peace and know that they've got every opportunity available.

PS And not one of them would play up and give you grey hair?

AM Well they try, they try.

PS [Laughter] Okay, I'm sure some people listening would have thought, hang on, he's the President of CPA and the Urological Society. Mate, what is a Urological Society?

AM The Urological Society actually represents the Urological Surgeons of Australia and New Zealand, and one of the largest killers of men is prostate cancer if it's not treated. It's a huge message out there, so as an accountant who's had professional careers, I've gone into run their organisation and help them position themselves, and brand themselves, so that more men and women facing urinary issues, from prostate, kidneys and the like, have greater access to help.

PS Great stuff mate. Now, let's just come back to the CPA area now. What are the big challenges for the accounting profession going forward, and how do you think it's going to impact on business?

AM I think there's a skill shortage. You hear about it all the time, and to a great extent, the accounting profession, in many ways, are victims of it's own success. Increasingly, our professional accountants coming out of university, probably had 10 years before they took up senior management roles, and they're now being put into senior management roles within 3 to 5 years. Part of the skill shortage is that they're moving out of pure accounting earlier than they have in the past. Increasingly, CFO's are becoming CEO's, whereas there was a trend to marketers moving into CEO roles so at the top end there's movement into management ranks quicker. The reality is that there's a growing global market and it's not just a word, it is a global demand, so the more

**Alex
Malley**

we produce, the more they travel, and the more they're trying to fill positions.

PS We're talking to Alex Malley who is the President of CPA Australia. One of the interesting issues, because of the unfair association that accounting is boring, surely there can be boring aspects to all jobs, but it does open up a lot of career possibilities nowadays, like a lot of people who run companies are accountants?

AM Absolutely right Peter. And look, I mean, I recently said on live television that accounting is the second oldest profession, so we should be very proud of how well established we are.

PS Yeah.

AM But the reality is, we have a lot to offer in leadership. Corporate Australia, and I guess worldwide leadership, has gotten a bit carried away by its own sophistication. Mankind has a capacity, every 10 years or so, to lose more money than it did 10 years before. So I think as a professional opportunity, provided we enhance and improve our communication skills – and that hasn't been a hallmark in the past, but we're certainly working on it – that we can really lead the way on a whole range of leadership issues that require some courage, some communication, and so on.

PS That's a really interesting point, because some of the big brand name companies, like the Centro's and ABC Learning, they've been brought undone because, in a sense, there would have been management making decisions that they're accountant definitely would have been afraid of, mainly the high levels of debt. Do you think the accountants are back in the ascendancy now, mate?

AM Yeah, I think we are and we should maintain our position in that area. I just think that mankind has certain frailties, Peter. I think that's a reality no matter what your background is.

PS Not womankind, mankind, we know that.

**Alex
Malley**

AM I'm willing to separate it in this case, but basically we've got to go back to the basics and we have to engage better with our staff and our stakeholders, our shareholders. We need to see leaders in the market saying with the same confidence, and confidence in themselves, that our results at the moment are good, or they're not good, with the same confidence and the same quality. I don't think we're seeing enough of that. I think we're going to a world where the parameters are changing, and IPL League is a beautiful example. We thought we owned cricket, nobody owns cricket it seems, that's now a market commodity, so property rights are being tested by borders, by cultures, by a whole range of issues. We need leaders who think and create, and I'm happy about where the universities are at the moment for that one reason alone. We're being forced to think again, because for the last 10 years we've just been extrapolating volume in business, not thinking, and mankind/womankind needs to think now.

PS And I guess as the challenges come from the emerging economies, economies like ours – advanced and developed economies – have to have a point of difference, and the thinking may well be the thing that we should be doing?

AM I think that's right, and that's always been our comparative advantage.

PS Corporate Governance, a lot of companies have let their shareholders down because of high levels of debt going into the wrong sort of industry. Do you think we're going to see an improvement in Corporate Governance over the next three to four years?

AM Well, I think again that's going to be subject to good leadership. The issue that I should raise is that Corporate Governance, corporate culture, risk management, all of those things are creating industries in their own right. Now that's good, to an extent, and it's a challenge to an extent, and our CEO at CPA Australia always talks about strategy structure staffing, and so we've really got to start at the top, we need a Board that's got the right skills mix that's scientifically appointed...

**Alex
Malley**

PS Not old boys networked appointed...

AM I think we're moving towards that direction. We've then got to have a management that's got the courage to present good and bad news equally, and we've got to have staff who come into line and that your CEO and your Board Chair are legitimately encouraging openness in the organisation, not just talking about it.

PS I'll ask this question, and I'm sure it hasn't happened, but has a group like CPA Australia ever ranked the companies that are the best in transparency so that shareholders can feel confident that CPA Australia says, "well, here are the top 20"? It would be a great thing if you could.

AM Yeah, look, what we've done, I guess, instead of that is we've gone to what are the best practices and principles, and because we're a membership body representing our members in every sector of the world, we see our role as to benchmark its best practise and then encourage organisations and our members within them to reach those heights.

PS One last thing. Sustainability, the impact of carbon footprints and businesses trying to reduce them. Is this going to become bigger than *Ben-Hur*?

AM I think it potentially could. I think the principles of my grandfather telling me 20 years ago to turn the tap off when I did my teeth... I didn't realise he was a sustainability expert. The Y2 Bug was an interesting thing. It created an industry, but it had a timeline and it ended. This is not going to end, so we believe the profession has to take a leadership role. We have great skills and strategic resource management, and it's up to the profession to bring some credibility to this whole debate, and to the measure and analysis of the issues around sustainability.

PS And I know on your website you have a lot of papers about all these sorts of issues that people can check out?

AM We do, and again we encourage people to look at them, make comments on them, and to make contact with us.

**Alex
Malley**

PS Okay, so what's the website mate?

AM www.cpaustralia.com.au.

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

AM Thanks very much, Peter.

Katie Lahey

is the CEO of the Business Council of Australia, which was established in 1983 to provide a forum for Australia's business leadership to contribute directly to public policy debates in order to build a better, and more prosperous, Australia.

www.bca.com.au

PS My next guest on *Talking Business* is the CEO of the Business Council of Australia, Katie Lahey. The Business Council of Australia, or BCA, is an association of CEO's of around 100 of Australia's leading corporations, which together have a combined national workforce of almost one million people. Established in 1983, the BCA provides a forum for Australia's business leadership to contribute directly to public policy debates in order to build a better and more prosperous Australia. Katie joins us to reveal some of the ways in which the organisation is currently undertaking this platform.

