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PANEL DISCUSSION TRANSCRIPT

Moderator Mr Sean Aylmer, Editor-in-Chief, Business Review Weekly

Panelists John Bilmon, Managing Director, PTW Architects
Kylie Hargreaves, Executive Director of International Markets and Trade, I & I NSW
Taine Moufarrige, Executive Director, Servcorp
David Thomas, Chief Executive Officer, Think Global Consulting

MR AYLMER

Hello. I might grab your attention and we'll get the panel discussion going. I'll ask the first few questions but afterwards please feel free to ask questions and I think there's going to be a roving microphone, so if you don't mind just waiting for the microphone before you ask, that would be great. So getting straight into it, our first panellist is Taine Moufarrige, Executive Director of Servcorp. Taine sits on the board of Servcorp, it's a public listed company, and, together with his brother Marcus, he sets the strategic direction of Servcorp globally, as well as overseeing the Australian, New Zealand, India and Middle East operations. Taine has been instrumental to the growth and development of Servcorp, now boasting 80 serviced offices around the world that will increase to over 110 locations by the end of 2010. Now, Taine and Marcus run Servcorp but he does admit that his father Alf, who I think established the business originally, still likes to put his hand in just occasionally. So please welcome Taine Moufarrige.

Next is Kylie Hargreaves, Executive Director of International Markets at Industry and Investment New South Wales. She took up the position in July 2009. Her division is responsible for helping to internationalise the New South Wales economy by tapping into export and investment opportunities offshore. Prior to Industry and Investment Kylie worked for Austrade for 17 years, most of which was served living and working in the US and the EU, and that's provided her with extensive experience. I've just had a long chat to her. She's lived in places like London and Spain and LA. She's sort of got that CV that we're all slightly jealous of, to be honest, but welcome Kylie.

Next up is John Bilmon, Managing Director of PTW Architects. He joined PTW in 1982, attracted by the scale and potential of its projects, its focus on Asia and its network of associated offices. Since becoming a partner in 1988 he has overseen the diversification of PTW's practice and workplace and the development of its leading reputation in forming creative, multi-disciplinary teams to undertake a variety of large scale and complex projects in Australia and overseas. That's a mouthful. Highlighting his impressive career, John has led the creative architectural - I'm not going to read it. Basically, this is the guy who looked after the Water Cube from the Beijing Olympics in the Beijing Olympic Village, so he oversaw that, so think of it that way. So welcome, John.

And then David Thomas, CEO of Think Global Consulting. He's highly respected in Australia for his experience, credibility and passion for identifying, building and facilitating business and investment relationships between developed and emerging countries. He challenges his audience and clients to view the world differently and to see new economic trends as an opportunity for leading businesses, investors and entrepreneurs to profit from new emerging markets of the 21st Century. And the piece of advice I've picked up from David, he said he used to tell young people they should go and live in Shanghai for 12 months just to experience it but he's going to change his mind and he thinks they should all go and live in Rio from here. So please welcome David.

So I'll lead things off anyway. Kylie, we might start with you. Obviously, as the GRI survey shows us, Australian companies are still looking to go offshore. Given what's happened in the last couple of years, does it surprise you?

MS HARGREAVES

No, I don't think it has surprised me. Many of the drivers are still exactly the same. So we have a small country, 22 million people. If you want to grow your business, you really need to look abroad in terms of new revenue streams, new customers, but other reasons as well; new ideas, new skills, new technology, or you may just need to be close to your customers and be able to service them. So the drivers for offshore expansion haven't changed. Ironically, I think the global financial crisis is actually a little bit of strength for us. We've got a strong economy, which means that while credit is still expensive we can actually get it, whereas a lot of the rest of the world can't access credit, and market entry costs have dropped in a lot of places around the world.

So you know, if you were looking to rent space in London at the moment, it's going dirt cheap, versus looking to rent space in the heart of Sydney. The competitors are distracted, many of them are vulnerable, if you've got some cash to either buy distressed assets or incentivise their customers to come over to you. So there are two very fundamental reasons why I think it makes good sense that Australian businesses are still going offshore.

