

The Big Picture

Issue 39
9th May 2009

"News to use & amuse"



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www.abetteraustralia.com

Whose budgets to cut?

Our governments are starting to bleat about lack of money. The Age's Shaun Carney reports...

(This) Budget is a different, and more ferocious, beast entirely. This one will make or break Kevin Rudd as Prime Minister and Wayne Swan as Treasurer. The Reserve Bank's forecast, issued yesterday, of a 1.25 per cent contraction in the economy for the current financial year and by one percentage point for calendar 2009 is but a sign of the grim picture the budget will paint. [TheAge](#)

Much of the media seems to have concluded that we've handled the 'financial crisis' and it's now a question of waiting it out. The Australian's '[\\$25 bn fast track to recovery](#)' leader is an indicator of this.

TUESDAY'S federal budget will invest more than \$25 billion in key road, rail and port projects, including a heavy rail freight corridor linking Melbourne and Brisbane, aimed at hauling the nation out of recession.

I suppose it's some relief to hear that governments are seriously considering upgrading some of our essential infrastructure. Whether they'll complete the task will have to wait and see.

IPA chairman Mark Birrell said: "For too long, Australia has fiddled around the edges. The time has now come for the bold reform that will deliver an integrated national logistics network - underpinning Australia's future economic growth and productivity.

"Failure will increase cost of living, cost jobs through constrained economic growth and leave Australia with worsening congestion."

He said the IPA's modelling showed Australia's freight task would triple over the next 30 years, at a time when the nation's freight networks were already stretched beyond capacity. [The Australian](#)

What The Australia doesn't say is how our governments are so badly addicted to failure and waste.

Before the federal budget, with the inevitable cuts to public services actually valued by citizens and the flush of new borrowing to build what governments should have already provided, it might pay to review just how much our governments are costing us, and how too much of that money is being wasted.

The easiest way to understand the costs imposed on Australians by government is to look at the non-discretionary component of an income earner's budget. I use an 'average' income of \$50 K.

- 30% (\$15,000) goes to income tax
- 7% GST (\$2,450) i.e. about 10% of what remains
- 10% (\$5,000) in state/ local taxes, rates, charges etc

A total of 47% (\$22,450) in direct payments to governments

Now we need to look at how governments add to the prices of goods and services with their policies and actions. Quite a lot of this is due to business taxes and costs of compliance created by government requirements – necessary or otherwise. In 2006

compliance costs were [reported](#) at \$86 bn per year, which had to be paid by Australians – about \$4,000 per person equivalent to about 8% of the \$50 K income earner's budget pushing the total up to 55%.

On top of that we have all of the losses of productivity created by poorly designed or managed government systems, like our ports, roads, [public transport](#), freight and other systems, which includes the loss of much of the Murray Darling (worth between \$5 - \$10 bn per year).

The total of the whole costs of government to our already overloaded income earners is probably well over 60%!

And how is it being spent? Recently [The Australian](#) reported...

At the core of this is a bloated and dysfunctional bureaucracy that appears to be more preoccupied with echoing the political spin of government ministers than focusing on the good administration of the state. The NSW Government racks up an annual wages bill of \$23 billion for its bureaucracy, which exceeds 370,000 people, with more than 60 per cent involved in the areas of health and education policy.

These are very serious and urgent organisational problems. Australians are being hit for 60% of their income to pay for governments that are 'bloated and dysfunctional' even as politicians look for savings out of essential services budgets - it's classic 'Yes Minister' – hurt the people with cuts to convince them government needs all of the money.

Meanwhile our 'leaders' enjoy ongoing [benefits](#), generous salaries and lifelong superannuation paid by the rest of us.

From an organisational perspective, the Australian system of government is totally unsustainable, indeed Kevin Rudd is trying to breathe life into it with extensive public borrowings, piling debt on top of debt (Australia's foreign debt exceeds \$1 trillion).

Meantime his government has [dismissed](#) the opportunity for Australia to supply its own needs by refusing to create a purchasing system that credits local companies with their contribution to Australia's economy, staying with the 'buy cheaper from overseas' model and driving jobs and production offshore.

Australians deserve better than this. We urgently need real leaders who focus on improving government performance, affordability and cost before we slash needed services.

