



## Welcome

Despite signs that we've weathered the worst of the GFC, there's no room for complacency.

Perhaps now more than ever you need to focus on sound business practices and strategies to position your business for the recovery.

This new-look edition of Business Digest includes some tips on how to do just that along with an overview of the economic outlook. There's also a great story from one of our client's who's discovered the value of using the right accounting software to support his business growth.

I hope you enjoy it.

**Jarrod Bramble**  
PARTNER

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## How to ride the recovery wave

By our Business Services team

**With the economic cycle showing signs of returning to an expansionary phase, now is the time to position your business to ride the wave of recovery.**

Your main objective while the global economy seems to be recovering should be to position your business for sustainable economic growth. This means that you should maintain the good practices adopted during the downturn, into the recovery and beyond. Broadly speaking, you should maintain a disciplined approach to working capital management and focus on increasing profitability and efficiency.

It is important to realise that many of the strategies and focus areas of your business during the downturn will be different to what is required during an economic expansionary phase.

### Our Top Ten Tips

Here are ten key steps you can take right now to position your business on the recovery wave.

#### 1. Review the financial health of your business

In good times and bad, you need to have a firm grip on some key ratios. How are you travelling?

#### 2. Carry out a SWOT analysis.

Again, this is a fundamental step in navigating your way through any business environment. Who are your new competitors? Where are the opportunities?

#### 3. Revisit and adjust your business plan

Does your plan reflect your current capacity and where you want to go? Does it take into account economic uncertainties?

#### 4. Create a balance between efficiency and innovation

Are you encouraging innovation at the expense of short-term efficiencies? You need both.

#### 5. Analyse the potential benefits of a capital expansion program

Is this a good time to grow your business through acquisition? Should you open new premises?

#### 6. Review your marketing plan

Is your current plan aligned with changing market conditions? Is it focussed on improving your cash position and profitability?

#### 7. Focus on improved cash flow

Like any good business, you probably did this during the downturn. But don't stop now. This could be a great opportunity to further add to your cash reserves.

#### 8. Focus on profitability

Are the discounts that helped your cash flow last year hurting your profitability now?

#### 9. Plan to fund your recovery efforts

External finance is becoming less difficult to obtain. How much do you need? How will you use it? What do the banks require now?

#### 10. Reconsider your risk management strategies

Are the steps you took to manage the downturn still relevant or are they hindering your recovery? Time to review.

→ For full details of our Top Ten Tips visit [www.cutcher.com.au](http://www.cutcher.com.au)

For help in positioning your business for the recovery, contact David Carpenter on 4928 8500.



# Tiger Coffee grows with Ostendo software

By our BSSS team

A successful business can often outgrow its accounting software. But rather than move to a full blown ERP system, Cutchner & Neale's Business Software and Systems Solutions division (BSSS) has an excellent solution that is both cost-effective and user-friendly – Ostendo Operations Software.

Ostendo provides our clients with the full operational functionality required to drive a growing business while still using the familiar environment of **QuickBooks** or **MYOB** to manage their accounts payable, banking, payroll and financial statement functions. The integration of the two platforms is seamless and the training required is minimal.

Here's how we helped one of our fast-growing clients, Tiger Coffee.



## A testimonial

**Based in Alexandria, Sydney, Tiger Coffee is the market leader in Australia for the supply and service of fully automatic coffee machines.**

Prior to implementing Ostendo, we were using MYOB Premier as our Operational, Accounting and Payroll system and manually tracking service jobs through a paper-based job sheet process. With the business growing at more than 30% pa, year on year, we recognised the need for the business to have greater Inventory Control, Warranty Tracking with an integrated CRM system to manage a growing client base.

After analysing a range of ERP products we decided that Ostendo was the right solution for us. It's cost effective, all the modules were included in the licence cost and there was built in flexibility within the product, reducing the need for extensive customisation.

Tiger Coffee has a strong commitment to brand development and client service. Along with the quality and reliability of our coffee machines, these are major factors in clients choosing our products.

Ostendo has assisted our servicing division by automating our equipment servicing plans, ensuring unprecedented product reliability and high levels of aftermarket service.

A significant part of our business is on-site servicing and maintenance of our coffee machines. As a result our service vehicles carry inventory which needs to be tracked.

Since implementing Ostendo we can now manage and report on inventory levels in our main warehouse and service vans thereby ensuring we have the necessary spare parts in stock at all times.

We chose to partner with Michael Graham and the BSSS team for the implementation of Ostendo. Not only did we develop an instant rapport, but their knowledge and experience inspired confidence. The implementation and training was structured yet flexible and the post implementation support has been of the highest standard. We're delighted with the results of the partnership.

Graham Chan, Financial Controller  
[tigercoffee.com.au](http://tigercoffee.com.au)

To find out what Ostendo can do for you, contact Michael Graham or Jeremy Wilcox on 49288 500



# Economic Update

By our Investment Services team

**The strength of the Australian economy is evident through a number of key data. Lower interest rates and the Government cash injections have had a significant impact in stimulating the economy while they were in effect.**

Key data reflects the impact of these measures while they were in effect and their tapering off as policy shifted.

Headline CPI has risen to the upper level of the RBA's acceptable band of between 2 and 3%.

Building approvals and retail sales have rebounded in response to the lower interest rates and Government cash injections. The tapering off near the end of the 2009 reflects the end of the affect of these policy measures.

Employment growth shows a similar trend.

What is gathering momentum now, are concerns the inflationary pressure the recovery produces and the RBA's reaction to it. The major risk being the RBA raising interest rates too high too soon as they attempt to contain inflation. History has shown they have a habit of raising rates too high when tightening and lowering rates too low when loosening, as the graph below indicates.