MR AYLNER

Yes, maybe I might ask Taine vaguely the same question. I mean, you've been offshore for about 25 years or so, since the early eighties. Do you think much about economic cycles and that sort of thing when you're pushing offshore?

MR MOUFARRIGE

Absolutely, you think about the economic cycle but, you know, as it says in the report, I think you really have to balance the opportunities and the risks. I think that right now we've been fortunate in our business, in the current economic cycle, to see real opportunities, particularly in the US market, and in the Middle East, and they are important but you know it might sound simple, you've got to really go and have a look at those markets. You need to spend the time, stick your toe in the markets, talk to people who understand and that work at Austrade and in the different organisations before you just decide to go into a market just because you think there's an opportunity for you and your business.

MR AYLNER

Do you ever try and time it though?

MR MOUFARRIGE

Look, I don't think so. I think if you've got a good product and that you believe that there's a market in which that product is going to flourish then you should, no matter what the economic cycle is, obviously, unless it's completely dire - you know, which at one stage because we were all heading down that - in that direction. But certainly if there's an opportunity - like for us in the Middle East, we see that as a massive market and in the more immature markets in that region, like Saudi Arabia, there's an amazing opportunity for us. In other areas in that market, like Dubai and in Doha, despite all the hype and everything you hear that they're okay, from a real estate point of view and from a service point of view it's really dire over there now. So yes, economic cycle plays a big part in the decisions you make but really you need to go and have a look at the market and make sure that your product is going to work.

MR AYLNER

Okay. John, PTW, you were a mature company before you went overseas; as in, you operated here for a long time first. What was it that actually drove you to go overseas?

MR BILMON

Well, the opportunities, very simple. PTW is an architectural and planning company so we're in the service industry and we provide services to our clients and our clients, certainly at the time of the major expansion of PTW in the seventies and eighties were very much prominent in the financial and the banking industry, for instance, and, as a result of that, they expanded their own operations. They expanded first of all interstate and we followed them interstate, so we went from Sydney in 1889 to opening offices in Brisbane in the fifties and Melbourne in the sixties and then through to Hong Kong and Indonesia and so on. As our clients expanded we followed them. So we followed our clients, and we do today as well, it's a very successful business model for us.

MR AYLMER

Does following the client override the ups and downs of the economic cycle for you?

MR BILMON

To an extent, yes, I agree with Taine. We don't necessarily - I would like to be able to say that we had enough foresight about economic cycles and so on to be able to predict where the markets will go. I think organisations like Austrade do that very well but I don't think that PTW is as successful. So we tend to follow our clients. We tend to look at where the opportunities are and to realise those opportunities. The economic cycles have an impact on us, however, usually at the other end of the cycle. If the cycle turns bad, then we may have to rethink our operations and so, for instance, that was the case with our Indonesian operations at the end of the eighties, early nineties where we withdrew from Indonesia as a formal practice but we left one of our associates there and he's re-grown the practice now to be the biggest practice in Indonesia.

So cycles have a great influence on us, they have a great influence on our clients as well, and it's really the affect of our clients that has a big - a major predictor or a major influence on our pattern of behaviour.

MR AYLMER

Okay. David, bringing you into it, Roger, in discussion, talked about "there's more than China" and China was number five, in fact, and I think South East Asia was in that top four. We all talk about China and Roger mentioned the AFR - and certainly BRW, we - well, I'm writing about China - but how big an opportunity is Asia and is there too much focus on Asia?

MR THOMAS

No, I don't think there's too much focus on Asia. I think Asia is the big opportunity for our generation and we benefit from being on the right side of the world for once. China is a driver of growth in the region and I would like to see more Australian companies, you know, riding that wave, particularly in retail. The domestic consumption boom that we're going to see in China and other parts of Asia will be significant and I would like to see more Australian brands on the high streets of Shanghai and Beijing - we don't see very many at all at the moment - and the consumption story is significant. We've got this billion of new customers coming onto the market in the next decade or so from China and India, not to mention some of the other Asian countries as well, and Australian companies need to be in there competing with the Americans and the Europeans.

