



May 2018

WELCOME



Welcome to the first in our series of newsletters - **Business Insights**. We'll share topics, insights and stories from the business world, especially for owners and leaders of Australia's largest and most important sector – Small to Medium business (SME).

We're also looking forward to sharing insights gained from our many years of experience owning, running, leading and consulting to Australian SMEs, plus articles and tips from other experts in their field.

I'm Frank Colli, founder of eccoCONSULTANTS and I hope you'll enjoy reading Business Insights on a regular basis.

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2018 - OPTIMISM IS HIGH

What does 2018 hold for you?

A 2017 survey shows optimism is high with SMEs.

66% of SMEs are confident for the next three years.

45% intend to expand over the next three years.

21% of all SMEs are looking to break into International Market.

38% Medium sized SMEs are looking to break into International Market.

¹ 2017 NAB-IPSOS Moments that Matter whitepaper

² #1 reason for failure of CEOs, Business Owners and Managers today is strategy execution - Peter Hickey Maus Business System

A Digital Tool for International Expansion

If you are thinking about expanding overseas, ANZ in partnership with the Export Council of Australia have developed a brilliant digital tool to assist businesses assess and plan for expansion.

<https://betradeready.anz.com/>

It will help you build a business plan, understand economic and cultural factors such as competitive landscape against other countries. For example, an Australian dairy milk producer wanting to break into the Chinese market could face tariffs of 9.0%, whereas a similar producer from New Zealand has 0% tariff.

What are your business expectations for 2018 and beyond? If you don't have a plan, ecco can help.

Economic Indicators

Indicators point to a buoyant 2018, with expected GDP up slightly to 3% and unemployment staying around the 5 – 5.2% mark.

Australian Bureau of Statistics data over the year to January 2018 shows employment growth of over 400K. Additionally, CPI may fall slightly over the year. A dampener on this is the continued (albeit narrowing) gap between business and lower consumer confidence. This continued



disparity is being driven by stagnant wage growth, rising energy costs and high debt levels. Despite this, Australian businesses are seeing some of the best conditions since 2008.



FEATURE ARTICLE

ARE YOU DELIVERING ON YOUR BUSINESS PROMISE?

Garreth Bohanes - Senior Advisor

Owners CEOs and salespeople can often be so passionate about what they do and what they want to achieve for their customers that they become distracted, losing perspective on what is really going on and what is actually being delivered to clients. This 'reality gap' could have a long-term, detrimental impact on a business' ongoing success.

Let's illustrate this. A research study by Bain & Co. of 375 selling organisations, showed that **80% of companies** thought they were delivering a superior value proposition to their clients. However, when Bain & Co asked buyers the same question,

"Only 8% of buyers agreed they received the level of service these companies believed they delivered"

So how does such disconnect occur? **The Curse of Knowledge.** Simply put, the curse of knowledge comes about when other people who do not share your knowledge do not see things the same way as you.

An interesting study from Stamford University in 1990 reveals this disconnection between what we **"know"** and **"believe"** to what is **reality.** Creating a simple game, they assigned people to one of two roles: "tapper" or "listener." Each tapper was asked to pick a well-known song and tap out the rhythm on a table. The listener's job was to guess the song.

Over the course of the experiment, 120 songs were tapped out. The result

"Tappers predicted a 50% success rate. Listeners got a 2.5% success rate"

Why? Those that were tapping the songs already knew which song it was and could hear the song in their heads whilst tapping. Thus they were biased, believing the answer was obvious, and unable to comprehend why so few people would guess incorrectly. Of course, the group listening was just hearing a series of discordant and therefore mostly unidentifiable taps.

It's the Curse of Knowledge and it can affect sales, marketing and service departments.

When we know the benefits of our products and services we deliver and believe single-mindedly in what we want to achieve for our customers, it is possible to become blind to the **reality of what we actually deliver.**

Is this silent profit killer happening in your business?



At **eccoCONSULTANTS**, when we begin working with clients we often start by taking a broad look at your business with a set of independent eyes. We call it **'Testing the Kool Aid'**.

It's often easier to see gaps from the outside.

The application of **'Testing the Kool Aid'** is not limited to the disconnect between the service provider and the buyer. It can exist in other ways inside your business. For example, between what Management and HR believe is being delivered as employee experience and culturally to what staff are experiencing and feel. Between, how Management believes its systems and processes work, to what staff must do in order to do their jobs.

Are you seeing high client churn or low NPS?

High staff turnover and low engagement rates?

Is it time you tested the Kool-Aid?

How healthy is your business?

Do you know how your business is travelling in comparison to others in your industry? By utilising the online latest data available for Australian small businesses, we can benchmark your business against your competitors. Benchmarking would include ratio analysis across 4 broad categories:

- Profitability
- Asset utilisation
- Working capital and financial strength
- Return on investment.

Interested?

Call Garreth on **0401 984 241** or email **gbohanes@eccoc.com.au** to find out more.