

GROWING BUSINESS NEWS

FORWARD PLANNING



WELCOME TO ISSUE 17 OF GROWING BUSINESSES.

As the year draws to a close, now is the time to start thinking and forward planning for the next financial year. Some issues to consider in preparation for the new year are covered in this issue of Growing Business News including new information about employee share schemes, the value of risk analysis and forensic audits, as well as strategies for investment.

I'd also like to share with you the recent findings of Australia's largest study ever undertaken of budding entrepreneurs – the Comprehensive Australian Study of Entrepreneurial Emergence (CAUSEE) – which may be of interest to you and your businesses.

The CAUSEE study, conducted by the Queensland University of Technology, and sponsored by BDO and the National Australia Bank (NAB), is tracking the development of 1400 new and young firms in Australia over a four year period.

The million-dollar study is now at the halfway mark and the findings provide invaluable advice for all entrepreneurs with a passion for thriving business.

One of the findings that didn't surprise the team was that investing good old-fashioned hard work into a business increases the chance of success.

The full CAUSEE report is available at <http://www.causee.bus.qut.edu.au> but I'd

like to share with you the researcher's Ten Commandments for Entrepreneurs which came out of the study.

1. Be prepared to invest lots of time
2. Focus on action not dreams
3. Be adaptable
4. Don't let planning obstruct business flexibility
5. Be frugal with money, but taking on some debt and risk is good
6. If possible, start in an industry you know well
7. If you don't have experience in the industry start up with someone who does
8. Don't be concerned about having the right education - start a business which suits you
9. Don't worry about how or why you got involved - what happens after that is what counts
10. Work with, and through, other people (the power of networking)

Wishing you all a merry Christmas, a safe and happy holiday and a prosperous new year.

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EMPLOYEE SHARE SCHEMES – BEWARE OF NEW TAX CHANGES

EMPLOYEE SHARE SCHEMES ARE A POPULAR MEANS OF DESIGNING REMUNERATION PACKAGES TO ALIGN THE INTERESTS OF EMPLOYEES WITH THOSE OF THE COMPANY'S SHAREHOLDERS.

Since the 2009/10 Federal Budget, there has been significant uncertainty surrounding the taxation treatment of employee share schemes.

Now, after no less than three rounds of Exposure Drafts, the publication of a Policy Statement and extensive consultation processes, the Government has introduced a Bill to Parliament to implement various changes to the taxation of employee share schemes.

The good news is that the Government has backed down on its initial proposal (as announced on Budget night) to impose tax on all employee share scheme benefits up-front. The bad news is that tighter conditions must now be satisfied in order for the tax on employee share scheme benefits to be deferred.

Employees and companies should now review their arrangements and consider how the new rules will impact upon their obligations.

What are the new rules?

The new employee share scheme rules will apply to interests in shares, rights and stapled securities acquired on or after 1 July 2009. Certain transitional rules will also apply to shares and rights acquired before 1 July 2009.

Under the new rules, the default position for employees is that tax on the discount given in respect of shares and rights to acquire shares under an employee share scheme, will generally be upfront. That is, in the income year that an employee acquires a beneficial interest in a share or a right to acquire a share.

However, the taxing point on shares or rights will be deferred where they are subject to a "real risk of forfeiture" and certain other conditions are met. In such circumstances, the taxing point is deferred until the earliest of:

- The time at which there is both no longer a "real risk of forfeiture" and any "genuine" restrictions affecting disposal of the shares have been lifted
- The employee ceasing employment with the employer
- Seven years from the acquisition of the share or right.

Share schemes that only impose restrictions on the disposal of shares (without a real risk of forfeiture) will no longer be subject to the deferral of the taxing point.

An aspect of the new employee share scheme rules that has not attracted as much media attention is the new reporting requirement. Companies that provide shares or rights under an employee share scheme must report to the employee, and to the ATO, the number and estimated value of shares or rights provided to the employee at both grant and, where applicable, the deferred taxing point. This information must be provided to employees by 14 July and to the ATO by 14 August.