Welcome to *Talking Business*, Katie.

KL Well thank you, Peter.

PS Now, I'm sure a lot of people who are listening would have noted your career, and you've got a very prestigious leadership role with the BCA, how'd you do it?

KL Well, I've always been interested in the balance between business and government public policy, what's good for Australia, and what's good for business. Working at the Business Council you really do see how important having a strong solid economy is for everything else we want to do in Australia, and the Business Council's got a wonderful mission. We want Australia to be the best place in the world to live, to learn, to work and to do business, so we don't sit in the little box that says, *what's good for business, is good for everybody else*.

PS But I, in particular, want to know how you created your career to step your way into such a great position. So why don't you just give us a snapshot of your business career?

KL I think you can probably tell by my accent that I've lived in Australia a long time, but I'm from Yorkshire, and I think Yorkshire people are very determined. When I came to Australia as a 21 year old, I realised pretty quickly I was going to need that magic bit of paper that says you can think, I needed a tertiary qualification. So I set myself on that path, came out and graduated. The Victorian Public Service

**Katie
Lahey**

was recruiting graduates and, new thing, women. So, I filled both of those boxes, and had the most fantastic career doing lots and lots of different things at a very exciting time of change. I then moved to Sydney to be the CEO of the Sydney City Council. When we were bidding for the Olympic Games, we didn't tell anybody, the actual organisation was banked up, but we were still putting up our hands to get those wonderful Games for Sydney. So, my job was to clean up the administration, get us back into the black so that we could actually put on the Games, and I was in a very lucky position there to be in Monte Carlo when we won the bid, it's just... Oh! Heart stopping.

PS Did you check the bank balance at the same time?
[Laughter]

KL Well, to be honest Peter, we had to put up a \$100,000 deposit to bid for the Games, because it's actually the City of Manchester, or the City of London, or the City of Sydney. So, the city had to put it up, and I thought if we don't win these Games I have to have my \$100,000 deposit back, I need it!

PS [Laughter] Ok, so from there you went to the...

KL Chamber of Commerce, and that was a great introduction to the sort of issues that businesses need to think about to keep growing for the next five, 10, 15 years.

PS And that was the Sydney Chamber of Commerce wasn't it?

KL Yes, yes, and then came to the Business Council of Australia.

PS Okay, what were the big issues that the Business Council's now pursuing?

KL Well, if you think back to that mission, making Australia the best place in the world to live, to work, to learn and to do business, we've got a very comprehensive reform agenda and it covers the non-glamorous issues, like tax and infrastructure. We're obviously very, very, interested in

**Katie
Lahey**

climate change, and water. We're also interested in health and education, because they're either the big drivers of the economy, or the big cost burdens for the economy. So business feels, as big tax payers, that they've got a right to be at the table on all of those issues.

PS Okay, we're talking to Katie Lahey, the CEO of the Business Council of Australia. Let's go through some of these pretty quickly, because they're important issues. In terms of the economic outlook, what's the feeling? Do you think we're in a slow down but we'll avoid a recession? Is that what the council is seeing?

KL I think that's probably right. When we talk to our businesses, they're very aware that they're part of a global economy now. You can't escape what's happening in the US, the UK, Europe, but we've got a very solid underpinning, we've got this resources economy. A lot of our businesses have reformed themselves over the last five or 10 years, so we're really in very good shape. I think we've demonstrated in the past with Sars and the Asian currency crisis. We survived all of those very, very, well, we're in good shape, and we're fighting fit.

PS Okay, let's go to the next one, namely tax. We know that the Federal Government's going to look at tax, what are the changes you guys are hoping for?

KL Well, we are actually hoping for a whole mind-shift about tax. Tax is seen as this big negative that we all have to live with and put up with, but we'd like to turn it on its head and have a look at tax as a key enabler for economic and social development. If you looked at tax from a positive point of view, what it could actually do to grow our economy, instead of being a hurdle and a burden, and if tax was reformed in an appropriate way, we'd start to see people move off welfare and into work, because the tax would make it attractive for them. We'd start to see greater investment, we'd start to see things like greater infrastructure investment, R&D, but you really do have to have that complete mind-shift. Tax has to be seen as a positive.

**Katie
Lahey**

PS Yeah, it's a good point. Now, what about emissions trading? There were big headlines that BCA was against emissions trading, against the way governments put it out. Is the BCA against reducing the carbon footprint and emissions trade generally, or are they basically against the proposals that are being put forward by the government so far?

KL I think some of the detail of the scheme we are still working through, but absolutely we're supportive of Australia playing its part to reduce carbon emissions, and business has a big part to play in that. In global terms, we're a small emitter as a country, but having said that, we still have to play our part. But, the Business Council's view would be that we have to try very hard to find a global solution to this, whilst working on our own emissions reductions. What we're saying is, let's see if we can find a scheme that works for both the economy and the environment. If we do that, we'll be in a leadership role for Australia. If we can find the scheme that keeps the economy going, that cuts greenhouse gas emissions, the world would be patting us on the back. That would be such a major achievement, and I think Australians are quite capable of developing such a scheme.

PS Okay, so one relevant question, and people have often asked me, is the science associated with climate change and the proposed reforms, good science or bad science? And, I've always argued the big corporations of the world wouldn't stand by if they thought it was bad science. At the end of the day there is a problem and we have to address it.

KL Well, to be honest Peter, we've parted the science now. We're not capable of making a judgment, we're not scientists, we're business people. So, we've decided to part the science and look at it with a business hat on. If this was a business issue, you'd say, "Well look, there's a risk there, we've got to manage this risk. We don't know how real the risk is, whether it's ever going to come to fruition, but let's manage it", and that's when I think, as a country, what we're doing is, we're looking at this as a risk and how do we best manage it.

**Katie
Lahey**

PS I guess it's also the big corporations, and smart ones always look for opportunity. The fact is that the market wants business to do it, they're looking for better ways of producing, and better ways of not polluting the environment.

KL Yeah, I think that's absolutely right. I think the community out there expects business to play a role in finding a way to reduce this, and if they do, the new products that'll come out of this, the new jobs that will come out of it, will be of benefit to the whole community.

