inperspective

INFORMING BUSINESS
ISSUE 1 2008

WINNING IN A TOUGH INDUSTRY

THE SNP SECURITY STORY

Plus

Doing business in China

Good ways to survive bad markets

Future proofing the economy

Managing growth in the fast lane

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WELCOME TO THE MARCH 2008 ISSUE OF INPERSPECTIVE.

It has been a year since my first editorial as Managing Director, Corporate Banking. During the past year I have had the pleasure of meeting a cross section of our customers across Australia and have been impressed with the way businesses have addressed the challenges during the year.

Not surprisingly, in a number of our conversations, market volatility, the sub-prime issues in the US and the interest rate outlook continue to be topical issues for discussion and an ongoing challenge, as well as a distraction, for a number of companies.

Staying focussed on the aspects of the business you need to manage and mitigating financial risks will be very important in volatile markets. There is no doubt that cost of borrowings in general terms will rise. I encourage you to stay close to your Relationship Manager and keep the dialogue on risk management and liquidity firmly on the agenda. In this issue we share some market insights from ANZ's Economists and Markets Specialists. Engage your Relationship Manager to discuss your specific situation and how ANZ can help you to manage future volatility with confidence.

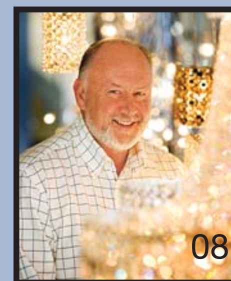
I am delighted to announce that ANZ is partnering with BRW to recognise the significant contribution private businesses make to the Australian economy.

The inaugural "BRW ANZ Private Business Awards", due to be formally launched later this month, aims to recognise the achievements of private businesses and continue to encourage the spirit of entrepreneurship and growth of private businesses in Australia.

We have a great range of articles in this issue and we are especially grateful to our customers SNP, Witchery, Beacon Lighting, Rubicor and eMOCA for generously sharing their challenges and achievements.

We hope you enjoy reading this edition of InPerspective. If you have any feedback on the magazine, please feel free to email your comments to inperspective@anz.com

Vishnu Shahaney
Managing Director
ANZ Corporate Banking



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WINNING

IN A TOUGH INDUSTRY -THE SNP SECURITY STORY

The $4.5 billion Australian security industry is a tough, uncompromising place to do business. A stressful often murky world of surveillance, vigilance, confrontation and night shift. In this high-cost environment it's notoriously hard to find good staff.

CLIENTS TERMINATE CONTRACTS WITH CLOCK-LIKE REGULARITY and – thanks to sharp competition from an abundance of small operators – margins are traditionally thin. Yet in the past ten years SNP Security has surged ahead of the field, averaging annual revenue growth of 20%. From a business which back in 1995 turned over $17 million, the family owned company headquartered in Sydney will be pushing towards $200 million this financial year and employing around 1,650 people. In the past 12 months alone, its staff complement jumped 24%.

Sydney Night Patrol and Inquiry Company opened for business in 1923 and has been run by four generations of the Roche family ever since.

SNP's clients today include Railcorp in New South Wales, educational institutions and some of the most secure sites in the country like Sydney and Newcastle Airports. Everywhere it's a well regarded integrator of electronic and manpower security solutions.

As an expert in physical security, SNP provides manpower like guards and dog patrols, electronic security including alarm systems, CCTV and electronic access control. What lies behind this success? "We're accountable to ourselves," CEO Tom Roche told *InPerspective*.

Whereas many large listed players with whom SNP competes are focused on quarterly returns and short-term accountability to shareholders – SNP takes far-sighted strategic decisions it knows will build the company's strength for the long term.

Take training and staffing policy. "We maintain and build staffing and training programs consistently over time and plan years ahead as opposed to looking from one quarterly report to the next," says Roche.

Another intrinsic strength is the speed with which management makes decisions. "If somebody comes up with a good idea or there's new technology we want to embrace, we don't write interminable reports or send documents overseas for sign off, we just do it," says Roche.

THE STAFFING CHALLENGE

Predictably, finding people is as big a concern for SNP as for any other Australian company, perhaps more so. The employment pool seems to get shallower by the day, Roche observes, with prospective employees often interviewing SNP representatives rather than vice versa.