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In case you missed it

Financial mess

Swan walks credit tightrope [Australian](#)

Recovery in sight [SMH](#)

Top unis 'investments' bleeding millions [TheAustralian](#)

Poor & vulnerable paying for bank bailouts: Klein [RawStory](#)

Governance & spin

Rudd billions may bypass planning systems [TheAge](#)

Australian regulators 'inert' in fraud case [SMH](#)

Spending power shifts to Canberra [TheAge](#)

Truth obscured by mumbo jumbo [TheAge](#)

Liberal donors demand a major Coalition upgrade [Australian](#)

Poor public transport undercuts home owner grant [SMH](#)

Forestry/Food

Union lobbies banks for pulp mill [Mercury](#)

Tas police move on protestors [TheAge](#)

Narcissist complex hides global realities from us [SMH](#)

Climate/water/energy

Get serious about solar [Australian](#)

Why Green leaders backed carbon plan [Australian](#)

Climate gamesmanship and we all lose [SMH](#)

Brag now – pay later – it's all hot air [SMH](#)

Health/education revolution/communication/defence

How the PM's office controls media [TheWest](#)

36 hr Power failure cripples hospitals care [SMH](#)

Ruddnet divides nation [Australian](#)

Chinese to build comms complex near defence centres [Telegraph](#)

US should give up internet control [TheWest](#)

The clever country slips away [TheAge](#)

Binge drinking now Cross's biggest problem [SMH](#)

Economy/social/shelter/transport

Industry moves to sink WA explosion inquiry [TheWest](#)

First home buyers sluggish [TheAge](#)

World

From porn to potato peelers, UK govt in action [SMH](#)

20% of US homeowners 'underwater' [CNNMoney](#)

EU recession 'worse than thought' [AlJazeera](#)

Australia Misfires Defence Cash

By Ben Eltham @ [New Matilda](#) 4 May 2009



The Defence White Paper is a cautious, thoughtful and well-argued document that completely misses the point, writes Ben Eltham

On the weekend, the Rudd Government released the nation's military blueprint for the defence of Australia. The new [White Paper](#) is the first formal statement of Australian defence strategy since 2000 and its title, *Defending Australia in the 21st Century: Force 2030*, reflects its main message.

The White Paper contains few surprises. The headline items had all been carefully leaked, mainly to *The Australian*, in the months leading up to the paper's release: 12 new submarines to replace the Collins-class subs; 100 F-35 Joint Strike Fighters; 8 new frigates and 20 new helicopter-capable patrol boats. No extra infantry but 1000-plus armoured personnel carriers to protect them. Cruise missiles. A cyber-war centre to protect us from [botnet](#) attacks.

The initial reaction to the White Paper has been equally predictable. The paper was the product of Australia's tight-knit defence establishment — the small network of top brass, Defence Department bureaucrats, ex-generals and admirals, and policy groups like the Australian Strategic Policy Institute and the Lowy Institute that dominates the Australian defence debate. Among this group, the reaction has been largely technical in nature — should we buy even more fighters and subs, as Hugh White suggested in his own ["alternative White Paper"](#)? Do we need more troops and tanks, as the Centre for International Security Studies' Alan Dupont and the Australian Defence Association's Neil James [think](#) we do?

Kim Beazley [thinks](#) the new paper "looks big and risky, but it is not" while Richard Brabin-Smith [believes](#) the paper "sets out in clear language that Australia's most basic strategic interest remains the defence of Australia against direct armed attack".

And this is precisely the problem. Australia's most basic strategic interest is *not* defence against direct armed attack. Australia's most basic strategic interest is a planet habitable to human life. The Defence White Paper has essentially nothing to say about this — which is a shame, considering that the environmental threats that face our nation in the immediate future dwarf any remote chance of military threat to our sovereignty.

As I [argued](#) when the plan to build new subs first emerged, the whole way we think about national security is deeply flawed. Lethal submarines and next-generation fighter jets won't stop the Greenland ice shelf from sliding into the Atlantic, and they won't stop much of southern Australia turning into a dust bowl. After all, the invasion of Australia is only a contingency. The radical and irreversible warming of our continent is already a reality, as

I wrote in February.

