

Enabling company principals to advance their business and achieve their goals by providing them with the best available assistance from the best available experts in a cost-effective and professional manner

World Trade Organisation - Prospects for 2010

World trade and output are currently in a recovery phase. The fall in global output last year (-2.3%) was the first of its kind since the Great Depression in the 1920s and 30s, prompting strong fiscal and monetary policy responses from governments around the world.

Since these extraordinary measures appear, at the moment, to have succeeded in preventing a downward spiral in the global economy, policy makers will eventually have to turn their attention to the withdrawal of these policies.

Without any further upheavals in the global economy, world merchandise trade should resume its normal upward trajectory through the end of 2010, although some deviation from its previous trend line will persist indefinitely.

The WTO Secretariat estimates that world exports in volume terms will grow by 9.5%, this year, while developed economies' exports will expand 7.5% and the rest of the world (developing economies plus the Commonwealth of Independent States) will advance 11%.

This projection assumes a resumption of global GDP growth in line with consensus

estimates (2.9% at market exchange rates), as well as stability in oil prices and exchange rates. However, unexpectedly positive or negative economic news in the coming months could necessitate a revision of the trade forecast.

A 9.5% growth rate for trade is insufficient to bring about a return to pre-crisis levels this year, and even the 11% rate forecast for developing countries would not do the trick.

However, two years of growth at this pace would result in trade levels surpassing the peaks of 2008. Developed economies, on the other hand, would require three years of growth to accomplish this.

These trade forecasts are more sensitive to changes in outcomes for developed countries than for developing ones, due to developed countries' larger share of world trade.

There remain significant risks that the forecast could be over-optimistic, including the possibility of further increases in oil prices, appreciation or depreciation of major currencies, and additional adverse developments in financial markets.

However, there is also a possibility that trade may outperform the forecast, for example if unemployment

rates fall more quickly than expected in developed countries.

The estimates of export growth are supported by the WTO Secretariat's time series forecasting model, which predicts growth in imports of around 9.5% in goods and services for OECD countries (technically "on a balance-of-payments basis").

We wait to see if these projections will need to be reviewed as situations change around the world.

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Predict & Penetrate

The new economy post this recession has already shown that customers have changed their views on what is "value". All customers whether they are businesses or individuals want to lower their total costs without losing out.

This means they will trade off lower costs for less specification provided that the changed specification meets their core demands, or they will accept greater specification if it reduces their costs or increases their revenues elsewhere.

The trick for small to medium sized entrepreneurs (SMEs) is to predict how this change in "value" can be made to benefit your business versus your competitors. Predicting the changing needs of customers is critical to success for us all.

However we often look for the golden bullet, the one big opportunity that will transform our businesses. In reality this is hardly ever found. Most success comes from finding fast growing niches and exploiting them quickly before others get in on the act. This will increasingly be the case in the new economy. These niches are in effect micro markets: markets that can be developed and exploited in the short and medium term.

Customers expect mass customisation by their suppliers of products and services to meet their specific needs. They are not prepared to pay for things that give no



value, even when they come "free" with a package.

More and more, micro markets are emerging that offer tremendous growth from a small base. This is no surprise. It follows directly from highly competitive and price sensitive markets where new initiatives and the explosion in technology that allows personalisation at the press of a key. These micro market products & services provide differential advantages that are highly valued by customers - not just because they are different but because they add value.

Historically SMEs are much better at predicting and responding to new micro markets. Put simply they are on the right scale to see and exploit them. Driving business growth through targeting emerging micro markets should be one of a number of growth options you should use.

They key for all SMEs is to make sure you have the insight and data to help you predict accurately new opportunities and how best to exploit them.

Exploitation is critical if you are going to maximise your returns, not just on the micro market itself, but also on the opportunity to sell the developing business to larger companies that look to grow through acquisition of emerging businesses. It is no surprise that a lot of angel and Venture Capital investment assumes a trade sale of the

Google AdWords



emerging business within 3-5 years.

It is a recognition by larger companies that predicting micro markets and penetrating them early is often best done by SMEs that are faster and better placed.

