

## Avoiding the growing pains of adolescent commerce

**W** E ALL remember the awkward years of growing pains – when taking advice was never easy and every lesson was learned the hard way.

In business, you cannot afford to make the same mistakes.

Growing a business need not be painful, but it won't be without its occasional headache, even when you know there's an expanding market for your product or service.

Without a sound financial structure common problems – such as maintaining productivity and profitability, product and service development, accessing new markets and attracting employees – are compounded. The first step is to understand



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the unique financial needs of your business, then use an increasingly competitive marketplace to access the right financial products.

There are both long and short-term solutions available to business, each with their own advantages and disadvantages.

If you don't have some long-term finance in place to fund expansion, it is unlikely you will be

operating anything more than a small company in five years' time.

On the other hand, short-term finance can be used strategically to help you over some of the "bumps in the road" as it's often easier to access.

For example, cash flow finance is increasingly popular, providing access to much-needed funds tied up in outstanding invoices without the need for "bricks and mortar" security.

While some lucky businesses are able to forgo debt-related growth by funding their expansion through cashflow, this can often be a very slow way to progress.

Being able to draw upon more substantial resources when you need them is essential to ensure that business opportunities

requiring fast movement don't slip through the net.

When it comes to long-term finance, growing businesses tend to be reactive, which is a big fault.

At every stage, owners need to ask themselves where they want their business to go and what they will need to get to that stage.

A business must evaluate its business plan and gauge the right structure and appropriate level of finance to execute it.

Attaining long-term finance is all about forward planning.

An increasing number of financial products are available to an expanding business and these should be considered against the business' unique requirements. Many businesses are now opting for products such as a chattel

mortgage or rental finance which allow you to borrow against the original value of the asset without the need for additional security.

These products are particularly useful for buying new technology, which is often quickly outdated and requires ongoing investment.

This provides more flexibility to upgrade as a business grows and develops.

Before seeking advice, a business must make sure its accounts are up to date and that it can provide the necessary paperwork to an adviser and lending institution.

□ Angelo Benedetti, Oracle Lending Solutions director.

## Wiggles spreading sun care message



**GET SMART:** Tony Mansfield . . . "not just a slap-on label on a bottle".

Picture: PAUL RILEY

### ALEXANDRA TREDREA

CHILDREN'S musical group The Wiggles is helping businessman Tony Mansfield to spread his sun-care message.

Mr Mansfield wants the use of sun-care products to be a daily "lifestyle choice", not just something people put on before going to the beach or the swimming pool.

He established his Queensland-based company, UV SolarCare, in 2005, having operated businesses in

different fields – such as real estate and computing – here and overseas.

"One of my skills seems to have been the marketing side (of business) and being innovative and thinking left-field," he said.

"I had a chance to look into developing sun-care products for the Australian and international markets. I saw there were a few opportunities there."

While researching the market, he discovered the problems some parents were having in getting their

children to use sunscreen. He approached The Wiggles to be involved with a range of UV SolarCare products, including sunscreen lotion and zinc blocks.

Despite The Wiggles having other merchandising deals, Mr Mansfield said their involvement was based on educating children on sun care.

"It's not just a slap-on label on a bottle," he said. "The earlier you educate kids the better, to make sunscreen use a natural habit."

## Green is go for savings

### JOSH ROBERTSON

WILL the last small business jumping on the green bandwagon please turn out the light?

In fact, turning out the light would be a good start for the two thirds of Australian small to medium-sized enterprises that failed to take any concrete steps towards cutting their energy costs last year.

The majority of Australian SMEs talk the talk on green issues, with more than half having an environmental policy in place, according to a global survey by computer giant IBM.

But policy does not always translate to action.

Only 33 per cent made changes to lower energy use last year or planned to do so this year, IBM found.

In this respect, Australian SMEs lagged behind their counterparts in India, France, the US, Brazil, Germany, Benelux (Belgium, the Netherlands and Luxembourg) and China, where

nearly half of SMEs on average were acting to cut their power costs.

Plenty of Australian businesses remain in the dark when it comes to what slice of total energy costs go towards running their IT equipment – 47 per cent not knowing compared to 33 per cent globally.

Computing devices typically account for about 20 per cent of a business's electricity but can range from 5 to 40 per cent depending on the industry, according to IBM Australia and New Zealand SME vice-president Charles Bligh.

According to Springboard Research, some servers – routine devices in IT departments – have the same carbon footprints as four-wheel drive vehicles.

WebCentral product and service innovation group manager Glenn Gore says the company has made a concerted effort, using both new hardware and software, to lift utilisation levels of each server from below 20 per cent to 80 per cent-plus a server.

The company has also taken green steps as simple as putting an extra bin for recyclable material beside each workstation.

## When gender divides a potential asset base

### FRANCES STEWART

WOMEN are not being successfully targeted by national marketing campaigns to attract franchisees, the results of a new study show.

Research by market intelligence company 10 Thousand Feet revealed \$44.4 million was spent on marketing initiatives to attract franchisees in the 12 months between September, 2006 – 2007.

But director Ian Krawitz said franchisors needed to use their

budgets more effectively to attract investment, especially from women.

"The age old adage 'you have to spend money to make money' certainly rings true in the franchising sector," he said.

"But there is room for franchisors to get smarter about their development budgets."

Mr Krawitz said 30 per cent of potential franchisees were female but only 20 per cent of franchise units were predominantly owned or operated by women.

## Warning to comply with new code

**T**HERE are significant changes to the mandatory Franchising Code of Conduct beginning next month.

It is timely for franchisors to check that their arrangements will comply in time for the March 1 start date.

The Franchising Code is law under the Trade Practices Act and sets the rules that franchisors must follow when dealing with franchisees.

These include the need to provide detailed disclosure documents to any current or prospective franchisees.



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In a nutshell, the changes are designed to improve transparency and mean franchisors will be required to provide a greater level of information to their franchisees.

To prepare for the changes franchisors should review their disclosure documents and internal procedures now to ensure

that they will comply with the code.

One of the first changes franchisors will need to be aware of is to take greater care when giving oral or written promises prior to signing formal agreements with franchisees.

Previously, franchise agreements could include a clause that waived any oral or written representations made by the franchisor, but as of March such waivers will not be permitted.

Overseas franchisors with only one Australian franchisee will no longer be

exempted from the requirements of the code.

Under the new rules, changes to the scope of a franchise will also trigger the need for new disclosure documents to be prepared, where previously it may not have been necessary.

The ACCC's small business helpline can also assist with more information about the Franchising Code of Conduct and the amendments on 1300 302 021.

□ Graeme Samuel is chairman of the Australian Competition and Consumer Commission.