The White Paper does indeed identify climate change as a potential risk. "Changing climate patterns," it states on page 31, "combined with booming population growth, will sharpen competition for scarce food, water and energy resources in many parts of the world, particularly in Africa and the Middle East, and are likely to exacerbate existing population and infrastructure problems in developing countries in those regions, straining their capacity to adapt and cope." However, in a shockingly offhand conclusion, the White Paper then goes on to state that "large-scale strategic consequences of climate change are ... not likely to be felt before 2030."

Oh really? The long-term food security of the world is [already](#) a massive problem. If anthropogenic global warming is left unchecked and the world warms by 4, 6 and even 8 degrees, then even rich nations like Australia will struggle to maintain an adequate food supply. Once this happens, all bets are off. Bread riots were the immediate precursors to the storming of the Bastille in 1789 and the February Revolution in 1917 in Moscow. Resource scarcity fuelled the civil war in Darfur.

Let's turn this problem over and examine it from another perspective. The security threat that the White Paper clearly envisages, and the force structure it thinks Australia should build to protect against, is a militarily aggressive China. It doesn't matter that [neither the United States' nor Australia's intelligence agencies](#) think this is what China is doing. Apparently this is the strategic future Australia is preparing for, and the price of that insurance policy is more than upwards of \$100 billion in new hardware.

Well, it turns out China is *already* doing something very harmful to Australia. It is building new coal-fired power stations at a rapid pace. If China keeps doing this until 2030, the race to prevent dangerous global warming will be over — and we will have lost it. Australia may have a brand new fleet of fancy submarines, but no agriculture in the Murray Darling, no snow in the Snowy Mountains, no reef tourism industry in North Queensland and no water in Adelaide. How will [aggressive re-armament](#) help Australia convince China not to build those coal-fired power plants? It won't, of course.

When a threat as clear and present as climate change is blithely dismissed as "not likely to be felt before 2030", it's very hard to take the rest of the White Paper seriously. After all, the entire point of this document is to prepare Australia for the strategic contingencies it is likely to face in the future. A resurgent China leading to an arms race in Asia (a theory, by the way, which has surprisingly [little evidence going for it](#)) apparently requires a massive military modernisation. But climate change? Not even a problem until 2030. She'll be right, mate.

Nor is climate change the only real and imminent threat facing our nation that this White Paper ignores. What about peak oil? Of course, many think new solutions will be found to the looming shortage of petroleum long before the oil actually runs out — but a growing group of geoscientists and petroleum analysts think that oil production has already peaked, and is about to start declining precipitously. If this is so, Australia, as a net oil importer, faces some very tough challenges.

But despite recommending an ambitious new suite of diesel powered submarines and fighters that run on jet fuel, the White Paper doesn't even mention the phrase "peak oil". In fact, it only mentions the word "oil" once, in the context of protecting Australia's oil and gas platforms off the coast of WA.

Australia's complacency about peak oil is staggering. Living as we do on a vast continent, we depend on transport more than nearly any other nation. Ninety-five percent or more of this transport is powered by fossil fuels. Yet we already import around half of our petroleum, and this will increase to two-thirds by 2015.

In 2006, the Australian Senate launched an [inquiry](#) into Australia's preparedness for peak oil. It recommended that the Government should take peak oil into account "in considering a less oil-dependent policy scenario". Yet by late 2008 the Rudd Government hadn't even responded to the Senate report, let alone begun to seriously plan for an oil-constrained future. As the Australian Association for the Study of Peak Oil [pointed out](#) to the inquiry, Australia doesn't even maintain a strategic petroleum reserve.

The most thoughtful initial comments about the White Paper have come from an unexpected candidate: Opposition Leader Malcolm Turnbull. Turnbull has had a tough time of it lately, but he got it absolutely right when he [said](#): "It makes no sense for Australia to base its long-term strategic policy on the highly contentious proposition that we are on an inevitable collision course with a militarily aggressive China."

The White Paper sets out a thoughtful, well-reasoned and logical plan for the defence of Australia against threats which don't exist, while completely ignoring the threats that do. In doing so, it reflects a larger failure of Australia's political classes, which as a whole have comprehensively failed to understand the scale and nature of the looming climate change disaster.

The new White Paper builds a force which is nothing less than a new [Maginot line](#) that will elaborately prepare for a war that even the White Paper itself says is unlikely.