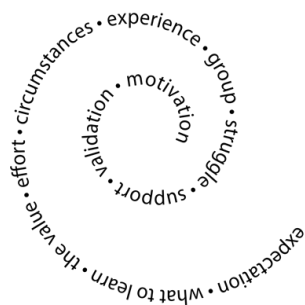
VAT Refund Notice

A recent change in EU Tax regulations (circa Jan 1st 2010) means that a significant proportion of UK Businesses that have used Google AdWords for commercial advertising may have been incorrectly charged the higher rate of VAT (Irish VAT rate is currently 21%).

The regulation change, in summary, suggests that a UK-based VAT registered business, transacting with Google AdWords (based in Dublin) should not pay or be charged the local VAT rate for Ireland.

In effect this could mean that any expenditure on Google AdWords from July 2003 to December 2009 should be refunded at the difference in VAT rates, probably around 21.5 % of your VAT payment could be refunded.

Contact your local ICFBA Accredited Partner to discover how to evaluate your potential claim.



Entrepreneur Skills - Self-motivation

Ask any self-employed person what motivates them, and the answer is likely to be simple: money. But owner managers who think money keeps them motivated may be fooling themselves, say experts.

Recognising what motivates you is likely to be rather more complicated.

Being your own boss comes top of the list for most small businesses, says Professor Andrew Oswald, professor of economics at Warwick University, followed closely by flexibility and flexible hours. Money is a poor third for most self-employed people, including those who believe they are driven by the clatter of pound coins and the rustle of large cheques.

"Self-employed people have higher levels of job satisfaction and are happier than most of the population," believes Oswald. A whopping 49% of the thousands of self-employed people he has studied call themselves very satisfied, compared to 29% of employees. And yet the popular view that self-employed people are happier to take risks is unfounded, he argues: "Their gambling behaviour is no different from the rest of the population." The factors which motivate small businesses are entirely more complicated, argues Cary Cooper, professor of organisational psychology at UMIST and himself a director of business psychology

consultants Robertson Cooper Ltd. "People who start their own businesses have typically worked in a larger organisation and enjoy the amount of control and autonomy that self-employment gives them, when they see the direct rewards for their labour."

But though that autonomy may make most self-employed people happier than the average wage slave, Professor Cooper's studies of top business people has shown that the desire to prove themselves is often drives them.

"Money is not the big motivator. Many top entrepreneurs have had unhappy experiences in childhood, and are motivated by something negative. They want to go on and prove they can succeed, and are driven by control and power."

While those negative experiences may drive many to set up their own businesses in the first place, motivation grows with the enterprise, argues Professor Cooper. "As the business grows and they employ people, it's like an extended family with everyone depending on your success. The drive that keeps you going then comes from your feelings of responsibility to everyone who depends on you."

While small business owners' lives have become more stressful with increasing red tape and too little time to finish too many tasks, most would never contemplate working for anyone else, according to research by

Abbey National Business banking and the Federation of Small Businesses (FSB). Running a business now means longer working hours, less free time and a negative effect on family life, but the attraction of being your own boss still outweighs going back into wage slavery.

"Although people want to work for themselves, they are feeling under pressure to work harder, and this is having a negative impact on their lives," says FSB spokesman Stephen Alambritis. "The lesson may be to find ways to work more efficiently, and to use the best technology and business advice on offer from ICFBA Accredited Partners."

The irony is that highly-motivated owner-managers may also work so hard they make themselves ill. "Those who run small businesses generally do so because their work is also their passion," says Dave Harrop, Forum of Private Business spokesman. "But excess in work can be unhealthy, and especially for a business that relies on one or two people for its success.

Regular short breaks are advisable to maintain motivation and keep ideas fresh.

The problem is; these people are entrepreneurs and innovators so even while lounging in a deckchair they may well be thinking about work!"



Economic Downturn Sees Surge in Numbers of Self-Employed

The UK's economic recession has forged a new generation of home-grown entrepreneurs, with more than one-in-five respondents describing themselves as 'self-employed', and among the rest, almost half expressing a desire to work more independently, according to a recent survey from global workforce solutions leader Kelly Services.

The findings are part of the Kelly Global Workforce Index, which obtained the views of approximately 134,000 people, including approximately 6,000 in the UK. The survey also finds that 20% of respondents have been bitten by the entrepreneurial bug and want to start their own business, with Gen Y (aged 18-29) the most enthusiastic about a commercial venture.

Those who are self-employed - also known as independent contractors or free agents - are more likely to be Gen X (aged 30-47) and baby boomers (aged 48-65), and are mostly male.