PS One last question, we are running short of time. Infrastructure, it sounds boring but it's really an important issue.

KL It is. If you think of it in business terms, it's like the supply chain. How do we get goods from A to B, and what's the best way to do it? Whether it's road, rail, water, energy, or electricity, it's those key fundamentals that can keep your business growing, or hold it back.

PS So, how do we fix it?

KL Well, I think the government's put a big swag of money aside to look at the key blockages in our infrastructure network. And I'm very, very, optimistic that, with Sir Rod Eddington heading that up, and Anthony Albanese as the Minister, I think we will start to see a concerted effort across the whole of Australia. Because in the past, we've looked at bits and bobs, the Alice Springs to Darwin railway, we've looked at a bit of this in Victoria, a bit of that in WA, but who's pulling it all together for a national infrastructure plan?

PS Great stuff. Website if people want to look into BCA?

KL www.bca.com.au.

PS Thanks for joining us on *Talking Business*.

KL Thank you.

Michael Bosch

is a senior director for IronPort, an independent leading provider of enterprise protection against spam, viruses and Spyware. Overseeing the company's ventures into Australia, New Zealand and Africa, Michael Bosch is one man leading the fight to protect the computer industry's weaknesses.

www.ironport.com

PS Michael Bosch is a Senior Director for IronPort, a leading provider of enterprise protection against spam, viruses and Spyware. It's now an independent business unit of technology driven by Cisco. Michael over sees the company's ventures into Australia, New Zealand and Africa, and is a leading authority on the fight to protect the computer industries weakness to this new kind of criminal activity.

Michael, welcome to *Talking Business*.

MB Peter, thank you very much. Pleasure to be here.

PS Before we kick off, just give us a bit of history about IronPort?

MB Well, our founders came from Hotmail where, in the days of the internet boom, they saw the need for more robust solutions around mail infrastructure, and that lead them to custom build and mail gateway appliance. But simultaneously, that mail started to diverge, go off into some really malicious areas, like spam and viruses, and eventually Trojans and Spyware. And so, we've become, really, a mail security and a web security company since then.

PS Okay, how bad is it? Because there's a lot of people on the plane who are, I guess, totally unaware of the real threats, so how bad is it?

MB Well, that's exactly right. I think most or many people are unaware of just how vulnerable they are and how big the risks are in doing things as similarly innocuous as sending data through a social network site or sending a credit card number through email. In numeric terms, globally we look at somewhere between \$100-\$140 billion dollars, the cost of electronic fraud per annum. It's stated to be as high as five percent of the total world economy. And in Australia, that figure is over a billion dollars per annum, that's the cost of IT fraud basically.

PS So, have the arrival of social networks made it even more vulnerable, especially for businesses, if you've got 20 or 30 Gen Y's going for it, day in and day out?

**Michael
Bosch**

MB Absolutely. Any type of social engineering, or engineering geared towards social networks, is a prime vehicle for the bad guys to achieve their ends. A recipient might get a message, and it's sent ostensibly from somebody they know but in fact it's not, but it says, hey take a look at this YouTube video that I was involved in, and so you go and hit on a URL which takes you to a site that looks exactly like YouTube, but in fact is not. It's a bogus site. Then you click on the video they want you to download and in fact, you're downloading Spyware, or a Trojan, which has all kinds of ulterior purposes other than you taking a look at a video.

PS So when a friend says, have a look at this, he may well have been suckered in, and then he passes it onto you and the whole thing goes on?

MB That can happen, or in fact, it might not even be the friend. The bad guys might be masquerading as your friend, and are in fact coming from a totally different source of message, so you've just got to be very careful about that.

PS Yeah, in terms of business owners who are listening to this now, what's the solve-all? What's the silver bullet that protects us from all of this?

MB Well, that's a really good question because the crooks have become a lot more sophisticated and a lot more covert in their activity over the last few years. There use to be kind of a big noise for a few days after a virus outbreak. Now, you rarely hear about that and it's very covert. The crooks will be spreading their evil intentions, basically through very low key activities. There's a couple of things businesses can do which would probably be classed as silver bullet. Number one is, protect your identity. There are vehicles in the public domain such as, domain keys and SPF, which will enable them to protect their identity so that any recipient of a message they're sending can verify that yes, this is so and so who says he's sending me the message. Another key thing which has evolved are the first generation tools, which have been used over the years to block spam and viruses,

**Michael
Bosch**

and are inadequate because they do not keep up. You need real-time technology, and this is probably the crust of it. That is, looking at websites and email senders, second by second, as the site's evolve, so that you can refuse most of the connections just based on the reputation of the sender, or of the website, and that has evolved very quickly in the last few years.

PS And I'm noticing a bit of that with my own email, I'm getting the usual Nigerian email and that poor little Polish girl who's sitting alone at night always wanting assistance. This week I get a Western Union one, and obviously someone's suggesting there was money there waiting for me. It's becoming, all the time, a real challenge to work out who's fair dinkum, and who's not!

MB That's absolutely the case. That's why I think people have to exercise good judgement in anything they do on the web, and at the same time, that's got to be coupled, or prefaced with, technology, either from their ISP's, or from their own company that is blocking through reputation, filtering most of these sites. When I say most, I'm talking 90-95% of this traffic can be refused based on just the reputation of the website, or of the sender of the message.

PS Is it possible for people who are afraid of this threat to just go out and buy something to put in place, and then sleep easy at night?

MB Yeah, absolutely, it is.

PS And, that's what you guys are producing I guess?

MB Exactly. We're a technology company, but what we're really supplying is a service, we're supplying an appliance that is a box that's being updated constantly, thousands and thousands of updates that the users are seeing every day, without really being aware that they're taking advantage of it.

PS We're talking to Michael Bosh from IronPort. Michael, what are the authorities doing about this? Are the authorities, sort of, taking a very casual interest in this?

**Michael
Bosch**

MB I don't think it's casual, I think they have a definite interest. The bad guys are becoming more and more effective, they're becoming more sophisticated and they're doing this for financial gain. Five years ago it was more for notoriety and, kind of, big noting themselves in a sense. But now it's very much for financial gain and they are hiring very good engineers to basically manufacture and lead these sorts of attacks. We've had various conversations with the High Tech Crime Commissions of Australian Federal Police, for example, on how we can work together. We've talked directly to the banks, we've talked to the ISP's and we see the work they're doing, and of course the vendor community has a lot of activity, a lot of technology, which is in use, but not all vendors are created equal. You know, some are doing a more effective job than others.