> **We plan years ahead as opposed to looking from one quarterly report to the next.**
> Tom Roche

At the same time with the growth in staff numbers over the past 12 months, a challenge has been to roll out the company culture to newcomers. The values are based on consistently verifying what customers need, satisfying those requirements, supplying the correct product or service, delivering within the agreed timeframe and providing a work environment for staff that recognises performance and encourages individual growth.

SNP's better than average churn shows staff understand that it's not "just another organisation" to work in, Roche adds. To assist the feeling of inclusiveness, a communications strategy encompasses everyone in the business.

"We have an induction process, an induction handbook and regular newsletters that help us communicate with people in locations throughout the country. Supervisors go out and spend time with new employees. These and other procedures make them feel welcome, that we're different."

LIKE A PUBLIC COMPANY

Conversely, despite the familial culture some SNP characteristics resemble those of a large listed entity. During a meeting several years ago, a key customer asked Roche whether, instead of brochures, he couldn't produce a more formal document with in-depth details about the business, its turnover and key people.

Soon after that discussion SNP began to produce an annual report – known internally as an annual review – each calendar year, listing the achievements of the company in the past 12 months, revenue growth, assets, corporate governance program, employee head count, acquisitions, new technology and strategic direction. The audience for this professionally produced document are major customers; it also serves as a marketing tool.

A CHANGING INDUSTRY

In the late '80s and early '90s more and more small companies entered the security market. Instead of trying to differentiate their delivery, many bigger operators tried to match them on price, which drove prices down. The late '90s was a period of consolidation, with larger players buying smaller operators and some going to the wall. Throughout, SNP enjoyed success after success because it was perceived to be reliable and offering a good level of service.

When SNP set a $250 million revenue target by June 2009 three years ago, Roche realised it couldn't happen if the company relied on its traditional base in the Sydney-Newcastle area (and even now concedes that meeting it will be a stretch).

So a national structure was introduced to facilitate growth, with six General Managers, three of whom are responsible for revenue growth nationally. Then there are an HR Manager, Business Development General Managers and Chief Financial Officer.

Having built up expertise in aviation security, the company's current strategy includes targeting individual market sectors like education and expanding the east coast presence through acquisitions. That's why SNP recently bought prominent ACT-based security firms Canberra Alarms and ACT Alarms.

To support this effort a strong focus on training and development permeates the organisation, which also aids its ability to retain people. One of its major tools to this end is an e-learning training program for employees.

The approach is hardly new, Roche admits. Yet he refers to a recent survey showing that just 53% of companies with turnover of more than $10 million have development programs in place for their employees.

Succession planning throughout the company has received attention as a strategic issue in the past two years and there's a "solid HR plan" to deal with it.

TECHNOLOGY

Of course in this specialised industry there's much else to be concerned about on a daily basis. Large and evolving electronic surveillance systems are among these concerns. On one highly secure client site, two SNP engineers have been working closely with American experts to roll out new technology for the past 12 months.

To stay at the leading edge, SNP people have been travelling overseas on average every two months in the past year visiting trade shows and dealing directly with overseas manufacturers or their local agents.

COLLEGIAL STYLE

In his personal style, Roche is collegial, preferring to make decisions based on dialogue and discussion. He's also learned to pull back when necessary – not always easy in a 24-hour family business.

"Within the group there's a strong sense of where there's need, our people come together to make it happen. We're in a manpower business in which a client might require 60 or 70 guards on location in a matter of hours. We couldn't do that if we didn't have buy-in from staff. People who have holidays planned will even put them off for a couple of days if they need to."

The best lesson Tom Roche learned along the way? Ensure that you make whoever you report to in the client's organisation look good in the eyes of their boss.

"If he's not getting a call to say why did this get messed up we're not getting a call – that's the way to win."