Kelly Services General Manager John Callagher says, "Many of those who lost their jobs as a result of the global economic crisis are seizing the opportunity to reinvent themselves as independent contractors, freelancers and consultants, as well as starting their own businesses. Today, more people are taking charge of their own careers and view



self-employment as a way of achieving personal and professional success."

Results of the survey in the U.K reveal;

- 22% of respondents are currently self-employed, made up of 32% of baby boomers, 23% of Gen X and 19% of Gen Y.
- The highest concentration of self-employed workers are in London (25%), followed by the Midlands and South West (22%), North East, North West and South East (20%), Scotland (19%), and Wales (18%).
- Fear Factor - The main factors cited by respondents that would prevent a move into self-employment are uncertainty about income (55%), lack of support (16%), and risk of failure (10%).
- Baby boomers and Gen X are more confident than Gen Y that their skills will be sufficient to enable a move into self-employment.
- 45% of respondents believe they have the sufficient skills to start their own business.
- Green Shoots: 20% of respondents plan to start a business, comprising 23% of Gen Y, 17% of Gen X, and 12% of baby boomers.

The appeal of self-employment coincides with a trend toward the outsourcing of non-core functions, which has seen many organisations reduce their permanent workforce,



creating new opportunities for these independent contractors.

When seen from a generational perspective, there is a pattern of younger workers being more enthusiastic than their older counterparts about embarking on a more flexible and entrepreneurial work arrangement.

Those industries with the greatest concentration of self-employed workers were Education, Government, Engineering and IT.

The survey results indicate an increase in the number of people who are either engaged in or are planning some form of entrepreneurial activity.

Despite economic uncertainty, the idea of moving out of the traditional employment relationship is appealing to those who want the flexibility of working for themselves.

To become a successful entrepreneur you need to recognise your own limitations and be confident in sourcing expertise in those field which you may not have experience (or interest). You may not have the practical knowledge of business plan, business structure, future forecasting, cash flow calculating capability, business strategy, marketing strategy etc.

ICFBA Accredited Partners can provide this essential expertise.



Quick Wins: Small Grows Bigger Faster

Small to medium enterprises (SMEs) have the ability to grow bigger faster....up to a point. Many SMEs are successful because of their size not despite their size. This is key. Most SMEs are highly effective because they operate with small teams where communication is fast and the chances of misunderstandings are small. They suffer less from "politics" and bureaucracy and thrive on meeting specific customers needs in specific ways.

As they grow however many SMEs are tempted to put in formal processes and controls. This is fine and for many companies essential. The issue is that the processes and controls need to support faster growth not slow it down. Consequently SMEs need to be very careful that fast growth doesn't end up choking the business.

Some businesses want to use growth to make them into a "large" business, but this is rarely achieved organically. Many successful SMEs are incubators of good ideas: they are entrepreneurs who use the challenge of new markets and technologies to grow rapidly before moving onto the next project. Virtually all SMEs have entrepreneurs in the business - by definition they are run by and employ people who do not get on well in corporate life, they want more variety and freedom to work.



For a lot of SMEs therefore fast growth from a low base is a drug. They enjoy the openness and vitality of new markets.

They enjoy developing solutions to latent and emerging needs. They know that emerging markets have less competitors, have changing needs and provide opportunities to shape and refine solutions quickly, adapting through experience and direct customer feedback to develop businesses that thrive on rapid growth.

However entrepreneurial SMEs also know that as soon as the market starts to attract big companies then they need to get out: sell out and move onto the next opportunity. In the life cycle of any market, the sweet spot for rapid growth and strong margins is often as an early player, opening up and exploiting rapid growth as markets shift from early adopters to mainstream customers. For some SMEs it is right not to sell out and to continue servicing customers as the market matures, but for most this is dangerous ground: mature markets drive price sensitivity and falling margins which are often best suited to companies with scale with lower piece costs.

The message is clear then for many entrepreneurial SMEs: your key strength is being an entrepreneur and riding fast explosive growth markets from small scale. Stay true to your own skills and competencies, keep the business growing and either sell off the mature



elements or set those elements up separately to be managed by people who are expert in continuously driving efficient and effective operations.

Emergency Budget 22nd June 2010

Many analysts feel that 'significant tax changes' will be announced in the new coalition Government's emergency budget on the 22nd June 2010. Fears of a rise in Capital Gains Tax may suggest that now is the time to sell off your business and take advantage of the current 'Entrepreneurs Relief' that is associated with the sale of any business.