The other thing to say is that the service sector is the next big thing. While these countries upgrade their hardware, as they're doing, in terms of infrastructure and roads and rail, the next big thing is the software, which is the services, the technology, the smarts, the innovation, the design, where, you know, John comes in, and, you know, we have a very well developed market here, in fact, our economy is pretty much dominated by services, and we have to quickly start exporting them to countries that desperately need them, and that's the big thing of the future.

MR AYLMER

Do you think it's a realistic view that in 10 years we'll see Coles or Woolworths on the main street of Shanghai?

MR THOMAS

No, but I think we could see Boost, we could see Billabong, you know, we could see some of our retail brands in the market. Whether we'll see Woolworths and Coles there, at the bottom of the market, I don't know. I think there's more money to be made and there's more opportunity in the higher value areas and I know that there is a Boost in Shanghai now on the Nanjing Road and I hope that we'll see a lot more of those sorts of brands.

MR AYLMER

Okay. John, you've been in some of these places and obviously you talk a lot about cultural and legal and regulatory barriers and that type of thing. I suppose how much of a barrier are they and are they more so in China than the US? I mean, obviously language wise but culture and the way the system works, is it much harder in China or Asia?

MR BILMON

I wouldn't - the premise of your question as to whether it's harder is something I would challenge. It's simply the reality there and it's

MR AYLMER

Less valuable. Talk in terms of value then.

MR BILMON

Yes, I actually see that there is great value in the difference for us. Australia is a multicultural society, we're used to dealing with different ethnic backgrounds, we have a wonderful asset, a wide variety of knowledge and experience to draw from in this country. We come from a country where the Trade Practices Act made illegal the fixing of prices for, you know, professional services and so on. I don't know if that's an advantage or a disadvantage but it certainly has thrown Australian companies and service providers into a competitive environment so we're very familiar with the competition. I think design really, which is the field that I'm involved in, is all about applied problem-solving, identifying the problem and then taking it bit by bit, and I think at a micro level, more so than a macro level, the cultural differences do provide us with an advantage against our competitors.

We are familiar with looking at the nuances of an opportunity, to respond to the opportunity in a very competitive way; our fees are definitely competitive. We have the advantage, I think, of a very good education system and we come from a country which has got significant environmental issues to contend with, and so we can take that knowledge and that experience with us into the environments we move into. So the cultural differences are something too which attract foreign entities to engage with Australian firms. The cultural differences mean that we aren't necessarily as compliant to the local rules and regulations.

There was talk at our table earlier of old societies, old economies, and the newer, emerging economies, and someone put China into that basket, but of course I would take issue with that because the Chinese society is so ancient really. And within those traditional, older economies, the concept of relationships becomes so terribly important. We have the advantage I think of being able to work through the relationships, we don't owe allegiances to any particular entity, and we therefore have the ability to come up with something which is unique and fresh and innovative.

MR AYLMER

Taine, do you have any views?

MR MOUFARRIGE

Yes, look, I agree with what John said, I think he's right, it's not harder, it's just different. It may feel harder and it felt really hard for us 10 years ago in China trying to plough our way through and right through now in the Middle East, you know, it takes three months to get a phone connection. These aren't impediments for Australian companies, as John said, we have a culture of adapting and adopting a lot better and I think our innovation makes a big difference and that these are opportunities for Australian companies.

I think that if we can bust through these - what are seen globally as impediments, to go into new markets, if you can do that early and do it quick there's really opportunities for businesses to dominate markets. We went into Japan 18 years ago and everyone thought we were crazy and we probably were, but you know real estate is so expensive, and has been expensive, in that city and there were different cultural barriers to people we could have as clients and things like that. But you work through those impediments to entry and you work through the difficulties in those markets and if you're prepared to stick at it and do it, it pays real dividends to the point where our product of a serviced office is almost generic with the Servcorp name.

So if you're looking for a serviced office in Japan you're looking for a Servcorp office, and that's a great market thing to have, and it's only because we stuck in and we really went for it, and not let those impediments get in the way. And people look at it as impediments: it's just different. And it might mean it takes a little bit longer and you may have to budget a little bit more for some of these things that are in your way but you get through them and the benefits really pay off.

MS HARGREAVES

Can I just pick up on that point?

MR AYLMER

Yes.