PS I guess the most important question for anyone listening on the plane is, what are the steps that people should take if they realise they haven't really attended to this? What do they have to do to fix it up?

MB I think the key things to remember from that standpoint – and there are certainly websites they can look at to help – but certainly, they need to protect their own identity as an organisation, and they need to adopt reputation filtering. That would be the key takeaway phase.

PS So, that protecting your identity... What does that mean?

MB Well, let me give you an example. At the moment, there are over 10,000 IP addresses masquerading as the ANZ Bank that are not the ANZ Bank. If you go to those sites or get a message from them, they will look exactly like the ANZ Bank. But what those sites are doing is typically trying to fish, and by fishing we mean, they want you to send them some information. Vulnerable, gullible, or just well intentioned people will send them their very confidential banking details so that the crook can then download money out of their account. One thing that Australia has lagged at, it certainly has not lagged at the uptake of the use of the internet for commerce, that's been very good,

**Michael
Bosch**

but it has lagged a bit in terms of adopting sender identity technologies to protect your identity. So if somebody gets a message from you, Peter, they can verify, yep that's absolutely coming from Peter, I will trust it and I will respond to it as is.

PS Okay, now we have run out of time but there's one really important question before we go that I want to ask. I run a business, if someone steals my identity and then is able to get people to send information to this false site under the name of switzer.com.au, am I responsible if I have not shown any interest in protecting that identity if people lose money?

MB I'm not a lawyer in this field but my take on it is you are not liable. But what you are doing is you've compromised your reputation, and your website, and your business. That's a more complex question at the banks end when people are fishing and taking money from their bank accounts, the banks do take often a protective stance and will reimburse people for their losses, but no, I don't think you're liable.

PS It's a massive issue. Mike, is there a website that people can go to check out what you guys are doing?

MB By all means, www.ironport.com is a great place. Just click on the Resources tab at the top, there's a lot of interesting papers and industry journals, ours and others, that will give you some background on that.

PS Thanks for joining us on *Talking Business*.

MB Peter it's a pleasure.

Jennifer Alexander

is the CEO of the Australian Institute of Management in New South Wales and is also a member of the Australian Institute of Company Directors, and the Australian College of Health Service Executives. Her extensive expertise in the medical administration field has resulted in the formation of many vital executive training programs for senior health leaders and clinicians throughout the world. She joins us to discuss women in business.

www.aimnsw.com.au

PS On *Talking Business*, I'm now with Jennifer Alexander who is the CEO of the Australian Institute of Management, and is also a member of the Australia Institute of Company Directors, and the Australian College of Health Service Executives. The Australian Institute of Management, or AIM, is Australia's largest professional body for managers, and is best known as Australia's largest private provider of management training and consultancy services.

Welcome to *Talking Business* Jennifer.

JA It's a great pleasure to be here Peter.

PS Jennifer, before we go and talk about AIM, tell us about your career, how did you end up being CEO of it?

JA Well, it was a rather unusual path, but I suppose most people's careers take unusual paths. I graduated in medicine, worked clinically for a while, was Medical Director at Saint Vincent's Hospital, and during that time became very interested in how organisations are managed. I came to realise that how organisations are managed is as important as the technical skills, and the products and services they produce. I moved into management and eventually found myself as Chief Executive Officer at Westmead Hospital, and my interest in management grew. I had a mentor who said that you should look at changing careers and look at exploring other aspects of careers. So this led me into management and leadership development, and I worked internationally in that area for about 10 years, working with health leaders, mainly in Australia and New Zealand, but in other countries as well.

PS Sounds like a great career. Now you've ended up with a plum job in terms of associations, the Australian Institute of Management. Tell people what the group does?

JA It's a membership association. People join in order to network and connect with other managers, and they join for professional development. We have quite a wide range of professional development activities, some free, some we charge for, and we also have in-company consulting, we

**Jennifer
Alexander**

provide a range of tailored programs to companies. Some of the people will know AIM for its management bookshops and its online library resources 24/7. And we have a national salary survey, which we've been undertaking now for close to 50 years, and it's one of Australia's best known.

PS So, given your background and your success, and the fact that your institution even looks at what happens to salaries and whatever, but let's talk about women in business in particular. What are the key lessons you've picked up along the way that women, particularly listening on the plane, could benefit from?

JA Well, I think that there are still issues for women in entering the business area. In fact, our salary survey shows that of the people we surveyed, only about 12 percent of management positions are occupied by women. I think there are still some barriers for women in entry, but looking at the issues, there are quite a few things that I think women need to think about. The first of all is this whole issue of having a go and not putting barriers into place. We sometimes talk about the glass ceiling, but increasingly I wonder about the sticky floor, whether women are actually holding themselves back unnecessarily. One thing I think women tend to do is try for perfection, and I've noticed over the years that when we've advertised positions in other aspects of my work, you'll sometimes see a woman who has 8 out of the 10 strengths that we're looking for in a position, and will not put a hat forward. Whereas a man, many with five or six strengths, put themselves forward and I think that sometimes women think they have to tick all of the boxes, that they have to be actually experienced and perfect. So I think there are some issues about women holding themselves back. I think also women may tend to think of themselves as having a certain job or being trained for a certain job, and not thinking that those skills and experiences can be used anywhere in a wide variety of places. If you take someone like myself, I've moved into different careers with different sets of skills that I've been able to use in different places.

**Jennifer
Alexander**

PS Can I ask you this question then? In a sense, you've drawn the picture that men will have a go and they'll often ignore their patent weaknesses, and women are more aware of the weaknesses, despite the fact they might be enormously strong in 8 out of 10 areas. What do you think women need to do to change that mentality?

JA I think women need to look at themselves, be confident, ask for advice from friends and others, think about getting a coach, and realise that they may be limiting themselves. Even moving into a new position, where perhaps there are a couple of skill deficits, organisations these days are very keen to support people. Even if you don't have two of those strengths, a good employer will understand that you may need to be developed in a new area, so put yourself forward.

PS We're talking to Jennifer Alexander, the CEO of the Australian Institute of Management. Okay, that's the sticky part of it, but is there a gender bias in businesses?

