
ROBERT M.C. BROWN VINCENT PARTNERS

CHARTERED ACCOUNTANTS

4 July 1995

PRIVATE AND CONFIDENTIAL

RV:B01-0795

Mr T Watters
Focus Based Management Pty Ltd
Level 4
12 Thomas Street
CHATSWOOD NSW 2067

Dear Trevor

PRACTICIAN AND FOCUS BASED MANAGEMENT

Thank you for your recent letter asking if I would be willing to provide any evidence of the assistance that Practician and the Focus Based Management (FBM) process can provide to banks lending to small to medium enterprises. I am delighted to provide you with evidence of the benefits obtained, both by small to medium enterprises and the banks lending to those enterprises, and to strongly endorse Practician and Focus Based Management.

This firm, over the last 4 years, has used Practician and Focus Based Management techniques in varying degrees for a substantial number of clients. The information obtained from their use has formed the basis of a number of submissions made to various banks for loans or the continuation of loans for many of those clients.

Many of these submissions have included cashflows, key indicator reports, weekly target reports, profit and loss projections without exception these reports have all been well received by the banks concerned. The information provided has normally exceeded the banks expectations.

In addition, using Practician, together with the client to prepare budgets has enabled the client to more clearly understand the commitments they are making in formulating the budgets. This is particularly the case with sales revenue. Often clients think of an amount of revenue per month they want to attain without considering how many hours or sales may be required. Because of the basis on which Practician calculates revenue, unrealistic expectations are easily discovered. The weekly target report is particularly helpful in this regard when compared to the prior year.

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Productivity levels and work hour potentials have to be ascertained in order to calculate budgets as do the number of sales and average sale for retailers. In most cases this vital information was not known to the clients prior to introducing Practician.

The subsequent monitoring of this vital information on a weekly basis is an absolute revelation to most clients. The continued on-going monitor is vital to quickly identify any negative trends that may begin to emerge.

We have also utilised the monitoring process to identify benefits resulting from marketing strategies introduced into the client's business and similar factors that may impact on the client's business. Again, this is usually the first time the client has been able to see these results with any degree of certainty.

Perhaps the best example of the benefits of Practician and Focus Based Management is shown through two simple fruit and vegetable retailers. A family business operating three shops in a similar geographical area servicing the same socio-economic customer base with the same quality product and product mix. The turnover of each shop is about \$4,000,000. When we took over as accountants, each shop was losing between \$50,000 and \$150,000 per annum.

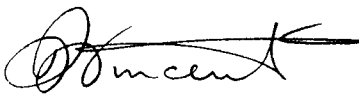
As a result of a split in the family, the two shops with the slightly higher turnover, were taken by one part of the family and the remaining shop by the other part of the family.

While we continued as accountants for both parts of the family, only the family holding the single shop adopted Practician and focus based management. Within two years that shop produced a profit of \$200,000 per annum and it has continued to increase and attract customers away from the other shops. The other two shops continued to experience losses of up to \$100,000 per annum.

The difference in results was largely due to the information generated through Practician and then using that information to significantly increase profitability.

Hence I have no reservations in endorsing Practician and focus based management. It is the means by which the compilation of financial material required by a bank can also be the source of substantial profits to the customer. Definitely a win-win situation.

Yours sincerely



Richard Vincent
PARTNER