

GROW YOUR BUSINESS



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We can structure suitable investment opportunities as eligible businesses, to assist foreign investors to qualify for residency under Subclass 160-165 and Subclass 132 of the Migration Act (2002).

Moves and Changes

Welcome to the January issue of Grow your Business, a monthly newsletter for the Xenex Group, which incorporates the Centre for Industry Research + Strategy. We have operated this management consultancy practice under CIR+S since January of 1997 and from December 1st, we have rebranded this to be the **Xenex Group**.

The New Xenex Investor Register:

Xenex Consulting offers sophisticated investors an equity-matching register designed for organisations and individuals to record their interest in business investment opportunities, business recovery, venture capital and property investment. The process is simple, free and confidential. Members can register online to receive advance notice via email alerts of investments listed with Xenex Consulting. All of our investment opportunities are qualified and exclusive.

Membership of the Xenex Consulting Investor Register includes Angel investors, private & public companies, multinational corporations, high net worth individuals, as well as business migrants. There is a registration process, as classification must comply with ASIC regulations. The Xenex Consulting Investor Register complies with privacy, consumer and regulatory guidelines. There are no fees and you can exit the Xenex Investor Register at any time by email notification to info@xenexgroup.com.au.

We can structure suitable investment opportunities as eligible businesses, to assist foreign investors to qualify for citizenship under Subclass 160-165 and Subclass 132 of the Migration Act (2002). For any further information on the above or any other content in this newsletter, please phone Lew Deegan or Daniel O'Connor on (08) 9325 5888.

Biodiesel Project About to Launch

Xenex has been working with a UK-based inventor, culminating in the lodgement of four new provisional patents and the formation of a public (unlisted) company and offer document for investment in this exciting project. The Company will be producing 24 mobile micro biodiesel processing plants, which are constructed into a shipping container and can each produce 4,000 litres per hour from a blend of crop oil and recycled fats, at 97% purity.

These plants are to be leased on a "per-litre" basis, into the UK, where the market rates (and excise costs) are far more favourable. Sophisticated investors who would like to obtain a copy of the offer document can contact Lew Deegan (lew@xenexgroup.com.au) on 9325 5888. Overseas-based investors may also be eligible to invest.

3D Fun Times Limited - Off and Running

The Xenex Consulting team worked with this IP project in the commercialisation and capital-raising program in 2006. The Company raised close to \$1,000,000 in its first round of seed capital and has now produced their first pre-production prototype. Xenex are working with their management team on international licensing, grant applications and negotiating long-term agreements, from their program of 2007 trade show visits.

The Trade Show and How to Use It

Trade shows are a part of every industry. They can sometimes seem to be no more than expensive gabfests that take business owners and team members away from the office and diminish their productive hours, or else expensive networking opportunities but with no hard core business purpose.

But used correctly trade shows can be valuable relationship builders. Some are definitely going to be better at providing real business value than others. How can you make the most of the opportunities they represent?

As seasoned exhibitors know, trade shows are almost never going to be a lucrative short term investment in time and resources. They're about contacts rather than contracts. Many B2B trade shows actually prohibit selling on the show floor.

But even if it's impossible to close a deal while so much is going on around you, a trade show can set the stage for gaining work later on. A lot depends on the way the show is organised and the professionalism of the organisers.

Rob Clifton-Steele of the Jai Yen Investment Group had this to say: *"I have found the most productive trade shows to be those where appointments are made in advance with interested buyers for 15 minute information sessions ...By the end of the day one has spoken to 30 or so qualified contacts and has handed out materials to any passers by who show interest. Such shows are exhausting but produce good results."*

Doing some research about the show can pay big dividends. A show that's targeting a mixed audience of trade and consumers is probably not going to cater for the serious businessperson. It's also advisable to choose a show that's established itself over a period of at least three or four years.

Trade shows offer a number of opportunities to raise your firm's profile if you're willing to spend some money. Displays are the heart of most trade shows and a good display will attract the right kind of prospects.

One Canadian consulting firm found the best results came from having a display that didn't give everything away on the outside – delegates to the show had to come up and ask about the firm's services, which they did because of the way the display was constructed.

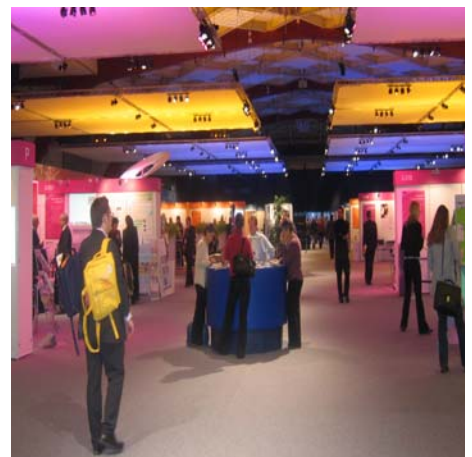
Another proven display technique is to have a monitor or other visually attractive object set up at the back of the display to draw passers-by into the area where the selling content becomes visible.