JA Well, we've just recently started, through the salary survey, looking at gender pay differences, and, unfortunately, we have found that there are gender pay differences across all categories. These are most significant in categories where women are under represented, so things like general management, or engineering, but even at the Chief Executive Officer level we have found that, of the positions we looked at, there was an 18 percent pay difference. It's difficult when we've looked at, with our salary survey, over 300 positions across more than 700 companies, a third of these we actually had information on gender, and we found that there were systematic gender differences with women paid less than men across all categories, with it more significant where there are more male dominated work areas.

PS Is it just because of, sort of, tight fisted employers, or is it also women sometimes aren't as forceful in saying, "well, this is what I'm worth and this is what I want, and if I don't get it I'm not coming"?

**Jennifer
Alexander**

JA I think there's definitely an element of that. We run negotiation skills courses at AIM, and we notice that women, when we're doing salary negotiations simulations, tend to leave money on the table and tend to look for an outcome that's good for both parties. Whereas males will go and push and push, so we do think that there are some issues about negotiation skills for women in negotiating salary, as well as assertiveness.

PS Jennifer, this is a typical Switzer cockamamie theory, but do you think part of it could be that men are *gun-ho* on this sort of thing, because a lot of their sort of social activities, sport, gambling, all that sort of stuff, means that they actually do throw caution to the wind in an environmental sense, more than women do because women often are cautious about their activities. They become mums and they often become even mothers to their own husbands, they become the more cautious element in a relationship. Is that something you think might be holding them back as well?

JA Well, I'd have to give a personal opinion on that, rather than what we show from our research, but I think there may well be issues of that nature and other people who have put forward similar theories suggesting that the kinds of sports we play earlier in our lives actually influence how we handle risk, and how we handle team activities. Now, increasingly, we're seeing young women entering into these sports, and we're seeing women sports as portrayed on the television in a similar way to men. But even if you look at that, there's still a bit of a gender bias. The women's cricket team doesn't seem to get as much coverage as, say, the men's cricket team.

PS You're certainly right, there is progress, we are going to see some more feisty women down the track I'd say.

JA Well, I'd hope so. With some of the Gen Y women I see coming forward, I hope that some of the work that the women of my generation's done is continued on, and the women continue to push and ask for what's their just desert.

PS Exactly. Now, one last thing before we go. Tell us the sorts of things that AIM does for people if they want to know?

**Jennifer
Alexander**

JA Well, next year we're starting a program *Women in Leadership*, and this is, particularly for young women with emerging skills, looking at a whole range of things, including negotiation skills and assertiveness. AIM also runs negotiation skills workshops, but there's a whole range of other programs and activities. If anyone's interested they can go onto the website www.aimnsw.com.au.

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

JA Thank you, Peter.

Chris Ralph

is the Managing Director of Schneider (Australia) Consulting. As an international consultancy firm, Schneider specialises in helping large organisations adapt to new performance challenges, as well as breaking down communication barriers between companies and unions. Having personally helped large organisations such as Australia Post and Qantas, his expertise is second to none.

www.schneiderconsulting.com.au

PS On *Talking Business* I'm now joined by Chris Ralph who is Managing Director of Schneider (Australia) Consulting. Schneider is an international consultancy that specialises in helping large organisations adapt to new changing performance challenges. His expertise is breaking down conflicts and barriers between companies and unions. Schneider has been operating in Australia for nearly a decade and has worked for some of Australia's largest organisations.

Thanks for joining us on *Talking Business* Chris.

CR Happy to be here.

PS So, you're a Union buster mate, we haven't heard of those sort of companies for a long time?

CR I think in fact the opposite Peter. I guess the focus of our business is very much around helping organisations develop capabilities around problem solving and becoming more adaptable, and in some respects, challenge the Union busting concept in that we have a fundamental belief that if you actually engage your people and your Unions in a more constructive basis, that's part of actually delivering the results.

PS It's a win/win outcome you're looking for, aren't you?

CR Yeah, it's a sustainable win/win outcome. I mean, the realist in me sort of knows there are periods in times where you know it's not winning everything you want, but it's actually, sort of, maintaining viability. Having a legitimate voice in the business is the main thing that people are out for.

PS What's happening to Unions? We once were told that in the new environment they would become a little bit more entrepreneurial, in the sense that they will be representing their employees as their negotiators. Is that actually happening?

CR I think you're seeing things play out across a number of industries at the moment, in terms of the regulatory reform, and I think there's a real repositioning going on. What's, sort of, not being questioned at the moment is that people are going to have to find a new way in terms of operating in collective

**Chris
Ralph**

environments, and for some Unions the challenge is very much around how they grow membership, how do they represent people in that regime, and how they, in some respects, remove that mantra of being the enemy of that productivity.

PS Yeah, because the real challenge for Unions, apart from the fact that we have been paying workers a lot better for the last 20 or 30 years, is there's less need or desire to be in a group for protection. But globalisation and the taking away of regulation protection has meant that all companies have to, sort of, benchmark themselves against international standards, and that's where the challenge over wages and productivity come in?

CR Oh, absolutely. I mean, the challenges are won equally for our management leaders, as well as our union leaders, and I think, again, the notion here is how do you get people actively involved in contributing to the productivity agenda of the business, day in and day out. Now the role of Unions in that context is really providing a bit of a collective voice. They need to show some leadership, in terms of helping with membership, and help understand the industry dynamics, those international competitiveness challenges that you refer to, but also making sure that people have a voice in the changes that are made in their businesses.

PS Okay, so clearly the bigger organisation has a real need for a consultancy service like yours, particularly if they don't have a big in-house HR division, but what size businesses do you come down to? Like, what kind of workforce size does a consultancy like you become relevant and affordable too?

CR I mean, if you put this question of size to the side for a moment – because in some respects, the size is not the critical indicator – what's really relevant here is the extent to which people need their employees and have a very good understanding of the business. The extent to which they're in a competitive market, and the extent to which they really need to know adversarial approaches to dealing with all types of conflicts, not just major negotiations or dealing with Unions. So, at this point in time our client profile

**Chris
Ralph**

is very much large traditional industries, but you can talk about organisations which have hundreds of employees, as oppose to just thousands of employees.

PS Okay, we're talking to Chris Ralph from a company called Schneider (Australia) Consulting. In my introduction, I said you're looking at how large organisations are adapting to new change in performance challenges. Now, one of the most interesting challenges that keeps coming up in employer surveys is the challenging nature of the younger generation workforce, Gen Y. Do you guys have a silver bullet for that kind of challenge?