Certain other concessions have also been introduced including:

- A deferral of tax will also be available for shares or rights acquired by employees under certain salary sacrifice arrangements for up to \$5,000 worth of shares in an income year
- Employees with an adjusted taxable income of less than \$180,000 may be eligible for a tax exemption on the first \$1,000 of discounts received, if the scheme meets certain conditions.

What is a real risk of forfeiture?

Unfortunately, the "real risk of forfeiture" requirement is inherently vague. The Bill indicates that "real risk of forfeiture" means situations where there is a real risk that the employee will lose the share or right

(other than by disposing of it or exercising it) under the terms of the employee share scheme. This includes situations in which a share or right is subject to "meaningful" performance hurdles or will be forfeited if a minimum term of employment is not completed.

However, this leaves the question of when a performance hurdle will be sufficiently "meaningful" to constitute a "real risk of forfeiture". Whilst the Explanatory Memorandum attempts to clarify this test with numerous examples, the summary of these examples below indicates that applying the test will not always be straightforward:

Performance hurdle	Real risk of forfeiture?
An increase in the company's market share of 10% in 12 months time, where the market share was steady over the previous year	Yes
An increase in share price of 10% in 24 months time, where the share price has performed in line with the sector index over the previous five years	Yes
A requirement that the share price maintain its value after 24 months, when the share price fell 50% in the previous year	Yes
A requirement that the share price maintain its value after 24 months, when the share price increased by 20% in the previous year	No (remarkably, the Explanatory Memorandum says that a reasonable person would not consider this to be a real risk!)

What changes need to be made to existing share plans?

- Companies that provided "qualifying" shares or rights (ie: shares or rights where the taxing point was subject to deferral under the old rules) should review their share scheme documentation and consider whether the terms need to be updated to include a performance hurdle or employment requirement that satisfies the "real risk of forfeiture" test.
- As the maximum deferral period has been reduced from 10 years to seven years, companies that currently impose a 10 year restriction period should consider reducing the restriction period on shares or rights issued from 1 July 2009 to seven years.
- Companies will also need to ensure that their systems are updated to track the number and value of shares or rights provided to employees (at both the time of grant and, where applicable, the taxing point) to ensure that the new reporting obligations are satisfied.

For further information on employee share schemes contact your local BDO adviser.

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REALISING THE VALUE OF YOUR BUSINESS IN THE CURRENT ECONOMIC CLIMATE



THE ECONOMIC ENVIRONMENT HAS CHANGED DRASTICALLY OVER THE PAST EIGHTEEN MONTHS.

Property and business sales have slowed and where a sale has been necessary, the price is usually significantly reduced. Despite this, one of the fundamental challenges facing Australia (and the rest of the world) has not changed - the ageing population and the transfer of ownership to the next generation.

The current economic environment may prove challenging for those parties wishing to continue with their succession planning in the short term but if vendors (and their advisers) think outside the square, a positive outcome is achievable.

How do you realise value built up from the business over your lifetime?

There is no simple answer to this question; however there may be strategies to assist those in this situation.

For those who have made the decision to sell their business, a desired strategy may be a complete divestment of the business. However, buyers are nervous at the present time so this outcome is not always easy to achieve.

This means that vendors need to think "outside the square" to help alleviate the concerns of buyers. Some of the strategies we have employed recently that have worked quite well for vendors and buyers are:

- Vendors taking a convertible note from the buyer as part consideration
- Merging with a compatible company with a put and call option to sell at a later date
- Recruiting new management with an option or obligation to acquire an equity interest in the business.

Each strategy has its benefits and shortcomings; however, the aim of employing any of the

above is to realise the benefit of the asset for a reasonable value.