MS HARGREAVES

Some of the examples are markets where obviously English is not the first language where people expect to have cultural differences, so people are saying face the impediments in Japan, face the impediments in China. But if I could say one thing it's - don't forget that there are impediments to doing business in the US and the UK and they can bust your business faster than some of the things in China. So just because they speak similar languages, just because they have good legal systems, don't assume that they are easier markets.

In actual fact - I don't know if it's still the case but when I was in the US the US actually had more businesses having payment problems and going under - Australian businesses having payments problems and going under - than any other market in the world. And it's simply because people underestimate the scale of the market, they underestimate basic things like their litigation issues, they underestimate the fact that Inco terms are different in America. So there are a lot of cultural differences and business differences in markets that you feel are familiar and you should take caution out of the lesson which is take good care in every market.

MR AYLMER

Presumably fixing problems in the US and the UK is more expensive than fixing problems in Asia?

MS HARGREAVES

Well, yes, and, I mean, a couple of people may have already heard me tell this tale but I loved - when I first arrived in the US and people were trying to explain to me the difference between business in the US and everywhere else they said, "Look, imagine there was a space race to try and find a writing instrument that work in space and the Americans threw scientists and NASA and millions of dollars at trying to get a pen that had ink that was unaffected by gravity. Russians took a pencil." And it's a classic example of the difference between the market in America works and the way - Australians can come to the market. They're very creative, they're very lateral, they're very good at problem solving, but you will be paying more for problem-solving in America than you would just about anywhere else.

MR AYLMER

Sticking with you, Kylie you guys have opened in China and India and UAE in recent times but generally, as Roger showed us, people are really interested in Europe, if you look at the Europe economy at the moment that is undoubtedly the weakest part of the globe, and obviously North America and if you look at the figures overnight, it's probably picking up and Japan looks better. Why are people still - well, firstly, Industry and Investment, you're pushing to China and India and UAE. Is that because that's where the demand or that's because you want people to come to those economies? And, secondly, why are we so hung up on Europe, and Europe specifically?

MS HARGREAVES

Okay, answering the question I should say I've been in the job for nine months

MR AYLMER

You're an expert.

MS HARGREAVES

So my passion for America and Europe is coming into the phase two of our offices, but China, India and the UAE are definitely markets where we need to be placed for the future. And we've heard about the fact that it's going to be markets of the future. So in future proofing the economy, we identified those markets. In terms of cash flow at the moment, in terms of future proofing through take up of technology, new ideas, fast-pace creativity, suitability for manufacturing and SMEs, it's the mature markets still that are critical for us and so we need to be making sure that our companies understand if they're looking for FDI, if they're looking for new ideas, you know, if you're in stem-cell research, it's not happening in China. It's happening in the US and the UK. We need to make sure that we are pushing into those mature and traditional markets, particularly to keep the balance right, which is the same for any business and any economy: you need to have a balance of cash cows and emerging stars.

MR AYLMER

Taine your take on that, because you're in both those developed and developing markets

MR MOUFARRIGE

The way that Kylie has separated is exactly right. I mean, you've got the mature markets and you've got the immature markets and the immature markets are screaming for international levels of service. They want people to go in and bring them up and the mature markets are saturated and from a product point of view you've got to go in and really differentiate yourselves in those markets. They're all really different culturally. They're all really different in a business sense. But it's a cliché we talk about all the time, but be international, but think locally and in each of those markets you need to be addressing the different problems, cultural differences and business differences that come to you.

I mean, I think it's really interesting in the GRI that 81 per cent of our exporters are focussing on looking after local markets. And when you go into these new markets, whether they be mature or immature, you really need to make sure that that's your focus. You need to really make sure that you're looking after the companies who are on the ground locally, because they're doing the same thing that you're doing. They want to make sure that they are working with local companies to work in that particular market, rather than going in with an international product, clip it up - we were talking about it at lunch, you know, companies going in and thinking they have an international product, that they can just arrive in somewhere like India - or the US, for that matter - put it up, and it's going to sell because it's a good product. It doesn't work that way. You've got to be able to work within those different markets.

MR AYLNER

What's your take, John, on that?