CR No, not particularly a silver bullet. I think any consultancy that actually suggests they do might be stretching their capabilities somewhat. I think the thing we come across a lot is really that one of how you actually engage people at an individual level, in terms of the contribution to the business, and one of the things that we are very strong on is the whole interest based approaches to management in conflict resolution. The interesting thing about that world is that it allows people who have different perspectives to actually raise those in the context of looking at performance improvement, dealing with the workplace issues. Whether they be Gen Y, or, in fact, the ageing generation, a lot of that is where our client base are also struggling – you know, older workers and keeping them engaged in business.

PS Yeah, because they're values are changing, they are approaching retirement but don't necessarily want to work full-time and don't want to retire as well.

CR And that's the point I think Peter. It's not just the age issues where there is distinct interest in terms of age profiles, there's also distinct interest in terms of functions, technical disciplines, and people who work in different geographic locations. The challenge, again coming back to the leadership issue, is really how do you actually understand what those particular interests are, and then leverage those in a way that actually drives performance, but keeps those people usefully engaged in your business.

**Chris
Ralph**

PS Well, you beat me to the word *leadership*, because, in a sense, when I have employers complaining to me about their workforces I say, “Well, do you think for one moment any of your Gen Y are going to come into work on Monday and say ‘You know, I feel sorry for you in the wide open trinity. I’m going to change?’”. They won’t, and I say if they’re not going to change, who does the changing? It has to be the employer.

CR Yeah, and I think whilst that debate might be held in rooms like this, most managers or leaders recognise that it ultimately comes back to them and what they do on a day in, day out basis. I guess the good news from what we’ve seen, is that people have moved beyond the superficial notion of engagement. People have moved beyond this notion of, it’s my accountability versus someone else’s accountability. What they’re starting to do is actually, how do I embed those practices day in, day out, in terms of how I engage people, how I interact, so that people can see that they have a legitimate role in the business? Again, that’s the challenge that many leaders are dealing with.

PS And, when Jim Collins looked at leadership in his book *From Good To Great*, he made the point that the great leaders confront the brutal facts, and a lot of people who are complaining aren’t confronting the brutal facts, and maybe even not making the decision. They haven’t got the skills to actually solve the problem, and that’s where I guess organisations like you come in, if someone’s got the sense to look around for outside help.

CR That’s right. I mean, instead of that nice balance of actually being very assertive but being there, in terms of actually understanding what needs to happen, being able to set directions, being disciplined in what has to happen from a performance stand point, but doing that in a very constructive engaging way so people can understand those challenges. It’s not cooperation and concession, it’s very much constructive assertivism.

**Chris
Ralph**

PS One last question around the change of Federal Government, the move away from AWA's back to collective bargaining. Do you think a lot of small and medium sized businesses are unaware of the implications for them and the way they engage with their workers on a wage basis?

CR Look, I think the reforms, for the purpose of this discussion, is going to mean that people have to be very comfortable managing collectives in medium sized and large sized organisations, whether that's collectives of employees, or collectives of employees and Unions. In some respects, it's a positive if they don't get distracted with the details of what's in the legislation and what's out of the legislation, because one of the real problems in this area is people very much focus on the legal fix. So, to the extent that they're ignorant of some of these legal nuisances, I actually see that as a positive. And I guess from their point of view, what they really need to find is better ways of actually engaging people in things like process improvement, work redesign, the changes they need to make in their business. And they also need to find ways of actually putting their more bargain processes on a more productive or more problem solving footing.

PS Great stuff. Now, if people want to learn more about you and your organisation, what's the website?

CR www.schneiderconsulting.com.au.

PS Now, Schneider is not an easy word to spell. It's like Switzer isn't it? You could make a few mistakes on Schneider.

CR Well, we'll see how they go on the website Peter.

PS Thanks for joining us *Talking Business*.

CR Thank you.

Marlene Ponder

is the first female General Manager of Sydney's prestigious Park Hyatt. Her fresh approach to the hospitality and travel industry has seen her incorporate a uniquely Australian service, creating customer service that is unrivalled throughout the industry.

www.sydney.park.hyatt.com

PS On *Talking Business*, I'm now joined with the General Manager of the Park Hyatt, Sydney, Marlene Ponder. As the first female General Manager of Sydney's prestigious Park Hyatt, Marlene has taken a fresh approach to the hospitality and travel industry, incorporating a uniquely Australian service. She's also placed an emphasis on infusing her passion amongst new comers to the industry through leading a mentoring program and sitting on the Board of *Women at Hyatt*.

Welcome to *Talking Business* Marlene.

MP Thank you very much.

PS So, why don't you tell us how you got into a fantastic job like yours? I would have thought people up there want to be the boss of Qantas or boss of a hotel group like Hyatt, so how did you get there?

MP I got there actually in an indirect way. I started in the travel industry, and worked in the travel industry for 18 years in various roles, in Australia, at different levels, and for many years with Jetset Tours. I was a big client of Hyatt back in the mid '90s and took a leap, I suppose, once I was in fairly senior management, to move across as a Director of Marketing in the Canberra property. I discovered, once I was working in hospitality for a short time, that it really was a business that you could make a lot more money profit wise, in hotels, much more so than in travel. It was at the beginning of the time when the internet was just becoming a big part of the travel industry and I could see that it was changing and polarising, and perhaps it was time to make a shift to another industry. When I started in '95, did I ever think I would be GM of Park Hyatt Sydney? Never, but I was Director of Marketing at Park Hyatt Sydney for five years. I then worked overseas for the company, heading up sales operations in Asia Pacific, and it was then when I was opening new hotels around Indian, Japan, all over the place, that I picked up a lot of experience, not just in sales and marketing, but in a hotel operation, and I thought this is what I liked to do myself. I was fortunate that the Hyatt gave

**Marlene
Ponder**

me the opportunity to become a General Manager through a route that's not so normal, generally you'll come up through the operations, or food and beverage.

PS Okay, so if you had to give someone a tip about how you do something like this, what do you think lies at the core of this success?

MP I think that obviously, you know, I had to be a sponge, I had to pick up everything in a very short space of time. The single most important thing is attention to detail, particularly when you're looking at 5 star luxury. Whatever you do, it's not leaving a stone unturned, and I think, particularly going through hotel openings and having the discipline of that attention to detail to cover anything if it went wrong, is a skill that can be learned. It's not something that some people say you have to be born with, I don't think you can, I think you do learn it over time but, as a General Manager, you can't be a broad brush stroke person for everything, you have to have that eye for detail.