SNP Security has enjoyed outstanding growth because it:

- Embraces accountability and makes fast decisions
- Takes a long-term strategic view of the business that includes acquisition
- Retains staff through good internal communications, inclusiveness
- Runs the family company like a corporation
- Stays abreast of the latest in security technology. ■

Dealing with the dragon

THE WORLD BANK RECENTLY ESTIMATED CHINA'S OUTPUT AT $US6.2 TRILLION, RANKING IT THE WORLD'S SECOND LARGEST ECONOMY. WITH A MARKET OF 1.3 BILLION PEOPLE WHOSE AFFLUENCE IS INCREASING, CHINA SEEMS SET TO DOMINATE GLOBAL TRADE.

Companies looking to do business there make titillating projections, but cool heads and careful planning are required for success, cautions Kent Kedl, General Manager of Technomic Asia, a Shanghai-based market strategy consultancy. In an interview with *InPerspective*, Kedl offers advice on doing business with the Asian giant.

WHY IS CHINA IMPORTANT?

It's becoming the global centre of manufacturing activity. Much global product today either originates in China or passes through it at some point in its supply chain. China's important because of the size of its production capacity as well as its significant natural resources.

Secondly it's important because of the sheer size of its emerging domestic market. Not only do you have production capability in China but you have the ability to sell *to* China.

WHAT ARE SOME OF THE CHALLENGES FOR COMPANIES LOOKING TO DO BUSINESS THERE?

There's a big difference between a market and a population. Before attempting to do business in China, dive down deep and find out what kind of market there is for you. You need to get answers to some basic but often overlooked questions:

- How you get your products to market and who will buy them?
- What kind of pricing, features and functions will your products have?
- What kind of competition exists in the same product line?

To build a profitable business in China, you've got to know where to begin and who to meet with.

Any company doing business these days needs a China strategy – a well thought-out plan of how you're going to work with, or in, the country. Sometimes that strategy is *not* to do business there. But you should reach that decision by looking deeply at the opportunities and doing your research.

WHAT ELSE SHOULD COMPANIES CONSIDER?

My view is there are five motivations. The first is customer pull. A lot of bigger companies are already here and they're challenging their supply chains to supply them in China. Most of the larger original equipment manufacturers are here, and actively localising their supply chains.

Second is new market opportunities. China represents uncharted territory. Many industry sectors are not growing in the "developed" part of the world while here they are growing at double digits.

The third motivation to do something in China is to face competition more head-on. If you have potential customers calling you in China and you don't respond, they'll find someone on the ground who will.

Fourth is cost savings. Certainly there are opportunities to make things more cost effectively in China. However the challenge is that low cost often can't be sustained because customers are never happy with just price. A good cost saving today is tomorrow's question: *what can you do for me?* So while it's important to find a way to reduce price and cost, other motivations are necessary.

Finally there's shareholder or management push, where a member of the board, CEO or group of investors have pushed for a presence in China. Expectations were such for a while that if you were a company of a certain size you *had* to be in China. That's an assumption that needs careful qualification.

Every company must know their motivations, and they're going to be a combination of the above. What's needed is an understanding of the details of those motivations before making a move. Otherwise you may find yourselves spinning in circles.

ANY SPECIFIC INDUSTRIES DOING ESPECIALLY WELL?

Twenty years ago China started an economic reform process and opened up as primarily a production base for foreign companies, especially in toys and textiles.

Ten years ago telecommunications became significant and five years ago the automotive industry became active. Now the big shift is that China itself is becoming a demand market – a population of 1.3 billion often makes for some attractive markets – and we're still in the very early stages of that process.

A good example of how China's domestic market has grown is Motorola's experience in electronic pagers. A number of years ago they set up a manufacturing plant for the pagers. They found a local buyer for the first set that came off the production line and then every subsequent set. While Motorola was in production at that plant they were never able to export, all their capacity was consumed in China.

> **"Cool heads and careful planning are required for success."**
> Kent Kedl

Companies need to look at their opportunities across the spectrum of manufacturing, export and domestic sales. If exporting, it's worth noting the location of your target. China may be a costly distance.

Of course, the next question you must ask is the value of those opportunities and what it's going to cost to extract it.

HOW LONG DOES IT TYPICALLY TAKE TO GET ESTABLISHED?

You should get your toe in the water as quickly as possible. But to understand there's no piranha takes time and research. The importance of doing your homework can't be overstated. At Technomic Asia we talk about the importance of the six Ds in China: due diligence, due diligence, due diligence.

