

● LETTER OF THE WEEK

FLAWED THINKING YIELDS FAILED LEADERS

I was removed from the MBA assessment panel of a university some years ago for criticising students for their lack of critical thinking ('Chain of demand', *BRW*, May 21).

Students paid substantial fees to participate in the course and it was not acceptable to upset them by criticising the quality of their work.

The ignoble state of the global banking and financial sector has all the hallmarks of suffering under the attentions of MBAs such as those I criticised.

Structures and concepts were created and duplicated around the world on the basis that there was a rational argument to support them. People made ridiculous profits and no one was particularly interested in looking at what could happen if things didn't go according to plan.

MBA programs must be critical of participants and toughen them up, rather than simply provide comfortable environments. When the value of the future leader's dollar is rated higher than their ability to think critically, the world doesn't stand a chance.

Simon Bailey
Managing director
Fulton Peak
Melbourne

BUDGET DEFLATES SMALL BUSINESS

The global financial crisis means banks are demanding greater security from businesses seeking loans.

Conscious of this reduced liquidity within the business community, the federal government has embarked upon a cash splash and infrastructure projects.

However, in last month's federal budget, it has restricted the use of non-commercial loans to taxpayers whose adjusted taxable income is more than \$250,000.

This change reveals Labor's lack of understanding of how small business works. Small business is about risk taking – and if ever a policy were designed to kill risk taking in small business, this is it. It is akin to former prime minister Paul Keating extinguishing negative gearing and the consequences that flowed from it.

The government argues that the Australian Taxation Office has discretion in this matter. A small business can request a private ruling if it believes the legislation acts unfairly in its circumstances.

However, the ATO has consistently demonstrated it cannot deliver timely private rulings. Its thinking appears to be that the main priority of small business is to avoid tax. It is not – it is to make a profit and ensure cash flow.

Delays to new small business enterprises for people with capital and access to capital (that is, people earning more than \$250,000), will delay economic recovery and is contrary to the government's policy of stimulating small business.

Geoff Wotzko
Western Pacific Financial Group
Perth

HANDS-ON LEADERSHIP REAPS RESULTS

Chief executives face the challenge of balancing the needs of various stakeholders ('Chain of demand', *BRW*, May 21).

Those chief executives who approach leadership as an extension of their company's brand and how it is perceived demonstrate distinction and purpose – and a strong sense of purpose enables a business to reshape itself.

The best leaders understand the core principles of branding: what the company does, why it matters and how best to communicate it. These leaders take responsibility for brand ownership and company reputation.

The result of many corporate structures is that the chief executive becomes disconnected from the market, and may find responsibility for the company's brand and image delegated to the marketing department or an advertising agency.

By retaining a firm handle on the essential structure of a business's brand and image, the chief executive gains an understanding of the company's culture, a measure of product quality and service, a benchmark of shareholder pride, and a gauge of customer satisfaction.

As *Fortune* magazine said in 2002, "If you want to analyse a corporation, read its financial statements. If you want to plumb its soul, talk to its chief executive."

Richard Henderson
Chief executive and creative director
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