PS So, in a sense, do you have to do method acting, pretend you're a customer and just understand what's going right and what's going wrong?

MP I think you do. I mean, I was a customer when I was working for Hyatt in the regional role, I stayed in hotels nearly 300 nights a year as part of my job.

PS You poor thing. [Laughter]

MP So, you know, I was a customer as well whilst we were doing this work. You begin to think like your most regular guests do, and you do get to understand why they want recognition, why they want to feel like they're at home, why the service doesn't have to be stiff and formal all the time. Because if you are travelling that much around the world, you know even if you travel a hundred times a year, you do want to start to feel very comfortable and at home.

PS Without a doubt. So, Marlene, tell us about this *Global Women At Hyatt* program?

**Marlene
Ponder**

MP That's a program that Hyatt introduced. We started it just over a year ago actually, and right from the very top of the company, from the Pritzker down to, you know, the CEO's of Hyatt. We've recognised that women play a very important role inside the company as customers and, obviously, as potential customers. I was invited to become part of the Board after they'd been together for a few months, because they heard about a mentoring program I was starting here, in Australia, for women within our company to try and bring some more women through into senior management. They invited me to go onto the global Board, so our mission globally for *Women at Hyatt* is to have a mentoring program within the company. We, as a company, have at middle management, as many women as men. In fact, slightly more, and particularly coming out of hospitality colleges, it's the same, but once you get to a Director level it drops incredibly to 11 percent. We know there's a lot of reasons why women leave the workforce, but there are also in hospitality because the hours can be very unfriendly. We really had to look at that, not just because we wanted the numbers, but because the workforce of the future is more women than men actually. We have to find a way to allow these people to work with their now industry, otherwise we're not going to keep getting the best that's available. That is one reason why the global program started. And secondly, 60 percent of our meeting and incentive clients around the world are women, 70 percent of leisure travel decisions are made by women. Our company has recognised that we really do need to address women as an entity, both internally and externally, so that's how it started.

PS And deep down, even though I know you're not a discriminating person, you do suspect that women understand women better than men?

MP Yes, in general.

PS It's a fair call.

MP In general, it's a fair comment. I think we discovered this in our mentoring program. I think what's also very important

**Marlene
Ponder**

is that, in talking to some fellow women that have started mentoring programs, even in this country, in this city, they warned me that after 6 to 12 months you would have men knocking on the door saying, why can't we be involved in the program? In fact, it didn't even take 6 months for that to happen within our company, and when we launched the program even here, we said it's only going to be female only for one year, and we're opening up to men and women in year two, which is next year. With, I hate to label them, the Y Generation, the younger generation coming through, both the men and the women want a lot more feedback, want to have a lot more training and recognition. So it is something I think that we need to develop for both men and women in the next few years.

PS Yeah, sounds like a very positive thing if you're getting that kind of reaction from men, men who are in touch with their feminine side. One last question about the tourism industry. The dollar has fallen, how is it going? Is it going to get better than this do you think?

MP I think it will help Australians travelling within Australia, because international travel is not going to be quite as attractive. I don't think the exchange rate will make people decide to come to Australia. The distance and the cost to get here alone is very different to the exchange rate. So unfortunately, you know, the UK market is probably the worst performing at the moment in relation to the others, we don't see that making great improvements because of what's happening at home with them, so we don't see it making a huge difference. But I think domestically it will make a difference for Australians.

PS Great. Marlene, thanks for joining us on *Talking Business*.

MP Thank you Peter.

David Penglese

is the founder and director of one of Australia's leading sales training company, David Penglese Seminars. As a result of over twenty years coaching, some of the country's leading corporations such as NAB, Clearview, and Commonwealth Bank, David talks about why sales people often get a 'bad wrap'.

www.davidpenglese.com

PS On *Talking Business*, my next guest is David Penglese, the founder and director of David Penglese Seminars. Over a period of 20 years, David has coached some of the country's leading corporations, such as NAB, Clearview and The Commonwealth Bank. David will be speaking with us about why sales people often get a bad rap, and where so many businesses go wrong by taking a traditional approach to sales. We'll also look at how companies, both large and small, can benefit from ethical selling, whilst also pinpointing their ongoing strategy for building a successful business.

Welcome to *Talking Business* David.

DP Thanks Peter, I've been looking forward to it.

PS Well I tell you what, you're going to be very impressive, mate, if you can answer all these questions. Question number one, where do you come from?

DP I come from a little place called *Koondrook*, and most people get the same reaction that you have. It's a small country town on the Murray River, 600 people.

PS Home of the salesman is it?

DP Oh, absolutely. We grow and breed them there. Actually, it's home of the poaches, where we go fishing and hunting, all that kind of stuff. That's a long time ago. I started in the Rural Bank of New South Wales, and not many of our listeners will probably even remember them, but I really enjoyed the customer interaction. It's only a small country town, a busy day was 5 people coming through the door, but head office at the Rural Bank decided I was doing a good job there and they picked me out of the Barham branch, which was across the boarder, and took me up to the training department at 1 Oxford Street, Sydney, all those years ago – 1980 I think it was.

PS Yeah, around near Whitlam Square.

DP Exactly. And for the next, pretty much, 9 years I worked through a range of training and development roles.

David Pengalese

My final role in the Rural Bank was as the Manager of Service Quality, and this set me on this journey of really understanding the importance of the way that we interact with our customers. But then I got headhunted in 1990 by Morgan & Banks – and some of our listeners will remember the Morgan & Banks story – and basically, on my first day, my induction into the world of sales was, ‘There’s your PC, there’s your Yellowpages, there’s the telephone. David, you’re now a sales person, go out and sell’, and I got to tell you Peter, the first three months I really struggled. That’s what bothered me, because I felt I was fairly intelligent, I felt that I was fairly articulate, a good communicator, all of those things, but it set me on this concept of, why was it so hard for me, what was I buying into that caused me to not feel good about being in sales.

PS Okay, can we say it this way, you were a normal person like all normal people, and all of a sudden someone said you’re now a sales guy? To be a sales guy isn’t easy, you have to change from being a normal person, to a sales guy, but it doesn’t have to be bad. Is that what you’re saying?