NSW Switches Its Brain Off

By John Kaye @ NewMatilda 4 May 2009



Ignoring world's best practice, the NSW Government has chosen to spend \$18 billion to preserve its highly polluting electricity network — and we're footing the bill, writes John Kaye

The Australian Energy Regulator (AER) has just approved a \$16.5 billion upgrade of NSW's electricity distribution infrastructure. At first glance this seems like a great idea to keep the lights on and generate jobs during a recession. But a closer examination reveals that this upgrade is simply about rebuilding an outdated electricity network.

Instead of investing in next-generation technologies, the AER's decision promises to lock NSW into a coal-fired future of significantly higher household bills and soaring greenhouse gas emissions.

Since the AER took over energy regulation in July 2008, NSW is the first state or territory to have its electricity expenditure programs determined by the body. In coming to its decision, announced on Thursday, the capital works budgets and operational cost structures of the state owned electricity distributors — Energy Australia, Country Energy and Integral Energy — have been assessed against projections for customer growth and energy usage over the determination period. The ruling of the regulator effectively sets the price of electricity distribution in NSW for the next five years. By supporting such a massive capital expenditure program, the regulator has locked in huge and unnecessary price rises for NSW consumers for the next five years.

The decision the regulator has taken in NSW — which it is likely to replicate in other states — will certainly have a dramatic impact on household and small business electricity bills. But it will also have a profound effect on the future of the electricity industry and the ability of Australia to reduce greenhouse gas emissions.

The regulator has allowed the Rees Government to provide NSW with the best technology the 1960s could offer. By ignoring international moves to smart grids, better demand management, and embedded renewable and high-efficiency gas generation, the state's energy minister is squandering opportunities to join the global push to slash greenhouse gas emissions and build a new, green economy. NSW is building the electrical equivalent of a superhighway from polluting coal-fired power stations to household powerpoints.

If Australia is to address the massive [34.4 per cent of its greenhouse gas emissions](#) that comes from the production of electricity, there has to be a substantial shift away from traditional generation and distribution networks. Coal must be replaced by renewable and low-emissions options such as wind and solar and high-efficiency gas generation, and the distribution networks need to be designed to permit and encourage embedded generation options and incorporate smart load control systems.

Embedded generation offers an opportunity to substantially improve the efficiency of electricity production. It brings the energy source closer to the user, reducing the demands on a distribution network. These technologies are particularly suited to central business districts and light industrial environments with their large demand for electricity for powering air-conditioning, lifts, lighting and industrial processes. There is the space in these localities to support roof-top solar systems, as well as low-emissions generation like high-efficiency gas.

But this kind of essential transformation to our network has been undermined by the failure of the regulator and the NSW Government to articulate an energy future where coal isn't the central player.

The lack of foresight by the Government and the regulator is astonishing. A \$16.5 billion spend could directly purchase these types of systems and/or encourage investment in them, which would avoid the need to spend huge amounts of capital on the distribution network, plus have significant emission reduction benefits and create jobs.

Current international best practice uses high-efficiency gas-fired generation systems that exploit the waste heat from the generation process to both heat and cool water. This so-called "[trigeneration](#)" technology is most effective when located close to the consumer for both heating and cooling.

Coal-fired power stations are only 20-25 per cent efficient with 75-80 per cent of the heat energy produced in burning coal being lost in the generation process. Trigeneration systems capture and use the lost heat for water heating and cooling, exploiting up to 90 per cent of all primary energy from burning the gas. In the UK, trigeneration has played a [major role in reducing](#) the carbon footprint of the town of Woking by 77 per cent of 1990 levels by 2004.

But NSW is heading in the opposite direction, strengthening the lengthy pathways from remote coal-fired power stations to homes and small businesses, rather than bringing power generation and consumers closer together.

One of the major reasons cited for the huge spending program is the perceived need to meet increasing power demands during a few hours of peak consumption. Energy Australia, for example, proposed spending \$2.78 billion on strengthening its network to cope with an [estimated peak load growth](#) of 860 MW by 2014. This money could be better spent — and in many ways saved — by managing that demand and improving efficiency.

