

# Skilling for boom and bust

Mark Fenton-Jones

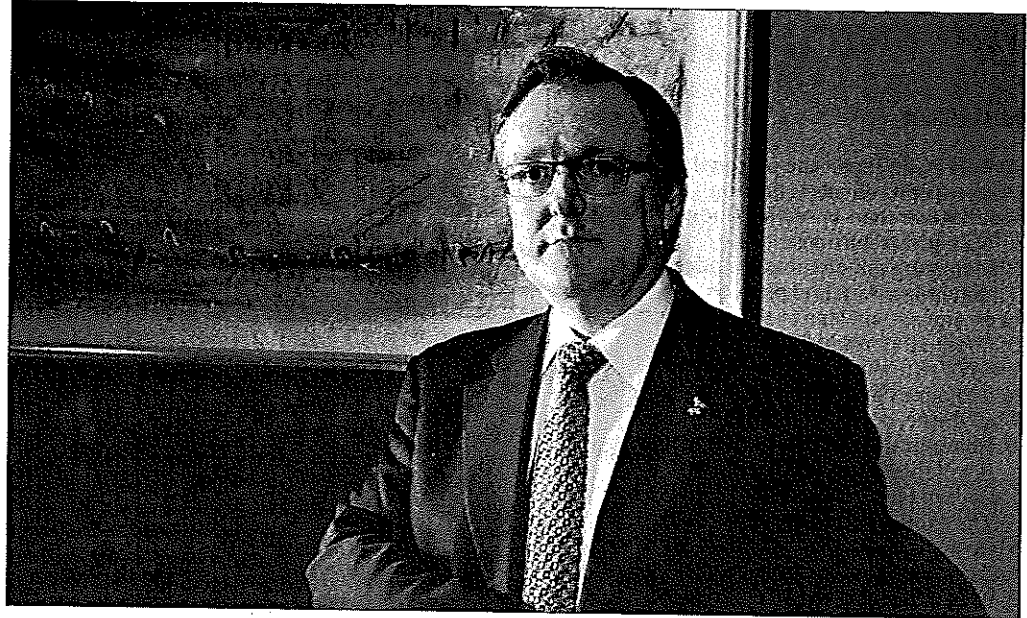
The West Australian government is backing a \$2 million project to help small businesses survive in good times and bad.

Funded by the state government for two years, the BizFit program will involve the Small Business Development Corporation, the WA Chamber of Commerce and Industry and Curtin University.

The managing director of SBDC, Stephen Moir, said the program aims to instil business resilience, regardless of the economic circumstances. He emphasised that it is not one of the many programs which focus on surviving in a recession. "Some businesses struggle as much with how to manage growth effectively as they do when there is a severe downturn," he said.

Under the four-stage program, which is expected to be launched soon, businesses employing two to 20 people will be able to attend briefings about the condition of their local and state economies.

The second stage, Pulse Check, will provide one-on-one intensive business coaching. Business owners will also be able to



Stephen Moir says some businesses struggle with growth – not only during downturns.

Photo: BOHDAN WARCHOMIJ

participate in a two-day program, focusing on business growth, that is based on an 11-month program offered by Curtin University. Some businesses will be offered scholarships for the full Curtin University program.

Local briefings will cost \$20

and fees will apply to the growth programs, but Mr Moir said costs will be "heavily subsidised by the state government".

Meanwhile, the SBDC is still working on the details for a Small Business Advocate despite the state government's failure to

pass amendments to the Commercial Tenancy (Retail Shops) Agreements Act last week.

"I still think there is some negotiation to go but until the minister gives us an indication either way, we'll continue planning," Mr Moir said.

# Don't leap blindly into a business

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People considering buying their own business are being warned to check not only the financials of their intended investment but also their own suitability as a business owner.

"I see a lot of people going into business with little experience or knowledge of a basic preliminary checklist," said chartered accountant Carolyn Baker, a director of CJ Baker & Associates, which she founded in 1996.

Ms Baker said she had noticed more people were seeking an alternative to employment, or those who had been cashed up for up to two years were now thinking of entering the market as they believed the economy had bottomed.

These people were after businesses that had strong cash flow and good controls over their debtors and stock turnover.

"No one wants to buy a slow cash-flow business," she said.

Ms Baker's comments were made about the same time that KPMG released its survey of small- to medium-sized businesses. KPMG's quarterly "Mood of the Market" survey released earlier this month found that 39 per cent of companies expected economic activity to remain steady while 43 per cent expected to expand rather than contract.

The leader of KPMG's Middle Market Advisory practice, Graeme Matthews, said businesses were not yet out of the economic doldrums.

"But for small to medium Australian businesses, the outlook is good," he said.

"The changing market conditions are offering business opportunities – 49 per cent [expect] to increase market share through the weakening of competition, 20 per cent will look to acquire assets from under-

performing companies and 14 per cent are investigating taking over a competitor."

Those wanting a piece of their own action are in good company. The release of the BizExchange Index last week revealed that after a fall earlier this year, the number of small businesses being offered for sale is picking up, particularly as baby-boomer owners approach retirement.

**I see a lot of people going into business with little experience.**

Carolyn Baker

Despite that heightened activity, Ms Baker warned first-time buyers to undertake a thorough due diligence to make a fully informed decision when buying a business.

"You should get a proper valuation of goodwill and arrange an inspection and valu-

ation of premises, fixtures, fittings and equipment, valuation of stock and work in progress," she said.

"One of the biggest dangers for first-time business buyers is skimming the surface on details like this."

Queensland-based Mardent Group, which advises people who are buying businesses worth less than \$10 million, has created a "How to buy and finance a business" one-day workshop in Brisbane, Sydney and Melbourne during September, October and November.

"Business buyers are traditionally left to their own devices to wade through the searching and sales process and are not supported with qualified advice, independent from selling agents," the company claims in a brochure.

Mardent launched the workshops because of the number of ill-prepared buyers it was seeing in the market.