Keep your display relevant to the theme of the show. If you're exhibiting in the hopes of adding new motor car dealerships to your client list find a way to prominently incorporate the word 'Dealers' and an automotive graphic in the display.

The golden rule for exhibiting is to never set up a display that looks cheap. The appearance of your display is how delegates to an exhibition will remember you. It's better to not exhibit than it is to try and do it on a shoestring.

Many trade shows incorporate workshops – breakout groups that focus on specific areas. You can sponsor or even take part in conducting a workshop if there's a relevant place for you in it.

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There are other little things every trade show participant should do. Always have a handout with your name and contact details on it. Make it something that the delegate will keep after the show. Make sure your display is staffed at all times by your most enthusiastic team members, and get the details of all contacts made at the show for follow up later.

Finally, if you do decide to take part in a trade show don't forget to tell all your clients about it. If possible send them complimentary admission passes, often available to exhibitors at reduced or no cost. You never know who'll show up!

Danger Lurks in Your Inventory

Inventory has a way of growing like Topsy. The justification is usually that *'if we don't have it we can't sell it'*, so a connection is made that translates as *'the bigger the inventory we have, the more sales we'll make'*. If only it were so.

Carrying an unnecessary amount of stock can be a dangerous thing. If it's not properly managed it becomes the equivalent of money that's depreciating at an increasing rate and can actually drop below zero value. Be aware of the danger and don't let this situation develop.

Some businesses manage to trade quite profitably without much inventory at all. 'Just in time' manufacturing processes created a whole new outlook on parts inventories that made maintaining huge stockpiles of components obsolete and saved manufacturers a lot of money. This line of thinking can be successfully applied to just about every inventory situation.

Using JIT effectively is predicated on having accurate sales forecasts and that's the basis of any inventory management strategy – knowing what the demand for a product is most likely to be period by period (say, monthly) into the time ahead, usually the next 12 months or so. Orders for components or retail items can then be placed just far enough in advance to get them there when you estimate they will be needed. The need to retain huge inventories was eliminated.

The first step in inventory management is to have your expected demand figures in place item by item since, of course, some items turn over more quickly than others and some will need to be replenished more frequently.

This sort of analysis can be very revealing. For instance, look at the age of what's in stock as well as how quickly each item turns over and the search will soon find some real opportunities to cut down on the number of items there. It's also possible to discover some items in the inventory that haven't moved for so long they're virtually obsolete. So it's not just the total value of an inventory that's important, it's what it consists of bit-by-bit.

Now look at the profit margins the business earns on each item in the inventory. Relate this to the turnover rate for each item and some surprising facts will emerge. Finding items that turn over slowly and generate low profit margins should ring a huge alarm bell that perhaps these products can be either dropped from the range or sourced from suppliers 'on demand'.

Inventory on its own doesn't sell itself. Certainly a business wants to be able to provide its customers with fast moving, high margin items with the least possible delay, and that's where the focus should be. In most SMEs the '80/20' law applies to the products they sell – 80% of the turnover comes from 20% of the products. It makes sense to have those 20% of products dominate your inventory and find alternative ways to handle the less important 80%.

If an organisation's inventory is made up mostly of those '80%' products it's time to do some housecleaning. All they're doing is depreciating from year to year and that capital could be better employed in selling more of the 20% products. Liquidate them and free up the capital for more productive uses. They can always be repurchased when and if required.

The desire to hold a lot of stock so as to maximise sales opportunities is a real trap. It even has a name – the 'chasing the last sale' fallacy. If you usually sell 100 pieces of Item x per month and you are stocking 120 'just to capture the last sale' then you have added 20% to the amount invested in inventory. Factor in the annual carrying cost of the extra inventory (often as high as 20% to 30%, depending primarily on the obsolescence risk), and that last sale is not nearly as profitable as you might think.

Always keep in mind that an inventory represents cash you can't use. It's not cash in the bank; it's cash that's been invested and which needs to generate a return as quickly as possible.

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Be Yourself - Sell Yourself

One way or another business is all about selling our self. You have to sell *you* to your customers, to your bank and other sources of funds, and even to people you are meeting for the first time in a social situation. 'Selling' really means just being yourself in a way that's interesting to your audience.