If you look at mistakes companies have made in the past, a lot of them walk in blind. Too many have a rush of blood and just start selling – the wrong product or price or the wrong functionality to the wrong channels. They'll make a poor choice of partner or do a joint venture of little strategic value.

We're big advocates of a phased approach. Swim around and get a feel for it. Once you're here and meeting customers, competitors and distributors you'll learn a lot. Be willing and able to change your strategy.

In one sense you can enter China quickly but in another the process doesn't stop. The market is so large and dynamic there's always another layer to explore. What's required is a strategy in which every step provides the greatest number of options from that step. The most dangerous thing is to aim yourself into a corner.

That's precisely what makes joint ventures or equity relationships problematic. The risk is that you lock in to something and unless it's absolutely the right direction to go, it may prevent flexibility to move.

IS A LOCAL PARTNER ESSENTIAL?

You'll need connections and relationships. But the structure of those relationships can be formal or informal.

For "open" market sectors, foreign investors are typically no longer required to form a joint venture with a local company to do business in China. It's a strategic decision only.

One warning: deciding to form a joint venture is not a strategy. That's like your asking me what I'm doing for my holiday and my answering that I'm driving a Ford. The strategic questions would be are you going to the ocean, the mountains or desert? If you know where you're going you'll know which car to drive.

China is still a developing economy in the sense that end users, distributors and suppliers can be fragmented. The automotive industry is a good example. There's over forty competing passenger car brands. Consolidation will inevitably occur but in the meantime a local presence can make all the difference.

Many companies rely on foreign HR firms that say they have representation in China. What they mean is they know a guy they can call and ask questions. It's important to get help from people who live here and understand what's going on.

HOW ONEROUS IS THE REGULATORY REGIME FOR FOREIGN OWNED COMPANIES IN CHINA?

There are protections and regulations across industries – one of the factors making a rigorous due diligence process essential. Legal enforcement and other issues concerning intellectual property can challenge new entrants.

It can be critically important to get local advice on issues like repatriation of funds, corporate taxes, sales and value added taxes, HR, governance and reporting. There are some good firms working in China who know these details, inside and out, and can assist foreign companies to set up properly.

In 2008 China is changing laws that previously favoured foreign investors with a lower tax rate than Chinese

companies. From this year tax rates will be more uniform and they're limiting some of the advantages for tax rebates for export. There's a sense the playing field is being graded.

PRICE NEGOTIATION IS REPUTEDLY CHALLENGING?

The Chinese culture has raised negotiation to an art form. For Westerners the price is the price, no negotiation required. Our skills are therefore not as highly developed as those of our Chinese counterparts.

Foreign companies typically want to sell at the premium end of the market and can be frustrated because they can't always prove the value of their product. In more mature markets everyone understands that if you want to buy a Lexus you buy a Lexus, and if you want a Toyota, you buy a Toyota. That differentiation doesn't automatically occur in a developing market.

But a key message is, don't ignore China. Every company needs to consider it, they really do, even if they don't have customers or competition currently there. Markets are becoming increasingly globalised and that will touch all companies.

The Chinese are committed to growing, developing and maturing. They're serious and they're only just beginning. I've been in China for 22 years and every year I see how serious people are here.

WHAT ARE THE PRACTICAL FIRST STEPS AUSTRALIAN COMPANIES SHOULD TAKE WHEN LOOKING TO DO BUSINESS IN CHINA FOR THE FIRST TIME?

Contacting specialist consultancies can be a good first step. If they can't directly help, they always know people who can.

Companies can also look for international business organisations within their own cities. Many bigger cities have industry groups with a vested interest in helping their members compete better internationally. These can be a great source of information and connections.

HOW BIG A BARRIER IS LANGUAGE AND WHAT SHOULD COMPANIES DO ABOUT IT?

Though English is spoken here and there in China, "real" business is still in Chinese so any foreign company working here must have their own team that speaks the local language and knows local customs. Consulting firms are good places to start, but they can only help so much; eventually all of our clients – if they want to do business in China – end up hiring their own teams.