Convertible Note

Under this approach, the vendor receives an upfront payment, usually from bank finance and the purchasers' equity, for a significant proportion of the value of the consideration and takes a convertible note from the buyer for the balance of the consideration. This effectively means the vendor is providing additional equity for the buyer to obtain the bank finance.

The convertible note can be structured in a number of different ways and will depend on the specific circumstances of the transaction. A convertible note may provide the option to redeem the note in cash or convert to equity at certain events such as a trade sale or initial public offering ('IPO'). This approach may assist the buyer to gain confidence in the business (as the vendor remains financially involved in the business). The approach may also assist to maximise the sale price.

Merger

While there are many benefits and shortcomings of a merger, by agreeing to a friendly merge with a competitor, coupled with an option or obligation to sell, the opportunity to exit the business may be the most significant benefit of the merger.

This method may allow the vendor to gradually exit the business and provides less risk for the buyer. For example, it is important to also consider the time period over which the option can be exercised and the methodology to determine the price of the exercise. If a longer option period can be negotiated, the economy may improve in that time and ultimately result in a higher price, depending on the structure of the option.

To complete a merger, a contract will need to be negotiated to include a shareholders agreement. This document will set the ground rules for the way in which the merged business will be managed.

Partial sell down to new management

This approach is similar to a management buy in, except a full divestment is not occurring immediately. This style of transaction may be useful where a 'hands on' owner and operator is looking to retire and has found it difficult to divest 100% interest in the business.

To execute this approach, the vendor will recruit appropriately skilled and compatible manager/s to run the business and hands over management duties of the business over time. New management is recruited for two reasons:

- They have the skills to run the business
- They have a desire to operate and own their own business.

Often an agreed amount of equity is purchased either upfront or after a probationary period.

One outcome of this approach is that it often releases capital owned by the vendor that is locked up in the business, provides the vendor value for their asset, and potentially improves their lifestyle by not having the pressure of having full responsibility to operate the business.

Moving forward

In all of the options explored above, the effect of taxation, including small business capital gains tax incentives, needs to be addressed.

Advice should be sought from a recognised tax adviser before proceeding with any option which takes into account the full position and ambitions of the vendor.

If you would like to know more about strategies that will help you achieve a fair and reasonable price for an important asset, contact your local BDO office and ask to speak to a BDO adviser.

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FORENSIC AUDITS CAN HELP PREVENT FRAUD

THE REAL THREAT AND COST OF FRAUD HAS BEEN HIGHLIGHTED BY THE RECENT FRAUD CASES SUFFERED BY WELL KNOWN AND RESPECTED AUSTRALIAN BUSINESSES.

The frauds at Clive Peeters and Speciality Fashion Group (Katies, Millers, Crossroads, City Chic, Autograph, Queenspark), as reported in media and notified in company announcements with the Australian Stock Exchange, remind us that fraud can happen to anyone, including well run and respected businesses.

Are you comfortable that fraud is not occurring in your business?

As privately owned businesses grow and become more complex, it becomes more difficult to monitor all the different aspects of your business operations. This delegation of responsibilities and authority to senior management teams can expose your business to fraud, which in turn increases the need for vigilance.

Our experience has shown that an independent set of eyes highlighting 'what you don't know' can help you avoid being front page news. Forensic audits bring this information to the surface and highlight the potential areas for fraud in your business.

The actual case studies that follow demonstrate how your peers in the private-business sector benefited from forensic audit.

Business A - A small number of suspicious transactions identified

The situation

This recruitment business with turnover of \$24m requested us to investigate four suspicious payments made by a former financial controller, totalling \$21,000.

The approach taken

We liaised directly with Police and were able to quickly establish a fraud profile, which enabled us to fast track the focus of our investigation. We combined data mining with 100% verification of high risk payment categories.

The result

Our investigation revealed 178 fraudulent payments totalling \$495,000 (using EFT and telephone banking). The subject of the investigation had taken confidential client information and run a book keeping business from the client's office. The subject had used seven different methods to misappropriate cash, some disguised as director loan account drawings, with PAYG payments and ghost employee payments made via an outsourced payroll function. The subject had doctored emails, invoices, employee records, and



re-opened and altered EFT transfers after they had been authorised.