Strategic load control can lop off these peak demands. Around the world, progressive authorities are already building the intelligent grids that interact with residential and business consumer appliances to turn them off or cycle their use through times of peak demand. The people of NSW are being asked to pay billions of dollars to build a system that will only be needed for a few hours a year. The strategy they are being obliged to invest in is inefficient and unfair when there are cheaper alternatives that are much more greenhouse-friendly.

Sydney has suffered three major supply interruptions in less than a month. While this might be a statistical anomaly, it does highlight the vulnerability of traditional distribution systems. Embedded generation and smart grids offer better opportunities to reduce the severity, extent and duration of blackouts. They are a much better option for achieving network reliability and serve consumer energy demands without driving up bills and greenhouse gas emissions.

The regulator flagged a distribution price increase for NSW consumers of [around \\$75](#) in the next financial year. They also indicated that the cost recovery for the distributors' capital expenditure program has been limited in the first year due to the impacts of the global financial crisis. As network charges account for about 50 per cent of the total retail price, the network component alone could result in an 85 per cent increase or greater in household electricity bills over the next five years.

In NSW the economic and political power of coal is about to trump the best interests of the community again. The only hope was for the regulator to inject reason and some up-to-date ideas into the debate. This hasn't happened.

Now, although the AER has given the plans regulatory approval, the Rees Government must think again. While the rest of Australia is wondering how we can reduce greenhouse gas emissions, the NSW Government and its electricity distribution companies seem happy to lock households into an expensive and highly polluting future.

Rudd Breaks His First Promise

By Ben Eltham © [NewMatilda](#) 2009/05/07



The Government's backpedaling on climate change reveals a PM obsessed with the news cycle and fine detail, but losing sight of the big picture across many issues

There's been a general rediscovery [lately](#) of Isaiah Berlin's famous metaphor of the [fox and the hedgehog](#).

"The fox knows many things," wrote the ancient Greek poet Archilocus, "but the hedgehog knows one big thing." Berlin used this as a jumping-off point for a beautifully turned essay on political thinkers, dividing their thinking styles into system-builders (hedgehogs) and polymaths (foxes).

Kevin Rudd is the archetypal fox: a politician who knows many things and can't resist telling you about them. His background as a diplomat and policy nerd, unrivalled knowledge of the levers of power and hard-nosed skills as a backroom operator make him a quintessential example of Berlin's idea.

The cunning wiles of the fox are handy just now, when one considers the hostile terrain Kevin Rudd's Government is navigating. Taking office just as the global financial crisis was getting started, the Prime Minister has already had more than his fair share of those derailing interruptions to political achievement that Harold Macmillan called "the opposition of events".

Until this week, Rudd has shown an impressive ability (bemoaned by the Opposition and the leader writers [at The Australian](#)) to frame the political debate and steer his legislative agenda through Parliament in the face of this opposition of events. For instance, Rudd has kept every important election promise from the platform he successfully took to Australian voters in 2007, delivering on things like tax cuts, computers in schools and industrial relations re-regulation.

But this week Rudd [threw a promise overboard](#). By delaying the introduction of the [Carbon Pollution Reduction Scheme](#), the Government has broken its first substantial commitment on a significant area of public policy.

And what a biggie. As I argued when [analysing the Defence White Paper](#) this week, climate change is the single-biggest threat to the future of Australia. But it's also one of the toughest issues any politician can face, as Ross Garnaut [acknowledged](#) in his report. The scale of the problem, combined with the political difficulty posed by the solution, makes it a potentially intractable combination of vested interests, regulatory nightmares and wrenching large-scale economic change.

No wonder the Government has found it increasingly hard to stay on top of the climate change debate. I have never considered the Rudd Government's political strategy of trying to

triangulate between the Coalition and the Greens particularly clever, although correspondents as savvy as Shaun Carney continue to [be bewitched](#) by its supposed tactical brilliance.

In fact, the Government has badly mishandled the job of developing climate change policy, producing a bill that almost no-one is happy with. Scientists continue to observe that a 5 per cent cut is actually a commitment to a vastly hotter world, while Opposition spokesman Andrew Robb justifiably [points out](#) such a low target will do little to reduce carbon pollution and yet still manages to impose a costly and unnecessary regulatory burden on business (though Robb would like to give even more money to big polluters).

This week's decision was an admission that the ETS debate had got away from the Government, hence the attempt to press the reset button on the debate and get back in charge of the news cycle.