LOOKING TO TRADE IN CHINA? CONSIDER THESE POINTS:

- Develop a China strategy – even if that strategy is not to do business there
- Understand and analyse your motivations
- Conduct rigorous due diligence and look carefully at market opportunities and product distribution
- Develop local connections and relationships. Procure local advice especially for regulatory and governance issues
- Decide whether to acquire, operate alone or form a joint venture
- Be flexible and persevere. If a strategy doesn't work be prepared to change it.

Kent Kedl is also co-author of *The China Ready Company*, a book that helps companies determine their readiness to enter that market. ■

"By 2015 China will be the world's largest economy, as it has been for the majority of the last 20 centuries. As a result Chinese growth is playing a key role in driving world demand. For example, the Chinese steel industry is now four times the size of the US steel industry. Last year, 67 million Chinese people bought a mobile phone. The same sorts of increases are true for everything from air conditioners, refrigerators, microwaves, cars and industrial equipment. At the end of 2007, 13 percent of China's urban families, or almost 25 million households, were defined as middle class, with this proportion set to double in the next three years. What this means is that this century is the Asian Century, and for Australian business the opportunity is immense."

Mike Smith, CEO ANZ

BEACON'S BONANZA

In 1989, when Victoria was in a troubling recession, lighting retailer Beacon was forced to close four stores. Having taken the pain of the closures, the business needed to keep the remaining nine stores profitable.

"WE DECIDED WE HAD TO SIMPLIFY THE FORMAT, find the lowest cost of operation and build a system of merchandising anyone could manage," says CEO Ian Robinson.

The following year Robinson took a study tour to the US. He's returned every three years and sent senior executives and franchisees each year to look at some of the best retail practices in the world. The 17 years since then have seen consistent growth for Beacon. The business, now Australia's largest lighting retailer, boasts annual turnover in excess of $100 million, 400 staff and 60 stores across the country, with no plans to stop there.

To help cater for customers in areas where there's no Beacon Lighting store, it has introduced online shopping and prides itself on having the most competitive pricing across the board. Part of its strategy is to make lighting not merely a practical purchase but a creative one that offers customers a sense of discovery and satisfaction. Beacon now sources styles, trends and innovations from around the world – from cutting-edge designs to the latest in energy efficient lighting.

A milestone for the company was winning 2007's *Age/D&B Business of the Year* award. This annual prize, given solely on the strength of financial performance, gauges data such as credit-worthiness, R&D investment and employment growth.

LEARNING ABROAD

On his study tours to the US, Ian Robinson has consulted with a range of businesses including the colossal Home Depot, the world's largest home improvement shopping chain.

The lessons learned from these trips have been of incalculable value, giving Robinson and members of his team an opportunity to selectively introduce new ideas. Sending different people on

each trip has reconfirmed what others had learned in previous years, he says. "You can *talk* about what's happening in America but going there and discovering for oneself makes it stick."

The broad drivers in the retail sector, Robinson says, are customer service, store location, cost control and supply chain management. But he nominates product innovation, new services and an easily replicated store format as the prime influencers of the business's growth. Closer still to his heart is another factor: culture.

> "Before it was even talked about in Australia we saw proof in the US of the benefits of an inclusive culture."
> Ian Robinson

CULTURE AND VALUES

A secret of Beacon's success has been building a great team of dedicated associates, he says, referring to the company's name for its staff. This is actually an idea borrowed from Home Depot.

Robinson learned early on that people aren't just employees, they're colleagues and friends – "associates" in the business. "Before it was even talked about in Australia we saw proof in the US of the benefits of an inclusive culture," he says.

TEAM-BASED PERFORMANCE

Obviously this is about more than merely finding a substitute word for staff. One component in building culture is to pay high performers above industry standards, which simply gives Beacon the ability to attract the best people.

Another component is to run the business with a team-based approach and an emphasis on engagement in which mentoring is encouraged. It's a mode of leadership that isn't enshrined in a formal process at Beacon, but one Ian and his team take seriously.

The planning cycle is structured in a way that encourages effective participation, with engagement in projects encouraged and people involved in discussions from a very early stage. Robinson believes strongly that competent leaders should downplay their roles in meetings to achieve this end.

