

The Global Financial Crisis – What Next?

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It's fortunate that the Club Industry is well acquainted with dealing with problems. In the 16 years that I have focussed on this industry, there has always been a challenge on the horizon. We have faced the incredible burden of increased taxation rates, we are dealing with the total smoking ban and interpreting what constitutes an outdoor area.

We have faced the first significant financial downturn in 13 years. To put the cream on the cake, we now have an unprecedented world financial crisis, assuming we ignore the "Great Depression" of the 1930s.

What's next? It is quite an irony that one of the biggest drives for the world financial crisis is the speed at which information is passed when, in fact, access to current and relevant information is the key to managing and protecting any business, particularly a registered club. Whether you sit at the next desk, or on the other side of the world, it makes no difference to how on it takes to get information.

So, what is the impact of the world financial crisis? In many respects, the impact will be driven by individual sentiment which is often influenced by a few leaders on the issue. The value of shares on the stock market is driven the same way.

So, if you want the impact of recent financial crisis to be negative, then talk about it that way. Obviously, talk is cheap, but with the speed at which information passes, the snowball grows quickly. In the "old days" before email, it took an apple about three days to become an atomic bomb inside an organisation. Today, it can



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happen in a matter of hours.

Leaving the philosophising about the issue to one side, the effects which are now in place and which cannot be avoided are:

- The impact on self-funded retirees. Obviously, with the reduction in share prices and the reduction in earnings there will be a reduction in the disposable income available, which will impact on discretionary spending
- The impact on families with mortgages may go either way. If they are paying off a mortgages, the indications are there will be further interest rate reductions and therefore they will have more to spend
- People are more cautious with spending ... we have seen that already. But, when there is uncertainty the easiest thing to do is nothing, and to hold on to cash or reduce debt, and we are seeing the impact of that already.

For clubs and club managers, it

means that those who were thinking of retiring may have work a few more years. And for those who have no thoughts of retirement, they will certainly have to work harder to make their club as strong as possible. The financial crisis is one of many issues that we have to face. We have changing lifestyles, changing demographics as a county, a changing climate and a changing competitive landscape.

There is no doubt that the future for any business can only be assured through hard work and truly offering the best products and services that you can. You must have relevant, current and accurate information at your disposal to make decisions in an appropriate and informed way.

Many clubs are struggling to survive, and many clubs will close. To be precise is difficult, but there is no doubt that it will be in the hundreds.

Those clubs were going to close in any case, independent of the world financial crisis. Yet, other clubs prosper. We have clients who still enjoy significant growth. Why are they different? The short answer is they have been planning for these times and preparing their business and the have the best available information.

Amalgamations, while theoretically being simplified to encourage their occurrence, will not be a wide-spread phenomenon.

Our latest product at **Russell Corporate Advisory**, "*Business Intelligence Management*" is a process to help clubs use the information they have at their disposal. It may be of some help to clubs to sort thorough the mass of data that is available to get to the information that can make a difference.

Victoria opens Keno applications

The Victoria Government has started a key stage in restructuring the Victorian gaming industry. The Government, in mid-September, invited Registrations of Interest (ROI) for a post-2010 Keno Licence. Applicants will be short-listed and invited to apply for the licence. Gaming Minister Tony Robinson said this was an important stage in Victoria's gaming industry reforms, announced in April. "We have established Keno as a stand-alone licence and opening it up to competition for the first time, which will allow it to be fully developed as an alternative entertainment option for Victorians," Mr Robinson said. "Our reform of the gaming licensing process is on track." Keno is offered in approximately 300 clubs and hotels in Victoria that are approved gaming venues.

The Victorian gaming industry reforms include offering Keno as a single, stand-alone 10-year licence through a competitive licensing process with the potential to extend Keno to hotels, clubs (with full club and restricted club liquor licences) and wagering outlets that express an interest. The Gambling Licences Review (GLR) is focusing on the wagering licence ROI - released later this year - and gaming machines arrangements legislation to be tabled in Parliament. Mr Robinson said the probity and integrity of the GLR process is paramount, with the Review subject to two levels of monitoring. "Both the Independent Probity Auditor and the Independent Review Panel provide the highest levels of oversight and transparency to the licence process," he said. Potential applicants planning to register their interest should go to the Victorian Government Tenders website - www.tenders.vic.gov.au