MR BILMON

Well, I believe that, yes, the devil is always in the detail. I thoroughly understand, and our own experience has been that some of the more mature, or older economies of or the European and the American economies, have created as many economic situations for us, in terms of slow or non-payment, as any of the new or the emerging economies. The detail is where the issues occur. It's very attractive to go to Europe. One would think that those established places with their reminiscent landscapes and beautiful buildings which we all somehow relate to, because it's generally part of a culture, are attractive and comfortable and - but in fact, those environments are cut-throat.

Relatively recently, compared with Australia, in terms of service industries, their fees were made competitive. I'm now seeing an immense influx into the Asian market from European and American service providers. And they all make the same mistakes that we made when we first went there. They try to buy themselves into a project, into a market, not realising that the initial bid actually becomes the bid forever. Your initial bid needs to be the bid that somehow foresees and anticipates changes for reaping instructions, time frames which vary, and so on. The concept of changing a bid during a contract isn't as well received over there - not that it's well received in this market.

So for instance, we have a situation now in Vietnam where - I've literally just returned from Vietnam, off the plane, and we've had a very major architectural exhibit there called Viet-Arc in Ho Chi Min City. There are five firms exhibiting at this exhibition from Spain. The Spanish government and the Vietnamese governments have recently agreed to support each other's professional service providers, and I will look into this, in terms of what the nature of the support is, and hopefully EFIC can then match, or assist. But the situation is that these service providers have literally nothing to do in their home economies, and so they see the Asian market as an extension of what they've been familiar with. And I believe, again, that Australia has an advantage, because we've been there longer, and we haven't actually had the baggage of fixed visas, and so on, to contend with. We are competitive.

MR AYLNER

Just, then - the countries we haven't spoken about - we all talk about BRICs - the two that we haven't really mentioned, and we never do, are Brazil and Russia. David, are there opportunities - you're the Rio man - are there opportunities in those countries, or are they too difficult?

MR THOMAS

No, there's huge opportunity. I mean, Brazil I've been to twice this year. Brazil is a booming economy. They are looking forward to the World Cup in 2014, the Olympics in 2016. If you look forward six to 10 years, Brazil is going to be transformed, in terms of investment and culture and business. And I sense that in Australia we ignore Brazil, because we see it as an agricultural and resources economy, a bit like ours. And so in a sense we see them as competitive. But you've got to remember that 30 years ago, you

know, Brazil was bankrupt, and they've only really been in the global economy for the last 10 years, and so they're able to make some investment in their resources and agricultural sector, but they don't have the technology, they don't have the efficiency, they don't have the speed to market, they don't know the know-how that we have from having been mining resources and agriculture for many decades.

And I think there's a significant opportunity for us to play a part in the evolution of their resources and agriculture, in terms of exporting our technology and services. But of course, for people like John, and for anyone in anything to do with sport there's a massive bonanza about to take place in the next four to six years that we can be part of, so anyone involved in the sporting industry should be looking at Brazil right now. But I think that the key here is that China and Brazil have a relationship very similar to China and Australia. So we have a pretty strong triangle forming with China at the top as the sort of consumer of everything and Brazil and Australia providing a range of things up to China. But we don't yet have a relationship between Australia and Brazil, and that, I think, is a significant opportunity, and it's not a boat we want to miss.

I'll just quickly say something about Russia, because Russia gets a very bad press, and I have to say that I've been to all the BRIC countries, in fact, a few times, and Russia is the only country in which I've experienced corruption first hand - where I've actually had to pay somebody to get something done, which probably says something about Russia. But it's another booming economy. The consumption in the streets of Moscow is greater than Paris and London. You know, you wouldn't have thought that not so long ago. They've got over five per cent growth this year and they have a very stable government. We see it as being corrupt, but in the eyes of the average Russian, after all the disasters they've been through, they see their government as very stable. There's a huge investment in infrastructure taking place, and in ten years' time, everyone will want to be in Russia. So it's an opportunity for those who get in early.

MR AYLNER

Okay. We might open it up to the floor at this point. First question? There's a microphone down there. If you have a question, put your hand up, and we'll bring the microphone to you.

MR CAMPBELL

Grant Campbell, Worley Parsons. The Reserve Bank seem to have some issues with selling plastic bank notes internationally, and Taine mentioned that it took him three months to get a telephone connected in the Middle East. Do Australians have a particular problem with the cultural issue of baksheesh?