"A leader is someone who'll chair a meeting," he says. "That is they'll appoint someone to take the minutes, and 'speak back' as much as possible to allow others to voice *their* opinions. He or she should provide a guiding hand and encourage others to take major roles in the process."

This doesn't mean everyone talks up. "Some people naturally express themselves while others sit back and absorb information. Even if they've not been verbal, they've been part of the conversation."

Encouraging everyone to be part of decision-making means they all understand business plans. "Nor do we have the situation where a strategy arrives on someone's desk without explanation," Robinson says. "If that happens, you've already lost part of your program."

IDENTIFYING LEADERS

Beacon believes in enabling leaders to step up as soon as they've been identified, an approach Robinson believes was critical in the early growth phase of the business. That means rapidly giving promising talent new opportunities, whether it's managing a bigger store or moving into central functions like merchandising, logistics or warehousing. "Providing diverse career paths for leaders is another way of keeping people engaged."

INVESTING IN GOOD IDEAS

One of the earliest lessons Beacon learned in the US was to deploy standard operating procedures and platforms. The company rolled out procedures across the chain that were standard, whether it was receiving back of house, processing invoices, sales or front of house. Merchandising became uniform and stores started to look the same.

"Once you've built a strong brand, you can move away from that standard model – to meet certain demographics for example – but in the establishing period it's important to set those operational standards," Robinson says. "You go into 60 stores and find they look the same and are run the same."

Recent growth drivers have been the introduction of exclusive home lighting products, sourced mainly from European designers, as well as the development of an energy efficient range. The company is well positioned to take advantage of the phase out of incandescent globes in October 2008. New services such as in-home consultation and installation have also contributed to vigorous growth.

"We've invested resources in researching building codes and government regulations to develop the right solutions for our customers," says Robinson of the new consulting services.

The company also strengthened its trade partnerships through a popular loyalty program and launched a commercial lighting division and range of commercial lighting products.

PROMOTION AND SUPPLY

Thirty years ago Ian used a Polaroid camera and bottle of white-out to put newspaper ads together. These days the marketing team is large and sophisticated, producing over 10 million catalogues a year as well as television ad campaigns and other pieces.

Beacon supplies its national chain from a single distribution centre in Melbourne and is currently considering whether this will remain the most appropriate mechanism. It's a balancing act, he concedes. The company must minimise the amount of time taken to move product. On the other hand it has high freight costs.

CHALLENGES AND OPPORTUNITIES

Beacon sources around 70% of its products from China, 10% from Europe and the rest from local suppliers.

How effective have its strategies been in combination? One only needs to look at its track record over the past 12 years for the answer. In that time the group has grown revenues and profit at more than 20% a year.

To keep the momentum going, Beacon's people are encouraged to continue generating ideas and business opportunities – such as a recent move into the solar panel business.

"That is very exciting," Robinson says, "for all our people."

Beacon Lighting has become the biggest retailer of its kind because it:

- Deploys standard operating procedures and platforms
- Gathers ideas on trips abroad, especially to the US
- Has an inclusive culture embracing all staff
- Encourages everyone to contribute in meetings, in which leaders don't dominate
- Innovates, regularly introducing new products and services. ■

FOR AUSTRALIA THE PROBLEM WILL BE TOO MUCH GROWTH, NOT TOO LITTLE

GLOBAL FINANCIAL MARKETS HAVE TURNED PARTICULARLY UGLY RECENTLY AND THE OUTLOOK FOR THE GLOBAL ECONOMY HAS DETERIORATED. FROM SOME PERSPECTIVES IT MUST LOOK AS IF THE PERIOD OF UNPRECEDENTED PROSPERITY THE WORLD HAS KNOWN FOR THE PAST HALF DECADE IS DRAWING TO A CLOSE.

That in turn has raised concerns about whether Australia's record 16 years of continuous growth is also about to end. The good news is that we think not. We expect Australian growth to motor on at or above trend for the next two years. Indeed, the problem for Australia will not be too little growth, but rather whether growth can be sufficiently constrained to ease inflationary pressures to an acceptable level over the medium term.