Business B - A suspicious transaction identified

The situation

This property group with turnover of \$11m, requested us to review their banking, deposit and payment systems and processes.

The approach taken

We interviewed all staff from the managing director to the receptionist to identify where the greatest opportunity existed to misappropriate cash. We combined data mining with 100% verification of targeted receipts and payments and identified recommendations for strengthening internal controls and processes to reduce the need for extensive review. We also obtained independent verification of all bank deposit and trading accounts and their operating authorities.

The result

We provided comfort that fraudulent activity had not occurred, whilst identifying improvements and efficiencies for internal controls with an implementation plan and ongoing monitoring.

Business C - Potential trade sale

The situation

This contracting business with turnover of \$60m had grown rapidly and moved administrative responsibility outside of head office. They requested us to independently verify how things were being managed.

The approach taken

We independently verified all payments to suppliers and sub-contractors and checked that they were genuine ABN registered entities. Job files were reviewed to assess completeness of documentation and consistency with procurement and tendering practises. Finally, we conducted data mining analysis across the entire general ledger to identify any suspicious patterns or isolated transactions.

The result

Our work highlighted the need to continually improve process through audit. Unusual transactions were reviewed in detail to satisfactory explanation and an annual audit programme established to provide ongoing comfort and monitoring.

Business D - Increasing volume of electronic funds transfers and need for prompt authorisation

The situation

This retail business with turnover of \$62m had a high volume of payments being made on a daily basis, resulting in a move from cheque to EFT. With EFT transactions, payment authorisations are made electronically. We were requested to review all electronic payment authorisations to ensure they comply with established procedure and confirm validity of those that are considered exceptions.

The approach taken

We completed a 100% review using data mining direct from the independent online banking system and verified all exceptions to source documents.

The result

Our process achieved 100% comfort over electronic payments and a process for quickly verifying exceptions. An annual audit programme was established.

Business E - Suspicious cash transactions

The situation

This retail services and distributor with turnover of over \$38 million engaged us to carry out an independent and objective investigation to establish the facts regarding the allegations and incidents of fraud.

The approach taken

We quickly placed experienced investigators at both metropolitan and remote site locations to interview witnesses and suspects and to gather vital documentary evidence, and documented first hand the actual practises occurring at site level. Discussions were held at head office and

accounting reconciliations reviewed to obtain corroborating evidence.

The result

We issued a report of our factual findings to the Police and identified recommendations for strengthening internal controls and complaints handling and response. We also recommended independent audit review on an ongoing basis.

Business F - Whistle blower raised concerns

The situation

This services provider with turnover of \$90m requested us to carry out an independent and objective investigation to establish the facts regarding allegations and incidents of fraud as raised by the whistleblower.

The approach taken

We conducted an urgent initial assessment of evidence and process to support the suspension of the alleged perpetrator. Using a forensic image of computer hard drives we analysed data to identify additional evidence of potential misconduct. Accounting information was examined to establish an audit trail and all evidence was put before the suspect in a recorded interview. Our investigation was discreet, ensuring business continuity and integrity was maintained. Through the process we were able to identify areas for process improvement around incident and whistleblower management.

The result

Our work provided a better understanding within the business of the need for improved fraud risk management and processes, and effective management of potentially damaging incidents in terms of reputation.

These case studies highlight that although the driver for a forensic audit is different in each case, the fundamental reason to seek independent assistance is the same - to protect your business.

BDO can help you minimise the risk of a potential fraud by using our proven private client forensic audit roadmap for better peace of mind. Please contact your local BDO office.

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DOROTHY, JUST FOLLOW THE YELLOW BRICK ROAD

WE ALL FONDLY REMEMBER THE FAMOUS 1939 MUSICAL/FANTASY MOVIE, THE WIZARD OF OZ...



