

# BALCAM WILLIAMS

Pty. Limited

CHARTERED ACCOUNTANTS

A.C.N. 052 250 521

29 June 1995

Mr T. Watters,  
Focus Based Management Pty Ltd,  
Level 14,  
12 Thomas Street,  
CHATSWOOD NSW 2067

**By facsimile: (02) 415 2772**

Dear Trevor,

As you know, we have been using the Practitioner software for the benefit of many of our clients for close on three years now.

The simple but powerful concepts underlying this approach to management accounting enable us to produce financial reports which our clients find meaningful, easy to understand and timely.

All of this contributes to a deeper comprehension, both for ourselves and our clients, of the key factors affecting the bottom line in their businesses.

An example of just one of our clients using this system is that of a conference centre situated in a provincial city in Victoria.

The client's business consisted of providing residential accommodation, full food and beverage service and conference facilities principally to major corporations seeking an idyllic country retreat for staff training, development, planning and sales conferences etc.

The company had traded for many years but had never met the profit expectations of its owners. Bank debt associated mainly with the purchase and refurbishment of the property had been serviced but not amortised at the rate both the company and the bank desired.

Some two and a half years ago, the company's directors sought our advice on how to improve profits in the business. The directors wished to undertake substantial capital improvements to the property which they had identified as being essential if they were to continue to successfully compete in the conference market. The directors also wished to see a steady reduction in the bank's facilities.

None of this was possible without a substantial improvement in the profitability of the company.

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The Practitian system helped us to analyse the company's business in its separate components: accomodation, food and beverage and conferences.

Areas of productivity improvement through better staff utilisation were identified in the accommodation area. There were no wage cuts or reduction in jobs needed, but instead, better management of casual and part time staff compared to full time salaried staff.

A change in some work practices was achieved which, when multiplied over the fifty eight rooms regularly maintained, contributed to a significant improvement on net profit.

In the food and beverage area, the gross profit per meal served was identified as a key indicator which required regular monitoring.

In consultation with the head chef, menus were reviewed and costs were strictly controlled.

The quality of catering provided did not suffer and in fact still regularly receives praise from conference guests for its consistently high standard. But with the culinary creativity of the staff and with management having effectively communicated the targets which the kitchen was to achieve, goals were set for the staff to accomplish.

With their focus fixed directly on the key factor in their area, noticeable and sustained improvement has occurred and the benefit directly felt on the bottom line.

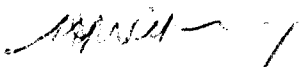
The profitability of the company has soared in the current 1994/95 year to \$700,000 and will exceed budgeted figures by \$250,000.

These internally generated funds have funded a \$300,000 upgrade of facilities and paid down bank facilities.

The bank is so delighted with the turnaround that it just last week approved a new facility of \$1 million to acquire a second conference centre venue in a neighbouring district which was acquired by the company only yesterday at auction.

We highly regard the Focus Based Management approach to accounting and highly recommend the use of the Practitian software to our client base.

Kind regards,

  
MICHAEL WILLIAMS  
DIRECTOR  
MWLM0623.LE1