Our optimism reflects a number of considerations. Australia entered the current period of volatility with considerable momentum, with growth above trend and accelerating. Real gross domestic product (GDP) increased by 1.0% in the September quarter and by 4.3% over the year, the strongest growth since the June quarter 2004, and well above the non-inflationary trend rate of about 3% to 3.25%. This was in the face of what were already strong headwinds of financial market volatility, a deteriorating economic outlook in the US, rising petrol prices and rising interest rates. This suggests the Australian economy possesses considerable resilience.

Although global economic growth is slowing, the slowdown is most pronounced in developed countries, most notably the US, Japan and to a lesser extent, Europe. In contrast, growth in the part of the world of most relevance to Australia – Asia, and particularly China – is expected to remain robust.

In addition, although Australian financial markets have been caught up in the global market turmoil, Australian financial institutions have not recorded the large losses of some offshore banks and remain sound and willing to lend. All credit-worthy household and business borrowers in Australia still have ready access to funding, albeit at a slightly increased cost. To date, they do not appear to have reduced their appetite for credit and there is no sign of a "credit crunch" in Australia.

And finally, recent widespread rains are holding out the promise of a very substantial rebound in rural production over the next year, which will add to what is already a robust outlook for economic growth.

Overall, it is difficult to be pessimistic about the outlook for Australia, despite the global woes. We estimate growth in Australian GDP will have been close to 4% in 2007, and forecast still robust rates of around 3.5% in 2008 and 3% in 2009. Those are growth rates which will be the envy of most other first world countries.

The downside of the sustained robust growth environment for Australia is that we now have an inflation problem. The headline consumer price index rose by 0.9% in the December quarter and by 3% over the year. The measures of core inflation on which the Reserve Bank most closely focuses rose by an average of 1.05% in the quarter and by 3.6% over the year. The annual rate of core inflation was well above the target band of 2% to 3% and was the highest since the regime of inflation targeting was introduced by the Reserve Bank in the early 1990s. Furthermore, the Reserve Bank forecasts that inflation will remain above the target band well into 2010. This points to a need for further policy tightening by the Reserve Bank.

In response to these pressures the Reserve Bank raised the cash rate by another 25bp on 5 February to 7.00%, the highest in 12 years. And it gave a strong hint that rates will need to be increased again, observing that "a significant slowing in demand from its recent pace is likely to be necessary to reduce inflation over time". We believe there will be further increases in interest rates in coming months. Beyond that the Reserve Bank will need to see signs that domestic demand is slowing appreciably if it is to avoid raising rates again.

Tony Pearson
Head of Australian Economics, ANZ ■

GOOD WAYS
TO SURVIVE BAD MARKETS

PRIVATELY OWNED BUSINESSES FACE POTENTIALLY BIG CHALLENGES IN 2008 – NOT LEAST OF WHICH ARE VOLATILE FOREIGN EXCHANGE RATES AND SEE-SAWING INTEREST LEVELS. BUT COMPANIES *CAN* PROTECT THEMSELVES.

It's abundantly clear that the credit crunch roiling stock markets will not leave Australia untouched, and is likely to bring tightened credit along with higher rates in its wake. The result: this year is shaping up to be a challenging business environment.

Whatever the eventual outcome, most economists agree this risky environment is unlikely to disappear quickly. The aftermath of the tech wreck and the spate of corporate scandals at the beginning of this decade ran on for more than two years. So did the Asian crisis. The savings and loan crisis in the US, which had parallels with the current scenario, also ran for more than two years.

While the risk is clear, some economists are convinced recession is not inevitable. Saul Eslake, ANZ's Chief Economist, is among them: "Whilst there's no doubt that the US economy has weakened considerably, I am not entirely convinced the US is inevitably headed for recession," he says.

But with Australia being a significant borrower from the global financial markets, a global credit squeeze and higher rates will probably impact businesses here. Eslake also points to a second main source of risk: currency exchange rates.

The Australian dollar is perceived internationally as a risky currency, Eslake says, because of its relative size, volatility, dependence on volatile commodity prices and the fact that it is a highly leveraged bet in the sense that Australia runs a large current account deficit.