I don't know about you, but I haven't seen it for some thirty plus years. Well, I'm not afraid to admit that I found myself deeply engrossed as I sat with my kids as they watched it for the first time. Now, I have to say, I wasn't exactly engrossed in its rich screenplay, dubious props and fine acting. Rather, I found myself drawing parallels to the current financial environment and the movie's classic quotes.

"Toto, I have a feeling we're not in Kansas anymore."

Do you ever get the feeling that you've just been sucked up by a tornado from that lovely safe place called "stability", only to find yourself in a strange and unusual place, called "negative volatility" and uncertain economic outlook?

"Why! We must be over the rainbow."

But, over the rainbow, isn't there a pot of gold? Why is my pot now half empty?

"Follow the yellow brick road."

But there is no obvious yellow brick road to guide us to The Wizard of Oz. Instead, we face a constant barrage of negative media, mixed economic indicator readings and little sign of relief. In short, uncertainty, with no clear pathway.

"I'm melting, I'm melting!"

And all asset classes have melted over the last 18 months, with cash rates here in Australia recovering from "emergency" lows of ...3.00%.

You may remember our article, "Greed Is not good Mr Gecko". At the time of writing it, the All Ordinaries 300 Index was trading at about 4,300 points. Six months afterward, it was trading at 3,190, a drop of 1,110 points in six months, or some 25% (an annualised loss of some 50%). Back in October 2008, when the Index was at 4,300 points, many people were saying "surely we're at the bottom". In fact, many financial journalists were calling the market bottom!

The key message from "Greed is not good Mr Gecko" was that strategic and intelligent asset allocation is proven to dramatically minimise the risk of an individual's investable portfolio without an adverse impact on returns. In the article, it was strongly recommended that the following be considered:

1. Re-test your assumptions around your tolerance for risk. Having now lived through and experienced some massive volatility, ask yourself the question: "How do I really feel about this?"
2. If you don't have a financial and investment strategy, get one.
3. If you do, re-weight your asset allocation according to your answer to 1 above. This is a personal decision though, as most clients will struggle to want to realise losses in risky asset classes.
4. Stick to your strategy. Regardless of the trigger, economic slow-downs and negative investment markets are a part of the natural business cycle. We've had them before, and we'll have them again. Just as we will have economic booms where holders of risky assets will be rewarded. As any backward looking analyst will demonstrate, in the long-term, markets reward an appropriate degree of risk. Ensure your portfolio is invested in line with your capacity and your willingness to assume financial risk.

So, moving forward from "Greed is not good Mr Gecko":

- Did you have a documented financial and investment strategy?
- Or if you had one, did you re-weigh your asset allocation according to your attitude to risk?
- Does your financial and investment strategy assess your tolerance for risk?

It's our experience that most clients continue to retain overweight risky assets, contrary to their willingness to assume financial risk. We've found that the pain of financial loss at the time was outweighed by the potential for a recovery in asset prices.

"There's No Place Like Home."

The good news is that there is a yellow brick road, it's called an investment strategy. And it's your pathway home!

To find out how BDO can help build your wealth call your local BDO office on 1300 138 991.

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HAVE YOU CONSIDERED RISK MANAGEMENT AND INTERNAL AUDIT FOR YOUR BUSINESS?



A DISCIPLINED APPROACH TO RISK MANAGEMENT AND AN INVESTMENT IN INTERNAL AUDIT ARE SOUND BUSINESS STRATEGIES FOR ALL GROWING BUSINESSES, INCLUDING PRIVATE BUSINESSES.

Private businesses face many of the same risks and rely on similar controls as listed companies, for whom there are regulatory requirements in respect of risk management and internal audit. At BDO we receive a lot of questions from business owners trying to mitigate risks that may impact their business. In this article, we address some common risk management and internal audit questions.

So, spend a few minutes to consider the questions and answers below, think about the needs of your business and whether you could sleep more soundly knowing these risks can be effectively controlled.

