

# Don't miss your calling

UP to 85 per cent of people who can't get through to a business the first time say they would be tempted to move on to a competitor.

Around three quarters of respondents to a small business survey said not being able to contact a business was frustrating and unprofessional.

The research, highlighting the lost opportunity of missed calls, was commissioned by Optus to coincide with what it says is a game changer for small and medium business with the launch of Loop. Optus

## New communication system a 'game changer'

**BUSINESS OWNER**  
**CLAIRE HEANEY**



wants to secure a greater share of the lucrative small business communication market, worth up to \$400 million.

Optus small and medium

business head Matthew Ball said 45 per cent of customers said they would look upon a business they couldn't get in touch with as "unprofessional".

A further 6 per cent suggested it would be "extremely unprofessional". Optus surveyed 400 consumers for its study.

Mr Ball said the new offering was "certainly a drumbeat of progress for us to capture more of the small and medium

business market but it comes from an authentic place".

"PABX systems are cumbersome and it is often a bridge too far for small business," he said.

Optus said Loop, launched yesterday, would transform telephony systems for small and medium operators and would cut costs substantially.

The cloud-based Loop provided a service which Optus

said had only been available to the big end of town.

The improvement in call management capability allows businesses to receive calls better by re-routing them, answering them at the desk and then taking the call with them on the go — or having a virtual call assistant pick up calls.

"When people need a service or business product, many do an internet search, ring the

number and if they can't get through or can't speak to someone, dial the next number. Small and medium business can't afford to miss out on these opportunities," he said.

The telco collaborated with global communications service provider Broadsoft to deliver Optus Loop, Mr Ball said.

"We are turning the PABX on its head, by helping reduce the costly infrastructure so SMBs can do away with clunky and expensive telephony systems," he said.

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## DONATING PROVES A PLUM GIG

**CLAIRE HEANEY**

**ENTREPRENEUR** Martin Halphen says embracing philanthropy is good for business. The founder of the Fruit Box Group, which delivers fresh food basics to businesses around Australia, has made corporate social responsibility a plank of his business philosophy.

Mr Halphen said the business donated three tonnes of fruit a week to food rescue programs. The fruit, which may not pass strict aesthetic tests, would otherwise end up in landfill.

"As much as it is a good thing, it helps us," he said.

He is hoping to get a lot of exposure for his new initiative, the One Box Project. As part of a 25-week pilot One Box will deliver food basics each week to 1000 families in need.

He has partnered with Latrobe University to track the project, with the families receiving the boxes having been chosen through 13 charitable organisations around Melbourne.

Mr Halphen said the pilot



Martin Halphen is making a difference, one box of fruit at a time. Picture: ANDREW TAUBER

would cost \$400,000 for 25,000 boxes and employ a number of people.

Based on a review of the pilot he was keen to launch a charity in which individuals and businesses could sponsor boxes to be sent to families. He said he was hoping to expand the idea nationally.

"In Australia we consider ourselves a lucky country but there are kids out that don't have food basics," he said.

Mr Halphen said it was customary when people were in need, sick or dealing with a death to bring food to them. He could see that providing the basics of bread, milk,

vegetables and fruit would also make those struggling to make ends meet feel better.

He said many people facing high rents and utility bills were doing it tough.

"We think this will create jobs and create a demand for produce that will also support farmers," he said, noting

there needed to be more acceptance that giving was good for business.

"Most operators, including myself until recently, think that it is mutually exclusive. Once you get the awareness, there is a real incentive to take action."

thefruitbox.com.au

BUSINESSES should do their homework in order to tap into the higher speeds of the NBN broadband services.

NBN Co, the company delivering the services, said with four in five business and homes either in the design stage, under construction or able to order, it was important people prepared for access.

"It is important to know that connecting your business to the NBN network is not automatic and is a process which may take some time and preparation," head of business Ben Salmon said.

"We encourage all businesses who haven't yet connected to speak with their service provider and discuss what they need to do to move their internet, landline and other services such as ATMs, EFTPOS and fax over to the new network."

NBN Co said it would increase its awareness campaign as more people became eligible to connect to the network.

"It's important that Australians understand the role of NBN as the access network connecting their business to services provided by retailers," Mr Salmon said.

## When to avoid guidance leading in the wrong direction

**I**NVESTING is never easy. Making sense of complex financial accounts takes both the time and aptitude to anticipate the numerous ways finance chiefs can position their businesses in the most favourable light.

Sometimes the business models themselves allow for great subjectivity in arriving at the reported earnings level.

Sometimes management actively encourages investors to focus on favourable metrics, while discouraging the unfavourable ones.

And sometimes the numbers are simply wrong. Let's step through recent examples of each. QBE Insurance is an \$18 billion international property and casualty insurer. Its business



**THE SHORT CUT**  
with ANDREW MACKEN

model can be summarised as follows: the insurer receives a premium today to bear a specific risk of loss over the insured period.

In the meantime, it can invest that premium for an incremental investment return. It is not surprising that the majority of the balance sheet liabilities of a property and casualty insurer relates to incurred claims.

These reflect the insurer's best estimates of future losses. And therein lies the enormous level of subjectivity.

Because management has

to estimate future payouts — an impossible task — the liability can be revised up or down at any time.

And this change runs through the insurer's income statement as a source of income or expense.

Consider that in 2016 QBE reported \$US366 million of "positive prior-accident-year claims development".

In layman's terms, this means QBE was previously overestimating the future outstanding claims and, as such, it revised down the estimated liability. Without

this change in estimate, pre-tax earnings would have been 34 per cent lower, and while QBE proudly touted an improved return on equity of 8.1 per cent in 2016, this would have been a deterioration of about 5.5 per cent without such a favourable revision.

Then there is Snap, the \$26 billion owner of messaging app Snapchat.

Last week it reported its first quarterly result since becoming a publicly-listed company. The result fell well short of expectations and the stock plummeted 21 per cent.

Sequential revenue growth actually fell by 10 per cent and the business continues to make a loss.

Daily active user growth also fell short of expectations.

But company founder Evan Spiegel argued that even daily active user growth was the wrong metric to focus on (let alone profitability).

"How we think about daily active user growth is really through the lens of creativity and creation," he said.

He referred to the number of snaps created daily and time spent in the app as metrics to focus on.

Finally, we have Dick's Sporting Goods, the \$7 billion retailer in the US.

Last week it told the US Securities and Exchange Commission: "This Form 8-K/A is being filed solely to correct a computation error in the calculation of Adjusted EBITDA within the 'GAAP to non-GAAP Reconciliation —

Adjusted EBITDA' tables" contained in its March release of fourth quarter performance.

"This computation error resulted in a \$23.4 million overstatement of Adjusted EBITDA amounts", which is about an 8 per cent overstatement of quarterly adjusted EBITDA.

The market was naturally unamused, sending the stock down 4 per cent on the day.

The message for investors is clear: take the time to understand the accounts of your businesses, and try not to be influenced by the "guidance" of management.

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