That's why, to make the right kind of impression on others when selling something, you can't just commit a sales pitch to memory and deliver it – part of the process involves selling you to the prospect as well. You have to open up to people and let them see who you really are so they know they can trust you.

Think about a salesperson you've met whom you really liked - someone who left you with a positive impression, even if they did manage to part you from your money. Chances are pretty good that they didn't *just* try to sell you something, but rather that they spent at least the first part of your time together getting to know you. And when you'd completed the transaction you walked away feeling you'd got to know them as well.

Subconsciously, what customers really want to do is to learn something about you and to feel that you want to learn something about them. They want to connect on a personal level and make the occasion one in which they've met a new acquaintance, even if the ultimate result is that they buy something from you. People don't want to deal with strangers and will always prefer to purchase something from someone they feel they know.



How can you become this special kind of person when you're trying to sell something? It's not difficult and it will be something you enjoy doing. Here are some tips.

Have all the answers

Remember that people come to you for knowledge and information they don't possess. It's up to you to prepare yourself for their questions by learning all you can about your products and how they relate to people's needs. Anticipate what it is that customers will want to know and be ready with the answers. This will enable you to be a lot more helpful and reassuring.

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Create an outline of the sale

This is not as hard as it sounds. Most selling situations go in a fairly similar, and therefore predictable, way. They always begin with a greeting and an introduction, then move on to questions and answers, finally ending with a close and hopefully a sale.

Customers are on your territory and probably expect you to control the situation to some degree, so even before you greet a customer have in mind how you want the sale to go. It will make both of you more comfortable if there's a structure to your conversation.

Get to know the other person first

Make the first part of every conversation about them, and not about you or what you're selling. Make a point of finding out some personal details, starting with their names and what sort of work they do.

The most important thing to find out is just what they want from you. It may well be just advice at first, or possibly information about your product. Before you give an answer probe for a bit more information about their needs; if they ask a question it's an indication that they are aware of a need and hope you'll be able to satisfy it.

Relax and let things happen

You know your products and their benefits, you've prepared for this conversation, you've outlined how things will go, you've got to know the other person – now just relax and let the sale take place. Take the lead but don't push, and be confident that you've got something this customer wants. If not, you'll both recognise it as the discussion progresses and no harm done.

And most important of all, be yourself. Don't try to become someone who's the perfect salesperson or has 'personality plus'. They want to meet someone who's genuine and sincere – someone who's just like them but with more knowledge about something they need. That's you!

Driving the Family Business

It's not too uncommon these days to find that a family owned business has a board of directors. But a newly emerging trend is to also create a family business council (FBC). Just how do they work and what are the supposed benefits to be derived from having one?

Unlike a board of directors, the purpose of a family business council is to provide a forum within which issues internal to the family – but nevertheless critical to the successful functioning of a family business – can be aired and resolved in an open manner. For instance, when the decision is made to bring a family member into the family business, the traditional relationships can change. The fact is that the relatives will now have to deal with the family relationship on a highly visible, continuing business basis. Sometimes the family and business roles become confused and blurred, which gives rise to misunderstandings and stress.

In fact there is a whole raft of issues that can give rise to dissension and it should be one of the first jobs of the family business council to adopt a set of rules that clarifies the main areas of potential dispute.

1. Clearly defining the authority and responsibility of each family member. Set out, in the simplest of terms, what is expected from each individual and what authority and responsibility each will have in the business. Get this down in writing and, where appropriate, communicate the responsibilities and authorities to the employees. Determine who reports to whom and what this really means.
2. Clearly determine the hours of work and vacation time rights of family working in the business.
3. Deal with office or workspace issues, parking, furniture and other resources that will be made available. Often these small things are taken for granted, but they can really niggle those who feel they haven't been treated fairly or with due respect and eventually erupt in a confrontation between family members.
4. Clarify compensation and benefits issues and put them in writing. It's not an issue of trust; it's an issue of good business.

Unless there is a forum for discussing these issues openly so that some sort of consensus can be reached among the people affected they can generate tensions highly damaging to a family business.

On a continuing basis the FBC's meetings will provide updates on the performance and status of the business and allow broader issues, such as who should be the next head of the enterprise or whether the business should be sold, to be debated.

The FBC will share many of the concerns of the company's board of directors, but its perspective is strictly that of the family and it can provide feedback to the board on how the board's decisions affect the family.

It is a forum where the family can establish or clarify its values and policies and determine how extensively these need to be applied to the business. For example, if a senior family member is planning to retire from the organisation it could be that someone other than that person's next of kin would be the best replacement in the position.