DP That was kind of the message that I bought into. But, along and parallel with that was, I realised I had bought into this negative stereotype about what selling was. This is one of the problems that many organisations, where people go from a role where they are an expert, into a role where they are selling to others who are experts in the same field, where they say, “Well, I don’t want to be one of those sales people, I don’t want to buy into that negative stereotype”.

PS And it’s something a lot of small business people get a bit of a shock about, because they’re a great lawyer, or they’re a great dentist, or doctor, or pottery maker, and all of a sudden they’re in sales when they own their own business, aren’t they? And that shocks them.

DP Exactly. There’s a couple of things there, Peter. One of the biggest problems that we’ve had, in probably the last decade and a half, is that there’s been a major shift in the way that people buy. Most people have missed this,

David Pengalese

especially in retail, and we've bought into this wonderful service mentality, you know, service is king, and all this kind of stuff. But here's the problem, we've adopted this service model and forgotten that along the way. When I, as a consumer, go to buy now, there are so many opportunities for me to buy from other people. You know, there's the sameness syndrome, people can produce the same amount of products and services in about the same cost price, or so competition abounds. The problem with that is it's created a different way, a different physic, in the way that buyers buy, and that is they no longer are just buying the product or the service. They are actually going there and the first thing that's in their mind is, where can I buy, where I experience a good buying experience, where can I enjoy this process. And unfortunately, what's happening is a lot of people are just serving customers saying, "What would you like? How could I help you?". The problem with that is, a lot of clients don't really know, that's business to business, and that's also just business retail and that's a real problem.

PS Okay, well I can remember I was in the Hunter Valley last weekend, I went into a café in Cessnock, where you wouldn't expect to find a café that you will remember for the rest of your life, but it was such a great experience! The biggest bacon and egg roll I've ever had in my life and the breakfast menu was so distinctive. It was just different from every other breakfast menu. It had a bacon, sausage and egg pizza, a gourmet pizza someone had actually thought of outside the square, and I'm still remembering it! That's the kind of experience you want in business.

DP Here's the problem. Every now and then, you luck out in business and you can differentiate. But for the majority of businesses, and I know this after talking to salesmen and sales people everywhere, that it's hard to differentiate, it's hard to differentiate by product and service, because I've got what I've got – that's the products departments and the marketing departments' job, to come up with something new. But the real issue that this shifting in buying has created, is that a lot of sale people and sale managers and,

David Pengalese

dare I say it, some sales coaches and trainers, are still focused on the traditional way of selling, and that's not going to match it today in terms of the way the clients want to buy.

PS Okay, hold it there David. So, we're talking to David Pengalese, he's now going to reveal what we don't know. Next question, what is it we don't know and how do we change all that?

DP You know, selling and buying, it's like a dance, it's like a journey that we go on together, and we've got to be close together – that is the sales person and the customer. But along that way there are exit ramps, and if we don't manage, we the sales people, if we don't manage those exit ramps, the clients just take them. There are three exit ramps and the first one happens at that point where the client says to themselves, 'You know, I need to buy something'. Whatever it is, usually it's only when it's something really important, and inside their mind, they don't say it out loud, it's inside their head, that little voice that we've all got. They'll say something like, 'What's this buying experience going to be like?' not, 'What am I going to go and buy?', and for that reason we've got to be very careful, early in the piece, to explain the buying experience.

PS Women say that when they're buying a car, the buying experience is generally very bad because car salesmen often treat women very badly. Go on.

DP But as an example, take that a little bit further forward. Any person, male or female, doesn't matter when they're buying something really important, they get this level of apprehension, and if we don't get it right early in the piece... Let me give you an example Peter, out in Sutherland, there's about a kilometre and a half of caryards. I've walked onto this one caryard some time ago, no one else was around at that time, and all of a sudden this sales person appears. I don't know where he came from, and he says, 'G'day, how you going?', I said, 'I'm alright. How are you?', and he says, 'I've been watching you'. I said, 'Have you?', and he says, 'Yeah, I've been watching how you walk and

**David
Pengalesse**

what you're wearing, even how you're standing right now,' he said 'I recon I've worked out what sort of car you're going to drive away with today.'

PS Bold call.

DP I said, 'Is that right?' and he said, 'What do you think about that?'. I thought of a few things but I just said, 'Mate, I think that's ridiculous, I'm leaving.' I turned around and I left. I took the first exist ramp physically. A lot of people though, they'll stay there, they'll nod, they'll say yes, but inside their mind they'll think there's no way. And this is just one of those exist ramps, and there are many of them. In everything that we do as a sales person, every thought that we have, every word that we say, every action that we take, if we can't answer this question in our mind – and that question is, what am I about to think, say or do going to create value for this client? If the answer is, I'm not sure, then don't do it. That's what ethical selling is all about. It's a congruence, it's an alignment in our own beliefs, but it's not what we talk about as empathy selling, which is dangerous. It's that, I'm going to sell to clients the way that I would like to buy, that's empathy, that's selling your way, because a lot of sales people are still either technique based selling or relationship selling. Through the '80s and '90s there was a lot of stuff on relationship selling, unfortunately a lot of relationships got built but not a lot of selling was done, even in the service with the service process, we want to service the client and look for their needs and their wants, that's great, but you've still got to be able to be the advisor. When I go and buy something from an expert, and whether it's clothes, a car, or whether it's financial advice, I don't want them to ask me which of these should I do, or which of these would I like? I want them to advise me, that's what great sales people do, they are advisers.

PS Good stuff. Now is there anything else we should know before we get rid of you? It's been a very good session so far?

DP I think one of the main things is that in business today, a lot of sales managers are struggling, they don't have

**David
Pengalesse**

the resources to help their sales people continually grow on a regular basis. They have to wait for the next annual conference or the next professional development day, or workshop, or whatever it is, and the problem with that is although they've been coached on how to coach their sales people, the question in many sales managers' minds is, "But where do I get what I need to coach them?". You know, I can't make this up, I'm not a trainer, and unfortunately to continually bring in sales coaches is extremely expensive, and that's why we created Sales Coach Central.

PS Great stuff. Now, website?

DP www.salescoachcentral.com.

PS Okay, and people can find out what you're up to?

DP All the answers they're after, sales managers and sales people, membership site, a dollar a day for a 12 month membership site, everything you want is there.

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

DP Thanks Peter.