If you are considering the selling of your business; you will be pleased to hear that now is a good time to benefit from the 10% Capital Gains Tax rate for the first £2M of gain per shareholder as well as a return to more buoyant market conditions within the UK Mergers and Acquisitions sector.

It could be the ideal moment to maximise your own profits then sell on in order to be ideally placed to allow more entrepreneurial activity in the changing world of eCommerce.

Contact your local ICFBA Accredited Partner for advice.



Web Content - Subscription based

While many content sites spend vast amounts of money originating their own material and others trawl the internet to copy information for their own purposes, other dot coms have taken a different approach to generating revenue. These are subscription and registration based models.

These sites create good content that users want to read or buy as well as communities of users that exchange information. They can sometimes even generate the vast majority of the content themselves.

These sites are varied in their purpose and range. Typical examples include newspapers such as the Financial Times or the Wall Street Journal which employ different levels of paid for subscription such as click through headlines. But this category also includes music or games sites such as everquest.com.

However, these sites all have something in common. They have tapped into specialist markets, gathered and harnessed a following and kept them coming back for more.

Andy Matco, business development manager at World Online, believes this to be the missing link in many sites across the web:

"There is healthy growth in e-commerce in the UK but many sites haven't worked. They have set up a site and spent far too much on advertising

and then hoped for the best. If you want to generate revenue you need people to visit your site and build up a community of repeat users."

A good example of knowing your community and then establishing a lasting relationship with them is eBay. This is a global online auctioneer that, once registered, lets its customers fill the site's content and do the hard work for them.

As well as a subscription and transaction base (when they take a percentage of a successful sale), eBay is also a virtual marketplace with no direct link to and from the user. Updates, links and other elements are modified.

eBay also offers partnerships with established offline companies such as The Royal Mail and Lloyd's of London for delivery of goods and the financial aspects of the site respectively.

What makes a good website?

The most important function of any web site for small businesses is to give customers and potential customers, information about the business and what it does.

A good place to start when creating a useful and successful web page for your business is to include information on:

- What the business does
- The product/s or service/s the business provides
- How the business can be contacted

Taking these ideas one step further, you can allow customers to interact via the website. This could be as simple as having a contact form, or as advanced as allowing customers to buy products or services online via the website.

You could also use your web site to add value for your customers providing them with additional support.

For example if you included an FAQ section, it gives your customers 24-7 access to answer common questions but also can free you up from answering the same question time and again.

To make your website successful you need to provide something of value to your customers. However creating a site with valuable content that remains static will not keep people coming back time and again.

One of the things that you can do is put up news items about your business. For example you could post news items about new products or new distribution deals.

Another thing you could do is to have a deal of the week or month with a voucher that visitors to the site can print out. Doing this is also another way of adding valuable content to your site.

The best content is often detailed information about your products and/or services, after all that is what your website is there to promote.



The '**International Confederation for Business Advancement' (ICFBA)**, is a confederation of business professionals who have been working together for over 10 years as top-level advisers for all types and sizes of businesses throughout the world.

ICFBA Partners have been acting as business mentors and advisers to the management teams within client organisations, focussing on restructuring business as required and helping to develop the businesses in every possible way. The experience gained when assisting clients in marketing their products and services to

wider international markets (through the contacts ICFBA have developed over the years in every industry and major country worldwide) results in new sales opportunities and enhanced relationships for the client.

ICFBA are advised of projects, being put out to tender worldwide on a daily basis. ICFBA Partners can identify those projects that may be suitable for the client business.

ICFBA Partners can arrange for clients to gain experience in pursuing a number of major international contracts and also include them within the 'valued resource pool' that will

be useful in the pursuit of contracts on an ongoing basis. With guidance and advice, clients can become self-sufficient in the identification of new business opportunities, ideally suited to their particular strategic capabilities, and successfully generate new business.

ICFBA Partners are always willing to co-ordinate projects from organizations worldwide, making effective use of Accredited Partners - often through regional ICFBA administrative offices - to ensure that the best-qualified specialist in the appropriate industry is selected to lead and manage each project

ICFBA established in: Australia, France, Germany, The Netherlands, Scandinavia, Singapore, South Africa, South America, United Kingdom & United States of America

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