<p>"So what is Risk Management?"</p>	<ul style="list-style-type: none"> • Risk Management involves the identification of possible business threatening incidents (eg. fraud, IT failures, succession, credit, liquidity etc.) which might occur, assessing the likelihood and impact of those incidents, and then developing appropriate responses to minimise or negate those potential risks. • A strong Risk Management process across the major risk classes can be of direct benefit to all stakeholders including owners, management, staff and bankers. This leads to better, more informed decisions, a chance to consider opportunity risk and a discipline that supports your business strategy and continuously improves your operational performance.
<p>"How can Internal Audit help our business?"</p>	<ul style="list-style-type: none"> • Internal Audit is designed to assess and improve the effectiveness of risk management and internal control processes across the organisation as a whole. • Internal Audit evaluates the adequacy and effectiveness of internal controls as they impact financial activities and operations including systems, production, treasury, marketing and human resources.
<p>"But we're only a small business, we're not listed on the ASX, we run a tight ship, why do we need it?"</p>	<ul style="list-style-type: none"> • The need for sound Risk Management practices apply to all businesses, regardless of size. If these types of disciplines are good for 'big business', then those businesses that aspire to grow, expand and perhaps ultimately go public, need to utilise and apply these disciplines through their growth years so they're embedded into work practices. • A disciplined approach to Risk Management and a tailored Internal Audit service are widely recognised as contributors to improved business performance and fraud minimisation, as you review information your business doesn't ordinarily see.
<p>"I've been successful in business for many years –I understand the risks I'm taking!"</p>	<ul style="list-style-type: none"> • It is important that you and your senior management team has a common view of your key risks. When sponsored by the owner or CEO, a disciplined approach to risk management (including documentation of risks and mitigation strategies), sets the right "tone at the top" across the whole organisation. • Shared information can trigger a new perspective that might result in a new opportunity to enhance performance. The impact of unexpected absences or changes in personnel can also be minimised through good documentation. • The risk profile of your organisation is constantly changing as you expand into new areas – product, services, location, people – how confident are you that the new risks are being adequately controlled?
<p>"But I already pay for an external audit – what does Internal Audit do?"</p>	<ul style="list-style-type: none"> • The external audit focuses on those risks and controls that directly impact the financial statements. • There are a myriad of risks and controls that are not covered by the external audit across operations, compliance and IT such as: <ul style="list-style-type: none"> – Fraud – Security – Disaster recovery – Project management – Occupational Health and Safety – Contract management – Regulatory obligations • It's important to document major risks you take that might prevent you from achieving your business and personal objectives. If these risks are not well managed, you need to know so that you can do something about it.

If you are concerned about risks or would like to understand 'what you don't know' about your business, Risk Management and Internal Audit can help your business. Having an independent set of eyes and reviewing the effectiveness of controls that you are relying upon to protect your investment makes sense.

To find out more about the benefits of these services, contact your local BDO office on 1300 138 991.

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STRATEGY FOR CHANGING TIMES

HOW RELEVANT IS STRATEGY IN THE CURRENT ECONOMIC CLIMATE?

That was the question posed at a recent forum attended by 30 of Australia's leading businessmen and business women. The discussion (not surprisingly) focused on dealing with change, execution, risk and people.

Traditional approaches to strategy

An organisation's approach to strategy typically depends on the lifecycle of the organisation, the market dynamics in which it operates, and the aspirations of the leaders driving strategic imperatives. Traditional approaches have been top-down or bottom-up.

Top-down approaches to strategy start with longer term goals or aspirations, and the process of strategy is about organising the assets, capability and capacity of the organisation to reach those goals.

Bottom-up approaches to strategy are focused on analysing the existing assets, capability and capacity with the opportunities in the market place to form the organisation's strategic imperatives.

In each case, risk is typically considered, assessed and managed. There are varied approaches to linking risk to strategy, from as simple as a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis to a full risk assessment with risk mitigation and monitoring processes implemented.