MR AYLNER

Do Australians have a cultural issue with baksheesh?

MR MOUFARRIGE

Yes, that's an interesting question. So I would suggest what you're saying is does Australian culture have difficulty with corruption under the brown paper bag stuff. I think so, yes. I think that certainly we have been in a situation throughout our life, and we've been put in that situation, and every time we've been in a fortunate enough position to say no. And I think that you can get things done without having to do that, personally, and from an ethical point of view, I - we're not going to work that way. And to be honest, that's one of the reasons why we're just not going to look at Russia, because it's just too hard. And where does that end? For me, anyway, once you start down that slippery slope, where does it ever end? So yes, I think we do - we'd rather not do the deal.

MR THOMAS

Can I add to that? I mean, I agree. I do a lot of work with companies going into China, and it's absolute rule number one: no corruption. And I'll just quickly say on Russia, that they are cleaning up their act. I mean, it's slow, but I heard last week that President Medvedev has sacked 14,000 policemen last month. Now, I don't know how many policemen there are in Russia

MR AYLNER

The New South Wales police force, isn't it?

MR THOMAS

But 14,000 sounds like a big number to me, and apparently they were all corrupt.

MR AYLNER

Right.

MR THOMAS

So it may just be a drop in the ocean, but

MR AYLMER

Does sound like the New South Wales police force?

MR THOMAS

They're going in the right direction.

MR AYLMER

I'm sure that the Stern Hu case in Rio will probably make people re-think the whole baksheesh issue, as well.

MR MOUFARRIGE

I just want to add one other thing to that. I think that if you've got a great service - and the service that we provide overcomes that problem, so we provide a service where you can get a telephone number instantly, right. So we - you make the conscious decision that we've got a service, we've got a product that we know is going to work, and it's going to stop other people having to be put in this position. And I think, in a lot of cases, the more international companies and that culture that Australian companies bring to these markets, will be of a long-term benefit to that market because everything feels so easy in our markets, and they're screaming out for it to be that easy in their markets as well. So you know, it feels good when you don't take that option. And then you come out with a real benefit for the whole business and without sounding too good for the whole community.

MR BILMON

I think there are issues about corruption, aren't there? Like what's corruption? Certain activities in our society would be deemed corrupt, but there are cultural differences in these places, where certain individuals, for instance, would ask for money because that is their source of income. The police force - I was pulled over on a highway in an Asian country, and the policeman basically offered to take all of my details and put me through a court process, or to accept the equivalent of about \$50 as a payment. And I paid him. So therefore I'm guilty of corruption.

But, I mean, that's just a pragmatic decision in my case, and it's how his income is generally derived. The basic income is just not there. There are laws - international laws - against the bribery and corruption of foreign officials, and one would be negligent in the extreme to even contemplate that. But I think that one needs to be concerned about bringing our own values and our own baggage, if you like, into some of these emerging economies. What may seem to be corrupt, to us, may actually be a way of doing normal business over there.

MR AYLMER

Another question?

MR BILMON

Actually, I've got one - if I may just.

MR AYLMER

Yes.

MR BILMON

One slight extension too. The system is different. In China, for instance, the providences in some of the cities have the right to actually negotiate tax with you. It's a negotiable tax system - leads to, you know, charges of corruption, perhaps. If you've been able to negotiate in a very effective way, to reduce your tax, is that corruption? Where you bring a particular benefit, you build infrastructure, as Worley Parsons would well and truly know. You build significant infrastructure, which is a benefit for a whole community, the government actually gives you the advantage of a reduced tax. Is that corruption? I don't know.

MR AYLMER

Another question?

MR GILKS

Andrew Gilks. I have a question for the panel, and maybe starting with David, if I could. David, both you and Sean have talked about the BRICs, and I just wonder what your view would be on the proposition that, in fact, is a terminology that probably has passed, because China has left them. And maybe we should be talking about the BRIMs, because Mexico has a lot more in common with Brazil, Russia, and India than China does, just on terms of scale and the impact that China is having on the world. And the implication being, then, for companies, you can't afford not to have a China strategy, full-stop. Whether that means, "I'm not going to do anything in China, but at least I understand the impact that China is going to have on my geography or my industry, wherever that may be", whereas at the moment, at least for the time being, the urgency is not so much with Brazil, Russia, and India, but grouping those countries together under that acronym tends to put them all in a group.