And make no mistake, the short-term news cycle is the chief object of the Government's attention just now. Despite the grand pre-election rhetoric of "evidence-based policy", the goals of Kevin Rudd's Government just now can be measured in days and weeks, not the decades-long perspective of global warming.

Examine, for instance, the Prime Minister's rapid manipulation of the political news cycle this week. The Defence White Paper, a formidable but deeply flawed document that contains [vast new promises](#) to buy military hardware, was foreshadowed in the media with careful leaks, ensuring the debate about the White Paper was relatively muted.

No sooner had the White Paper dropped than the Government started leaking the [truly terrible state](#) of the budget bottom line. The federal budget is drowning in red ink as tax revenues fall off the cliff, and may be more than \$60 billion in deficit by the time Wayne Swan reads out the headline figure next Tuesday night. Worse, it may stay in deficit until 2015, which is not quite the "temporary" deficit Swan keeps talking about. A \$200 billion drop in government revenue is an ugly set of numbers by any treasurer's standards and Joe Hockey has already been getting good mileage simply by pointing out that every time Labor gets in, unemployment goes up and the budget goes into deficit. Seeing as Labor has presided over the last two Australian recessions, this is a shallow observation. But it is also true.

Even so, I expect Wayne Swan's budget next week to be a circuit breaker on the economic debate for a while. While the recession will grind on well past the next election, Australia looks as though it will escape the kind of GDP contraction [we're seeing](#) in major trading partners, in comparison with which the sustained stagnation that is the most likely fate for our domestic economy almost looks good.

The opposite is true for climate change, which as [David Spratt](#) and [Anna Rose](#) have both explained, is a problem that can only get worse. In the short term, the scientific reality of dangerous and irreversible warming has yet to be widely understood by the general community. This has allowed politicians, lobbyists and journalists — and even green groups like the ACF who should know better — to adopt a fundamentally mistaken view of the seriousness of the problem.

But the future will make a different decision. Looking at the substance of Kevin Rudd's revamped emissions policy, any sensible observer — and there are many more of these in the electorate than the closed-loop of Canberra politics-as-usual generally acknowledges — will conclude that the Rudd Government's policies in relation to climate change represent a

craven capitulation to the big polluters. Climate change is a classic hedgehog issue, a problem so big that, for those who have started to understand its implications, it dwarfs all other considerations.

At the moment, and indeed in the run-up to the next election, that's still not a large proportion of the electorate. But for those for whom climate change is a vote-changing issue, primary votes are likely to start to leak heavily away from Labor to the Greens. This factor, combined with the reduced Senate quotas in a double-dissolution election, is almost certain to give the Greens the balance of power in any such election (which is the main reason why I don't think Rudd is angling for one). Even in a half-Senate election, the Greens stand a good chance of increasing their total by one or even two Senators (namely Steve Fielding's spot in Victoria, and potentially the final seat for South Australia or Western Australia). And that may be the only way an emissions trading scheme ever gets passed.

Meanwhile, as the recession starts to bite, the second half of Kevin Rudd's term will be much tougher than the first. With Joe Hockey as shadow treasurer, the Liberals have started to lift their game. Getting re-elected will not be the cake-walk for Labor that many assume.

Selling to survive

For those business owners out there seeking to survive a recession, here're some excellent tips from top marketer Chris Newton. Check out his site at www.resultscorporation.com.au.

Note how Chris recommends a proactive and detailed approach, something that we can all benefit from.

FOUR things to do immediately when sales start drying up

"Our competitors are doing some ridiculous discounting. It's hitting us hard."

"Up until six months ago, we were booked up a month and a half in advance. Now it's a constant struggle to fill the week with jobs."

"We used to have loads of people filing through our display homes. Now, the numbers are thinning and sales are getting tougher. We will have to get better at selling and work every lead we can get."

This is just some of the feedback I'm getting from our subscribers, and from the marketplace. Regardless of how much they might want to 'reject the recession', lots of businesses are

feeling the pinch.

The economic conditions are a fact of life. But it's no time to curl up in a corner in the foetal position. Now is the perfect time to be actively looking at new (or old) ways to turn things around. Smart players boom in these times.

Let me give you four basic action steps to get sales pumping through your business again.