So what have we learnt during the Global Financial Crisis? How are business leaders thinking differently about how we approach and execute strategies for our organisations?

Being prepared for change

The Global Financial Crisis, at all stages of its lifecycle threw one consistent message at business leaders – be nimble enough to accept, prepare for and change how you are doing business. Overnight, businesses across the globe had to assess their sustainability in a new and uncertain market place. Scenario planning (what if statements) should be a key point of planning, although statistically few would have planned for the dramatic impact of the recent downturn.

The "lazy balance sheet" is the winner

Prior to the Global Financial Crisis, business leaders were being thrown over the coals if their balance sheet looked "lazy". During and post the Global Financial Crisis business leaders that survived the crisis are viewing a "lazy balance sheet" as their reason for being – it gave them the capacity to fund the change required and to ride out the impact of the downturn.

Strategy is a series of conversations

An emerging concept in the sphere of strategy is the idea that an organisation's structured strategic planning process, becomes a series of ongoing conversations that result in new ideas and new business opportunities emerging within organisations. This nimble, dynamic approach

throws open a new world of management thinking and heightens our need for energetic, entrepreneurial leaders with the skills and foresight to see beyond the business of today.

Options and capability to manage risk

A common question being asked by business leaders is how to approach risk post the Global Financial Crisis.

An emerging opinion in these times of uncertainty is that traditional approaches to risk management need to be re-considered. It is the view of some leaders that the key to managing risk is having capability on the balance sheet, and a portfolio of business opportunities at any one time to spread the risk via diversified income and opportunity streams.

Looking beyond our shores

The Global Financial Crisis has not only heightened the downside to participating in a global market place, but also the upside to the opportunities a global market presents. It has opened the minds of our business leaders to the role Australian business plays globally and in particular the opportunities for Australian businesses offshore. Harnessing offshore opportunities requires organisations to think and act globally, incorporating international strategies into the goals of the organisation.

Bringing it all together

The concept of portfolio management is the glue that brings the insights into play.

Organisations that will continue to grow and flourish post the Global Financial Crisis are the ones that are agile, entrepreneurial, well managed and diversified in their outlook.

Portfolio Management focuses on managing a portfolio of opportunities, ensuring the business is continuously:

- Defending the business it is in today
- Investing and growing what it knows are the businesses of tomorrow and
- Searching for what may be the businesses beyond the business of tomorrow.

Embedding portfolio management within organisations requires a shift in thinking and actions and, to a degree, the foresight to take on and run with uncertainty. There is no doubt that strategy, and how we approach strategy, has changed post the Global Financial Crisis.

Strategy is still relevant in our organisations, with a heightened need for entrepreneurial leaders to drive a more flexible approach to strategy and to harnesses innovative approaches to growing our businesses.

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BRW FAST 100 2009

BRW. fast100

BDO WAS AGAIN PROUD TO SPONSOR THIS YEAR'S BRW FAST 100, WHICH RECOGNISES THE MOST INNOVATIVE, SMART AND FAST GROWING BUSINESSES IN AUSTRALIA.

BDO has been a major supporter of the BRW Fast 100 program for the past eight years, as part of our goal to help businesses grow and achieve success.

Growth brings with it many challenges, but this year's listees have reason to be confident despite the pressures of the global financial crisis.

This year's Fast 100 did more than survive the current economic climate. They achieved record growth with the total revenue of the Fast 100 companies hitting the \$2.47 billion mark, up from \$1.7 billion last year.

At the top of this year's list was dairy company Aussie Farmers direct, which home delivers dairy products, fruit and vegetables and other food and drink to Australian households. Founded in 2005, Aussie Farmers Direct made its debut on this year's BRW Fast 100 list in spectacular style, with a revenue of \$64.98 million and a growth of 329.89 per cent.