Contrasted to the Australian story is a slower recovery out of the US and continued uncertainty out of Europe. US jobs data shows employment improving. This is crucial to restoring consumer confidence which represents a major component of US economic growth.

US companies have recorded their 5th straight quarter of better than expected earnings providing greater optimism for US markets.

Uncertainty in Europe is proving a headwind to uniform global recovery due to concerns over the level of Government debt through the European Union. Greece has at last announced it has reached agreement on a rescue package that will require years of painful belt tightening.

However, fundamental problems still exist for Greece and other vulnerable nations facing similar challenges include Portugal, Spain and Italy. Add to this what has been described as the "drastic measures needed to tackle Britain's debt problems" post the 6 May election, and it's easy to see investor confidence dampened by concerns over Europe.

No doubt the reliance on our resources by developing countries particularly China, has been a significant factor in our recovery as opposed to the more service type economies of Europe, where less tangible assets are produced.

Sources: [www.econoclast.com.au](http://www.econoclast.com.au) and IMF, Macquarie research.

**For more information and up-to-the-minute commentary, please contact Cutcher & Neale Investment Services.**

# Why your mortgage needs a regular health check too.

By our Finance Brokerage team

For most of us, it makes sense to take care of our health with a regular check up by our doctor. But what about the health of your mortgage?

Just because you've spent ages making sure you have the right mortgage, it doesn't mean it will always be right for you. You need to have a regular Home Loan Health Check to see if refinancing your Mortgage would suit you.

## Why consider refinancing?

### Beause you change

Over time, your personal and financial situation may change. You may get a pay rise, or decide on a sea-change. You might go from a safe corporate salary to the more uncertain income of the self-employed. You might want to start a family, or need to finance their education. As your needs and priorities change, you'll probably find the right Home Loan product for you will change. That means you'll need to refinance your Mortgage.

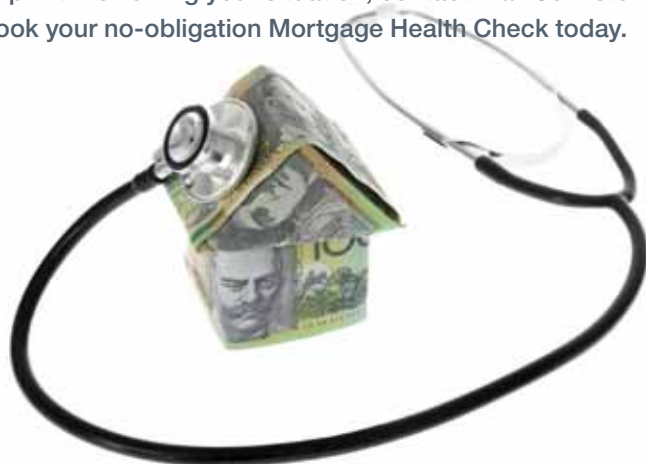
### Because rates rise

In stable economic conditions, a variable interest rate might look more attractive, while in more volatile periods you could prefer the predictability of a fixed interest rate. Refinance your Home Loan to suit the economic times.

### Because lenders develop new products

In the past, there was limited innovation in the Mortgage market. But now competition between Lenders is fierce and new products are constantly emerging that might suit your situation better.

**For help with reviewing your situation, contact Alan Johnston and book your no-obligation Mortgage Health Check today.**



# Diary Dates

## May

**28** Fringe Benefits tax return due for lodgment and payment.

## June

**5** Income Tax Returns for individuals, partnerships and trusts with a lodgment end date of 15 May 2009 due for lodgment and payment.

**7** May Monthly Payroll Tax Due.

**21** May Monthly Activity Statement payment and lodgment due.

## July

**21** Annual Payroll Tax reconciliation due for lodgment and payment.

## October

**21** Annual PAYG Instalment Notice due for payment and lodgment.

**31** 2009 Income Tax Returns due for lodgment for companies with a 31 October due date (letters will be sent out in August 2010).

# Online accounting systems – which one is for you?

By our BSSS team

With most businesses now enjoying broadband access, online accounting systems are fast becoming a financial management tool of choice for SMEs.

Here's a snapshot of online accounting systems from three key players in this space, Xero, QuickBooks and MYOB.

### Xero – easy access for you and your accountant

Xero is a well-established New Zealand company with a strong reputation for innovation and reliability. Their program offers easy access for you and your accountant and has the ability to import bank transactions from your current banking software. You can essentially invoice anywhere you can access the internet.

Fees for this service are via a monthly subscription. Xero offers a tiered fee structure based on usage with no lock-in contracts. A big benefit of this system is that you no longer need to worry about backup as this is an automated process.

### QuickBooks online – flexibility and functionality.

QuickBooks Online gives you access to your company data file anywhere, with the functionality of QuickBooks Enterprise. This product is ideal for small to medium sized businesses. It provides you with multi-site and multi-company reporting, comprehensive payroll management and integrated Inventory management. One key feature of this program is the ability to design your home page and reports specifically to suit the needs of your industry.

### MYOB – business snapshot from your iPhone.

MYOB's online product is "Your Business Cloud". Amongst other things, this allows you to access live snapshots of business performance via your iPhone.

Other features include being able to create invoices and bills in real-time and process payments received and manage bills to be paid on the fly. This product also has an excellent contact management system with the potential to reduce the amount of databases your business requires.

For more info about accounting software and systems, contact Michael Graham or Jeremy Wilcox on 4928 8500.



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