MR THOMAS

Shall I start with that? Well, firstly, I don't agree that we should abandon the BRIC idea. I think to me, the original thinking behind BRIC, which was dreamt up by Jim O'Neil in 2001 of Goldman Sachs, is still very sound. And if you look at the three things which put BRIC very much in the centre of things, it's the availability of land, population and capital. In fact, some of those things are brought out in this little booklet that you've all got. If you look at land population and capital, the four BRICs, plus the US, sit very nicely in the middle of those three things. So I don't agree that we should abandon BRIC, and I know my friend Jim certainly would be very horrified to hear your question.

But for Australia, I just think China is really important, because of the proximity to Australia, but I agree with the comment that was made earlier - that it's not all about China. And as I said, I've been to Brazil twice this year. I think Brazil is a significant opportunity; it's a long-term opportunity, as are all the BRICs, and so is India. I'm worried that India is not getting enough focus in Australia, because of all the focus on China. No, India is a significant market. It's a very domestically-driven market, so they don't really need us if we choose not to play in India, and I think we'll be the losers if we don't. In the meantime, Indians are coming here at the rate of knots. Pretty much every week I get a phone call from somebody from India who's looking to set up in Australia. It won't be long before we're competing with India on our own doorstep.

So personally, I think everybody needs to have a view of BRIC, and if you want to do some research on BRIC, go to the Goldman Sachs website, where there's all the original research that was done by Jim O'Neil, and here in Australia we're in an unusually unique position, I think, to take advantage of that, being a relatively new country ourselves, and having, perhaps, missed out on the industrial revolution of the 1900's and the 1800's. So I think BRIC is pretty strong, from my perspective.

MR AYLNER

How many people in Brazil, and how many people in Russia?

MR THOMAS

There's 200 million in Brazil; there's about 120 in Russia.

MR AYLNER

So, like, BRICs nations - I suppose there's 2.5. If you make it BRICI, and add Indonesia, you're getting towards 3 billion people.

MR THOMAS

Half the world's population in a few countries, so - and the other way to think about BRIC, actually, is the acronym could be used differently. And I often use it as Big Rapidly Industrialising Countries. And when you think about that, these are countries with big populations who are industrialising, and if you start thinking about that as a filter through which you look at different countries, then you have to start thinking about Indonesia, certainly, and other countries with big populations, because as they evolve and industrialise, there will be significant opportunities as well.

MR AYLNER

Is there another question? I actually have another one, to Taine and John, the one piece of advice you'd give people who want to export, or who are looking at moving off-shore, from your experience?

MR BILMON

Actually, Roger said earlier, succinctly, I thought, opportunity lurks, and it does. It's there; it's everywhere. And he said to me, privately, that micro trumps the macro, in most cases. I have three words of advice to anyone contemplating entering any market, in particular in the developing countries, and my words come from Gordon Samuels, who was then the governor of New South Wales, and he addressed the school that I was associated with; he gave the valedictory address to the boys of the school. And put simply, his message was "Read the question". Read the question. The devil is in the detail. I think if you go prepared, if you've taken advantage of the fantastic services available here in Australia, the sources of knowledge within Austrade and EFIC, and the export training that the Institute of Export and so on provides - if you take your legal advice and your accounting advice properly, you read the question, you know how to enter these markets. And they're safe markets, and they're very successful markets.

MR AYLNER

Taine?

MR MOUFARRIGE

I fully agree with David. I've got three words as well - you've got to do your homework - so important. But the three words are "return on investment", and I think too many people take the gamble and look at whether it's the strategic decision, or look at the cycles. At the end of the day, if you're not going to get a return on your investment, don't do it. And you've got lots of things that help you with that, whether it be EFIC or Austrade or a funding plan that you've got. But at the end of the day, if you're not going to get a return on your investment, no matter how appealing the market share looks, don't do it.

