

LETTER OF THE WEEK

CHIEF EXECUTIVES CALLED TO ACCOUNT

As a shareholder in more than 30 listed companies, the recent announcements of half-year results show it is time for many corporate boards to take action and replace non-performing chief executives.

How can corporate boards expect shareholders, in the case of Suncorp, for example, to accept a bad-debt warning in November 2008 to increase by 300 per cent by February 2009? This has happened with many listed companies.

Many chief executives have built strong infrastructure and corporate culture during good times, but distanced themselves from their customer base and their key performance indicators. And many chief executives do not have the skills to make the hard calls and dig their companies out of their financial woes.

Has anyone seen a positive shift in Telstra's service standards in the past few years? The company's key performance indicators reflect lost market share, as well as a falling share price.

While not underestimating the global financial issues, I have spent time in Japan, the United Kingdom, France and New Zealand in the past six months and seen the responses of both governments and companies to their problems.

I am the owner of a small business, and its balance sheets and profits have improved this financial year.

There is no better motivation than skin in the game.

Michael Kopittke
Townsville, Queensland

RECRUITER REPLIES

You may see employment recruiters as illusionists ('Short shrift for the shortlist', BRW, February 19) but I'd like to see you manage more than 10 executive-recruitment projects simultaneously, receive more than 50 calls and 150 emails and process more than 300 applications – and then deliver the shortlist. It is impossible to keep everyone happy, and expectations are increasing. But this is no excuse for not delivering results.

Recruiters are not to blame for companies' reluctance to pay for the learning curves of new recruits who display potential. The economic climate is fragile and employers expect instant gratification from new employees. Sure, hiring on the basis of potential is great, but in reality, employers are risk-averse and seek the safest appointment who will hit the ground running.

Recruiters are pushed to slash fees and do bargain-basement deals to win preferred-supplier arrangements, creating the "body-shop, bums-on-seats" approach to human resources that leads to dissatisfaction.

Sure, recruiters wouldn't exist without candidates, but candidates get a free service, along with help with resumes, interviews and career planning.

Even in good times, when jobs are plentiful, candidates can be scarce – it is still a highly competitive industry. The downturn should eliminate those not performing and hopefully we will see an improvement in the level of consulting provided to both employers and candidates.

Any recruiter who considers candidates to be "cattle" runs the risk of becoming fodder for the recession.

Justine Eden
Eden Ritchie Recruitment, Brisbane

SUPPLIERS EXPECT RESPECT

'Count the capital' (BRW, February 5) and 'Cash and carry' (BRW, February 12) included advice for managing working capital during the economic downturn.

This advice included diligence in the collection of outstanding customer invoices, along with the recommendation that businesses attempt to delay payment to suppliers for as long as possible.

This advice seems contradictory and is fraught with danger. If companies are pushing customers for quicker payment of accounts as a consequence of the economic conditions, it is logical the company's suppliers will be following suit. For many companies, the big commitment is wages, and these cannot be delayed.

The other leading consideration is the potentially adverse effect on supplier relationships. Often suppliers are prepared to work with customers to assist them through genuine hiccups. However, they do not take kindly to being used as the customer's bank.

Company directors could look for more reliable arrangements. Debtor finance is one such option. It is a working-capital funding facility directly linked to the company's trading cycle and normally increases in line with a company's demand for working capital.

Craig Michie
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