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The council can make that recommendation to the board of directors as an expression of the priority the family gives to having a successful business.

One of the key functions of the family business council is to ensure that younger generations have input into the direction of the business at a point in time before they take over control of the organisation. This will help the members of the older generation as they work to prepare the firm for succession and give the younger members of the family a greater feeling of 'ownership' throughout the succession process.

To get a family business council formed and hold its initial meetings it would probably be best to engage a facilitator with relevant experience from outside the family. This person needs to be a good organiser with knowledge of meeting procedures and an understanding of family dynamics. A business advisor or consultant would be useful in this role. This first meeting can be used to explain just what it is hoped the council will achieve for the business. Typically this would include:

- Provide an environment that fosters mutual trust and respect among family members
- Provide the opportunity for the attendees to learn to communicate with each other about sensitive family and business issues
- Provide an opportunity for key family stakeholders to define and share their goals for the company and themselves, and to reconcile differences. The family can then develop a vision of where it wants to be in the future.
- Assist family members in learning about the roles, responsibilities and relationships of the various stakeholders and groups (management team, board of directors and family council)
- Facilitate an appreciation of differences of viewpoint among family members

This is a forum where there should be no fear about questioning or disagreeing. If you are not able to disagree, with some objectivity, over business issues, you'll invariably find that the family relationship will be dragged into the disagreement.

A family business council will help preserve the integrity of the organisation so that all generations, present and future, can enjoy the rewards of the hard work and dedication that grew the enterprise to its current state.

Immigration Matters

Requirements Checklists

Some of the submission requirement for some States have recently changed, which will now require additional attachments in some State Sponsorship proposals at submission. These additional requirements include:

DIMA Forms 949, 956 and 1136 for All States. These do not have to be originals, but do have to be signed.

Valuations for properties or other major assets for all Subclasses in Queensland and for Subclass 165 in all other States (except WA).

Our Questionnaire template is being updated to show this. Because we handle more than 10 different Subclass applications across five States, there is going to be a slight delay for these to be updated. We anticipate by mid February to have these all changed to reflect the new requirements.

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Hosting your Clients - "Post-Visa"

Once the sponsorship application is approved and the Visa is granted, the Applicant arrives into Australia and faces a new start as a temporary resident in a new Country. Our full-service management consulting practice can provide experience and expert assistance with finding, qualifying and negotiating the purchase or establishment of an eligible business.

As a management consultancy practice with more than 18 years of experience, Xenex can assist business migrants to mitigate their business risk in their transition to the new business environment. Services we provide include:

- Industry and Market Research
- Assessment of suppliers
- Negotiate purchase/equity
- Strategic/Operational planning
- Corporate Due diligence
- Pricing and valuation models
- Evaluation of existing personnel
- Franchise modelling and licensing

We provide Applicants with business consulting expertise, to ensure business strategy is congruent with Australian business practice and culture. Where applicable, Xenex will maintain the compliance objectives (investment, turnover, employment, etc) for the permanent residency of the client.

Our services are provided at hourly, daily or fixed rates and can include our affiliate partners in all States of Australia. For further information, call Daniel (daniel@xenexgroup.com.au) on 08 9325 5888

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Regular Pieces

How to make the most of your newsletter

Be sure to read each article with the mindset 'How could this apply to our business.' Thinking of it that way will guarantee that you get value. Better yet, take notes as you read and commit to having the ideas implemented by the time the next edition arrives. Also, make copies for each team member.

To really make sure something positive happens, work with your business management specialist at CIR+S to talk your team through the ideas and how to set a schedule for getting them implemented. We're here to help you get started.

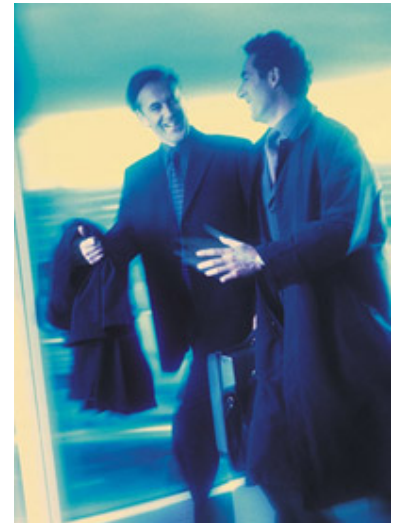
Memorable Quotation

Whenever an individual or a business decides that success has been attained, progress stops.

- Thomas J. Watson Jr

An Important Message

While every effort has been made to provide valuable, useful information in this publication, Xenex and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.



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