MS HARGREAVES

And if I can add from, I guess, some of the mistakes we saw from companies trying to get into markets like the US, it comes down to segmenting your market, really understanding what your competitive advantage is, and not in relation to your Australian competitors. What is your competitive advantage in relation to the competitors in the market where you're trying to enter? Segment your market, understand where your customers are, how they buy, how you're going to get to them because - particularly, again, in the US, you know - you get a really great food product that does wonderfully well here, but little do they know that there's over 40,000 supermarkets in the United States; there's only 4000 in Australia.

You are in a different game, and you need to be able to explain how your food product - which is going to be one of 47,000 lines in the average supermarket - can actually compete. And it's not good enough to say, you know, "My greatest competitor is Capilano Honey", because they don't necessarily know who that honey product is. So segment your market and understand your competitive advantage in context of the market.

MR AYLNER

Is there any final question, before wrap up?

MR BILMON

I've got one to answer that, if you like. Well, it's not three words, but it's to build your internal support base. Particularly in going into emerging countries, like China, the biggest problem most organisations have is the voice in the back room, or in the middle management, or in the board room, that's saying, "We shouldn't be doing that; it's a mistake. China is going to be too difficult", or whatever it is, and I think the problem is that when your project hits some hurdles, as it inevitably does in a place like China or India, the voice gets louder, and can eventually kill the whole project. I think that the starting point in going to any emerging countries certainly, but probably any country, is to build the support within the organisation first. And I think that's the single reason companies fail is usually because of the negative voice that gets louder and louder.

MR AYLNER

Okay. Look, I'll try and wrap up that last 40 minutes in about 30 seconds. It seems to me, starting with Roger and working through our speakers, obviously economic conditions still play a major role in overseas, especially Europe. It is a barrier to people moving off-shore. When you move off-shore - most people do it - it's about revenue expansion, rather than cost-cutting. We, as journalists, love writing about pacific brands, but I think the message is pacific brands cut in cost isn't actually the main game. The main game - it is all about revenue expansion.

China isn't the only market, and as we know, North America, Europe, South-East Asia, New Zealand, and Asia Pacific are actually bigger, and access to finance remains a problem. There are opportunities

around the world, and you have to balance your investment and think about the risk you're taking and the return you're getting back. Choose your markets well, act globally and think locally - that was it, wasn't it? A good product will always do well. And understand where your competitive advantage is, and I like the future-proofing your business, or our economy - it's all about going to mature and immature markets, so think big.

Read the question - I like that; that's something my father told me many years ago, but the whole point there is actually be prepared when you're going off-shore. Look for a return on your investment, don't get too excited about going somewhere, because your forbearers were there, and you think it would be a great place to set up a business. You actually need a return on your investment, and build your support base, because somewhere along the way someone is going to call you dick-head, and you're going to have to be able to fight back. So look, thank you very much to all our speakers today - Taine, Kylie, John, and David - we appreciate it. We hope that you've found the session beneficial, and obviously - I forget - I'm a BRW man, so grab that BRW, subscribe to all that stuff - that's the ad. You'll receive an email from EFIC in the next few days in which you'll be able to download the full GRI report. So thank you very much for coming.

MR GUIRIETTO

It falls to me to say a final few words of thanks. Sean has already thanked the panel for their insight. I mean, it's incredibly encouraging just to hear the stories, and the energy, the innovation that they all bring to the challenges of exporting and expanding offshore. The Global Readiness Index, of course, is all about a partnership. One of those partnerships was the partnership with various alliance bodies that helped us to reach out to almost 1000 exporters to provide us this information. Four of them are represented here in the room today - The Australian Institute of Export, Trade Queensland, Industry Investment New South Wales, and the Council for International Trade and Commerce from South Australia, so thank you to all of them.

The other partnership, of course - today's event has been brought to you in conjunction with BRW - they were our media partner for the event. And as you leave today, I encourage you to pick up a copy of the latest edition of BRW which, as Sean said, it's nice to see journalists actually writing a positive story about the Australian exports and offshore investment, rather than that sort of - recession, porn and that sort of stuff that we get quite a lot of time in the magazines. So please pick that up. And the final thank you, of course, goes to all of you, for your time and attention today. Thank you very much.

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