1. Tighten up you sales processes.

OK, I rant about this regularly. But I get to look inside lots of businesses, and I have to tell you ... SALES are being lost every day for the want of some simple changes.

- What about when the phone rings with a request for information. Realise it's NOT a request for information!! It's someone wanting to BUY. Organisations are so laid back, they accept sending of a brochure and bland form-letter as handling the 'sale'. It's NOT. You need an elite team of trained 'green berets' hungry for sales, who make sure every possible (ethical) avenue has been covered, systematically and consistently, to get the sale. And you need to track what's happening ...
- What's going on in the business? In the 'good times', it's so damn easy to ignore things that make you cringe, and be too busy to do anything about it. Times aren't 'good' right now. FIX these things internally that eat away at your market share. What sort of things? Customer enquiries sitting for days unattended to. Poorly worded letters going out, often with grammatical or spelling errors. That square peg in a round hole person who should never be handling sales enquiries, who is still there. I could go on.
- Sales skills. Presenting at a conference recently, I invited a gentleman up on the stage. Like most of the people in the room, he thought he was pretty good at selling. But about 45 seconds into our role play (with me as the customer), he was stumbling, uncomfortable and disoriented as to how to handle my basic questions on price and why I should buy from him and not his competitor. To relieve him of his discomfort, I switched roles. With limited knowledge of his products, I showed him and several hundred other business owners how easy it is to keep control of the sale. The whole room agreed this change in approach would work for them. But up until then, almost NONE of them did these things. Bottom line, if your 'green berets' aren't seriously honed in the skills to handle a prospect's enquiries, you are losing market share. And with the "shrinking pie", that's a luxury you simply can't afford.

2. Mass Marketing vs Boutique.

I've talked a great deal in the past about 'mass marketing' strategies. It's time to think about 'Boutique Marketing'. This is awesomely powerful. There's a wonderful story about how David Ogilvy arrived in New York, from the UK as an unknown, and went on to build one of the largest and most successful ad agencies on the planet. How? He focused in on exactly which companies he WANTED on his client list. He wrote a list of the FIVE 'blue chip' companies he wanted to get. We're talking Shell, Lever & Kitchen, Rolls Royce. The big guys.

He stuck his list of these five giant corporations on his bathroom mirror. And every day, would not leave that bathroom until he

had at least one initiative to get one of those companies one step closer to being a client. The rest is history. He ultimately got all five. You see, when you break your market down into small 'boutique' numbers of prospects, you can bring enormous focus and energy to bear, just on them! You can 'afford' to stand out and be noticed. FedEx a package to the 5 decision makers, find ways to add value to them, create a dialog with them. In tough times and in the 'good times', almost no one goes to this effort. If you can be a bright star on the horizon for your prospect list, odds are you will ultimately win the prize.

3.How many 'dead leads' do you have?

Just like some ancient reptile in Jurassic Park waiting to be reawakened, many of your dead leads may not be dead at all. Chances are, they're just waiting for someone to come along and poke them into action. One business owner said to me the other day that he has 50,000 unconverted leads in his database! It's taken the tight times for him to think about re-approaching these people. What if he can stir even 2% of them into life and they buy from him? For his business, the recession would be over! Do you have leads and past client names that are really just dormant, waiting to get a great offer from you?

4.Remember 'Shoe Leather'?

I love this story. One of our clients is a very successful chiropractor. We've been writing his ads, supporting collateral and client referral and reactivation pieces on and off for years. In fact, about six months ago, we wrote a full page ad for him that 'pulled its socks off'. But lately, his ad responses to various ads we've tested have been progressively diminishing. The current tight times, perhaps? We plan to test new strategies, but in the meantime, he has just pulled off a coup of his own. With 'shoe leather' marketing. No, he didn't go door to door in desperation. He leveraged himself. He secured an invitation to go to the local gym, and for a nominal fee, offered to give the members a spinal check. The result? Out of ONE visit, he's gained 25 new clients. A good morning's work? You bet His 'lifetime value' of a client is worth some \$4,000 to him over the next four years. That's \$100K in new future business in a morning. Now that's inspiring.

What's the bottom line on all of this?

Tough times are not for sitting in an ivory tower and worrying. They're times when different strategies, including well thought through 'shoe leather' marketing, can pay massive dividends. May you boom in the 'tight times'.