

# Balancing Act

Building Business & Realising Vision

Issue 6

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## The Clear View

### 'Recovery - but who can do the Work?'



Well there are some stirring signs ahead – retail confidence has stayed strong, the housing sector in Australia is picking up & the banks are loosening the purse strings a bit more! Rest assured that lenders are still going to be risk adverse but the outlook is more positive. The position of the Reserve Bank Governor is the

One of the critical issues that face the Australian business field will return to the fore now the financial crisis has eased – the skills shortage! It never went away & wont for the foreseeable future. What are your plans to increase the capacity of your team & business? What are the benefits you offer to recruit & retain experienced people? What is your strategy to upskill new employees & build their capabilities to match the business? It's going to take a plan – one that you need to invest in both time & money.

And more importantly – where will you find the people? Increasingly business is going to have to develop the people rather than the traditional path of poaching. The people & skills just won't be there & they'll be set at a premium price when they are. So what can you do? Look at people who are looking for a chance or an opportunity to develop! There are groups that are actively seeking opportunities for people who want to work & learn!



Start with the Career Advisor at your local high school – not every teenager wants to go to University. Look to organisations such as the National Retail Association (1800 738 245 or [www.nra.net.au](http://www.nra.net.au)). They are training people constantly to join the workforce as skilled labour. Another different angle is the Multicultural Development Association (07 3337 5400 or [www.mdabc.org.au](http://www.mdabc.org.au)). This Association is dedicated to helping refugees & immigrants to settle in their new home country. They are a pool of people looking for opportunities to work & learn skills.

With a commitment to development, these people can become capable & vital parts of your business. Whatever you do – the worst outcome is not having a plan! Your human resource strategy could just be your most important strategy.

Any subscriber that wishes to contribute to Balancing Act or provide feedback, can contact me directly on [mark@mcsbalance.com.au](mailto:mark@mcsbalance.com.au) or 0433 252 483.



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## The Industry View

**INTERVIEW with Steve Kranas – Guild Finance**



### Interest rate movements and how they affect your loan covenants

The Reserve Bank of Australia's (RBA) key interest rate reached a 49-year low but is well & truly on the rise again. Borrowers have an opportunity to capitalise on lower interest rates but also face new and enduring challenges to finding the best possible finance for their pharmacy.

#### As rates rise...

The decrease in interest rates over the past year may in some circumstances have improved borrowers' Interest Cover Ratio (ICR – see **what the banks are looking for**) where earnings have remained constant. However, when rates are low, it's even more important for borrowers to have very clear projections of anticipated earnings.

Borrowers taking out financing facilities at the lower end of the rate cycle run the very real risk of breaching ICR covenants (conditions of the loan) as rates rise, if their business earnings don't increase correspondingly. With the banks remaining vigilant in chasing up borrowers who don't meet the conditions of their loan, negotiating suitable conditions for your financing agreement now is more important than ever.

When setting your financing facility, keep in mind that you need to demonstrate your Serviceability and Security on the loan not only at the time of purchase but throughout the term of your loan. A decision made today can place borrowers under ICR stress in the future. Without robust advice, a "cheap" rate may actually end up costing a lot more than expected should the lender enforce default provisions.

If you would like the support of a financing specialist to fund your pharmacy purchase or review your current facilities, Guild Commercial Finance specialises in providing objective and independent finance solutions to pharmacy. Guild's experience and accreditation gives you direct access to all major lenders, their products and their industry specialists. But more importantly, we'll assess and negotiate the most appropriate solution for your business today – and for where you want to take it in the future. It's this combination of who and what we know that gets the right information to the right people – and gets you results.

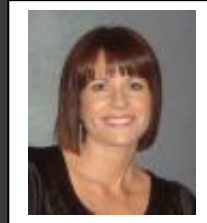
## Profile Perspective

### Name:

Kendell Lamb

### Job:

Recruitment Consultant



### What does your business do?

Provides all levels of staff (Casual, Contract and Permanent) in Blue and White Collar areas to Toll Businesses and other businesses in the Transport and Logistics industry.

### What do you enjoy about your work?

People contact, account management, candidate placements - satisfaction

### Greatest Career Challenge?

Managing 100+ contractors on daily basis while recruiting for perm roles and managing clients expectations.

### Greatest Career Success?

Achieving the above while maintaining high standard of service

### What would you say to the PM if you met him?

Would you like some help with your hair style? No.. I am serious!

### Celebrity you are most like?

Well, I often comment about being able to help children from third world countries and would love to have a little tribe... So that would be Angelina, but would also like to have the shopping budget of someone like Victoria Beckham!!

### Favourite Restaurant?

Umm – would have to say Cha Cha Cha Riverside and the Chill Bar at Bulimba – both have good food, drinks and memories.

### Motto or Favourite Quote?

Onwards and Upwards.... Tomorrow is a new day!