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FOCUS BASED MANAGEMENT PTY LTD
PO BOX 1456
CHATSWOOD NSW 2067

Dear Trevor,

RE: FOCUS BASED MANAGEMENT PTY LTD

Thank you for your fax of 27th.

I can certainly see that there would be some doubters in believing that simple management of a few key indicators can cause major turnaround in business but as I have mentioned to you this has been achieved in the past and is a daily part of my practice.


Many business owners have no idea of what drives their business or what to focus on to achieve business success. If one can give an owner of a business two items on which to concentrate ie. activity and contribution, the other aspects of their business such as operational personnel, marketing seem to gain a clear focus.

It shows how changes in some operational or marketing aspects can impact on the key indicators.

It may assist if I can highlight an example. In February I was approached by a metal fabrication company, on referral by a bank, which appeared to be suffering short term liquidity problems. Management accounts showed a poor trading result but as always the management excused this as either poor accounting (ie. figures were wrong), or some extraordinary factor caused these poor monthly results. There was always an excuse and besides "we are now profitable because we have sacked some staff and things are improving".

At that stage the directors had no personal guarantees to any creditors and the bank was owed no money although they had been approached to undertake some cash flow lending.

After brief analysis we identified the key to success was to achieve weekly target of 425 chargeable hours at a contribution of \$57 per hour. The true trading position had also been established and it was found that the prior losses had caused the company to become technically insolvent.



The directors realised that if the targets could not be achieved the business would fail. Remembering that they were about to encumber their personal property to advance funds from the bank.


Despite every effort by the directors the targets were never met in the next 8 weeks and we quickly decided to appoint a voluntary administrator to the company.

Over the period of the administrator we continued the weekly monitoring for the administrator and we were able to trade out of difficulty. The bank and the administrator were able to see weekly how the company was improving and the directors had a clear focus and renewed enthusiasm for the work.

The result was that the bank did not have to advance long term funds, a short term overdraft was used and repaid and the business has returned to profitable trading. I think this will be a client forever.

There are many other cases which I can relate which range from corner stores to workshops making elevators and coal train wagons all of which are thriving on the simple aspects of focus based management.

Yours faithfully,



PAUL M COOPER CPA.