ask an expert
Anthony Bell

Diversify and build on wealth

The business established by my wife and I is now in its consolidation phase. But instead of reinvesting back into the business as we have done over the past seven years, I think we should invest in our own personal wealth creation and management program. My wife thinks our wealth should be in the business but I'd like the two to be separate.

Owners of any business in its mature stage should be using available cashflow to invest into wealth creation strategies away from the main business operations.

Building assets outside of your business reduces risk as you are diversifying away from what is usually an inherently riskier activity.

Accumulating wealth in this way reduces your reliance on the business to produce the income you need to live on and allows you to invest in other areas not associated with your type of industry.

While the best return on your capital may well be in your business, should something unforeseen happen that affects your company, you will have other sources of capital to draw on to maintain your lifestyle.

The value of your business asset may also be more variable depending on prevailing conditions and available buyers when you want to sell.

While some available cash should be retained in the business for future development and innovation, taking most of free cashflow out of the company will keep you focused on its success as it always needs turnover to pay the bills.

Companies that have excessive amounts of cash in the bank can become complacent and lose those key attributes that made it a success in the first place.

You will also be helping maximise the future sale price of the business should it be sold, as potential purchasers like to see high levels of cashflow available to the owners.

Anthony Bell is CEO of award-winning accounting firm Bell Partners. Go to bellpartners.com

Eco-friendly role for the workplace

Good NABERS: Kristen Costandi and Dave Kane in the Macquarie Bank's new green building in Shelley St in the city Picture: Angelo Soulas

green power
Tony Hall

THE Government has been very vocal in encouraging private homes to invest in environmentally sustainable options, but there hasn't been much focus on office buildings, despite them contributing about 35 per cent of emissions.

Operating in a building that meets National Australian Built Environment Rating System (NABERS) and/or Green Star environmental standards can have a huge impact on the company's operational costs, profits, market position, branding, staff attraction, retention and productivity and investor opportunities.

Research conducted by Australia's largest commercial leasing companies has shown eco-consciousness is now a major consideration for many staff. Companies wanting the highest quality candidates need their offices to meet certain environmental standards.

Many new developments are now required to meet a minimum NABERS standard and government departments have guidelines as to what type of premises, fit out and future commitments they are required to make. But what about the standard Australian business that may not be able to afford to lease a new building?

A green lease may be one option, which allows for optimal achievement of sustainability in water efficiency, energy, resources and indoor environment quality goals.

Often the initial costs of constructing or renovating to meet green standards is higher but operational costs are lower. A green lease between your business and landlord can address what improvements can be made, the timeline, what the final sustainable goals may be and how these costs and benefits are allocated to the company and the landlord to allow for a fairer arrangement.

A green lease should also address the upkeep of the building to ensure green standards are ongoing.

Some of the most common changes in older buildings include:

- Fitting energy efficient lighting;
- Maximising natural light;
- Switching to smart energy;
- Installing rainwater tanks;
- Monitoring the air quality and thermal comfort;
- Installing water efficient appliances; and
- Choosing green materials.

If your landlord is reluctant, suggest small changes such as better insulation, solar panels, separate room switches for lights and air conditioners and dual flush toilets.

Tenants can commit to buying green power, using recycled paper and ink products, separating waste material into recycling bins and installing plants in the office.

For landlords concerned about costs, the Government has created The Green Building Fund, providing $90 million over four years to reduce the impact of Australia's built environment on greenhouse gas.

Tony Hall is CEO of environmental business certification company GreenBizCheck, which provides sustainability programs to maximise corporate green credentials. Research provided by Holly McCarthy. Go to www.greenbizcheck.com