Joining Aussie Farmers Direct in the Top 10 of the 2009 BRW Fast 100 were:

1. Valmont
2. Valmont
3. The Citadel Group
4. Mint Wireless
5. Solar Shop Australia
6. Ed Hardy
7. Thomas Duryea Consulting
8. AVG (AU/NZ)
9. Skybridge (Australia)
10. Comcentre

BDO congratulates all the businesses who made the Fast 100 list.

For more information about BRW Fast 100 for 2009, visit our website www.bdo.com.au

FAST MOVERS SA 2009

IN ITS FIFTH CONSECUTIVE YEAR, FAST MOVERS SA RECOGNISED SOUTH AUSTRALIA'S FASTEST GROWING SMALL AND MEDIUM SIZED COMPANIES. BDO ONCE AGAIN PROUDLY PARTNERED WITH 'IN-BUSINESS MAGAZINE' FOR THE 2009 FAST MOVERS SA.

The 2009 campaign attracted nominees from a range of sectors all competing for the Venture Capital SA \$10,000 cash prize.

As in previous years information technology was well represented with 24% (up from 16% last year), while construction and the retail trade sectors were up at 12%. Finance, health & communication services, manufacturing and transport & storage were each represented with 8%. Other sectors included: mining, defence, accommodation, education and personal & other services.

The Fast Movers had experienced phenomenal growth but there could only be one winner - Xceptional Recruitment experiencing an average of over 1300% growth over the last 3 years.

The Fast Movers have a very optimistic view of the future of their businesses with 85% of Fast Movers expecting increases in revenue and profit in the next 12 months, and 75% expecting staff levels to increase.

So, what are the tips for growth from the Fastest Moving SA companies?

- Take a risk and pursue new opportunities;
- Plan for growth;
- Have a sound strategy and commit;
- Ask for help i.e. have a good support network;
- Remember it's all about the customer: know them and provide them with the best service;
- Get the right staff; and
- Be passionate and love what you do!

As a supporter of Fast Movers SA, BDO congratulates the businesses that have made the Fast Movers SA index in 2009 and wish them continued success in the future.

ONE NAME, ONE NETWORK – BDO

FROM 1 JANUARY 2010 ALL BDO MEMBER FIRMS AROUND THE WORLD WILL SIMPLY BE KNOWN AS BDO.



In Australia, we made the transition to the new name and logo on 1 November, but despite this 'visual change' it's business as usual for the firm.

For BDO clients, this change will mean a consistent seamless service worldwide in BDO's 1,000 offices in over 100 countries.

"Our ambition is to strengthen the network and to share our international capabilities, but our objective to form close and effective relationships that matter to you remains our driving motivation," said Tony Schiffmann, National Chairman.

FOR MORE INFORMATION

1300 138 991

www.bdo.com.au

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QUEENSLAND 400

BDO IS A PROUD SPONSOR OF Q400 - QUEENSLAND'S MOST COMPREHENSIVE SURVEY OF THE STATE'S LARGEST PRIVATELY-OWNED BUSINESSES.

Now in its seventh year, QBR's Queensland 400 is a unique program that recognises and celebrates the achievements of Queensland's local business heroes – the owners of leading home-grown and home-owned enterprises.

The results of this year's Q400 survey were unveiled at a gala dinner in Brisbane on 30 October 2009 recognising the achievements of the State's top privately owned businesses.

BDO has been a major sponsor and auditor of the Q400 since 2003.

This year, was another very successful year for Queensland business with some familiar names at the top of the list.

Meat processors Teys Bros (1) and Australian Country Choice (4), and builders Hutchinsons (2) and BDM (3), again occupied the top-four spots in the Queensland 400 listing, demonstrating the resilience of their business models amid the global financial crisis.

To find out more about the Queensland 400 please visit www.q400.com.au

WE WANT TO HEAR FROM YOU

Your feedback is important to us. If there are any topics that you would like addressed in Growing Business News, please send your request through to daile.smith@bdo.com.au