While he sees the Australian economy as in generally good shape, he points to another risk: the Reserve Bank's commitment to moderate the growth of domestic demand, with inflation being brought back to within the 2-3% target band from the 3.25% the Reserve predicts will be the level in the first half of 2008. If the growth rate doesn't slow down, Eslake predicts further increases in rates.

CONFRONTING RISKS

What strategies can companies adopt to confront these risks, protect themselves and prosper in a potentially difficult environment? For a start Eslake says private businesses that are highly geared need to think about altering their financial strategy to cope with higher interest rates, that could include repaying debt or raising more equity capital. "Interest rate risk is one of the risks of doing business – just as there are risks associated with employing people – which are almost unavoidable. The point is not to avoid those risks necessarily but to be able to manage them."

Gilles Planté, Managing Director Markets ANZ, expects that the credit crisis – now largely contained to the financial services industry – will be felt more and more by businesses, either by banks passing on funding costs or directly accessing the capital markets.

Volatility from a corporate point of view is really the amount of risk you are happy to accept, Planté says. "The higher the volatility the higher the risk. If corporations have a fixed return then the need to hedge is greater."

> **"The higher the volatility the higher the risk. If corporations have a fixed return then the need to hedge is greater."**
> Gilles Planté

If you are a domestic company that doesn't import or export but you've got debt levels that are unhedged, then interest rates are something you need to be very much aware of, agrees Shayne Collins, Executive Director Sales (Australia), Markets ANZ.

A company, on its balance sheet, may have a certain amount of debt but their real exposure may be that they are a significant exporter rather than a seller on the domestic market, Collins points out. Or they may be a company that does sell goods in the domestic market and imports many of the components that go into their manufacture. "So currency exposure can be an issue for them."

Larger companies tend to have a longer history of awareness of risk management, says Collins. In some cases there are broad internal policy guidelines in place that require a given level of fixed rate hedging across their book. "They have bona fide treasury units – employees are not only doing their day-to-day money market operations or liquidity transactions but also their foreign exchange transactions, and they are also involved with risk management."

But there's a particular challenge for private companies: risk management is highly complex and many firms – especially smaller ones – don't have the expertise in-house to handle hedging strategies.

With smaller companies, there's a growing awareness of the need for risk management, Collins says, but the level of expertise and sophistication varies. "You might have the finance area having to do the whole lot, and they probably need assistance along the way."

As a result, private companies are looking increasingly to their banks for hedging expertise.

OPTION COVER

It's all about making sure you're doing the right thing from a risk management perspective, adds Collins. With expert advice, there's also room for more advanced strategies incorporating optionality, he believes.

"Option cover gives you greater flexibility: you pay a premium in some cases. In other cases you can structure the actual trade so that the premium is not necessarily visible, it's embedded in the structure."

This can give a company some flexibility to participate to a greater or lesser degree in advantageous moves in the market. It gives them a worse case rate, a known cost of funds, or a known worst-case currency rate, which over the whole balance sheet and from a debt-to-equity mix provides a better outcome.

Risk management is not just about understanding the risks that exist within your balance sheet, adds Collins, but about looking at future exposures, putting probabilities around those exposures and understanding what's the appropriate level of hedging.

"The way we've got our business structured," he says, "we have specific relationship dealers with either an FX, interest rate derivatives or commodity focus who generally talk to larger publicly listed and private companies. At the next level we have specific dealers who speak to clients across both currency and rates products. To augment the service delivery proposition provided by our relationship dealers, we have the Consultative Risk Management team which provides quantitative and qualitative analysis relating to risk management within clients' balance sheets."

Ultimately, common sense, discipline, good relationships and a well-run business are the best protection, ANZ's experts agree.

Gilles Planté says that – unlike exchange rates – lack of liquidity is potentially not hedgeable. The only way to hedge liquidity, he says, is for a corporation to be in a good financial position and have a strong relationship with its bankers. He recommends staying close to your primary relationship bank.

"They will be the best resource in difficult times to provide funding at a reasonable cost."

KEEPING YOU COVERED

ANZ has a large range of risk-management products which privately owned companies can use to their advantage, either to mitigate risk as the credit squeeze starts to emerge globally, or even to capitalise on extreme volatility.

Bank specialists can help you understand what the risks are within your balance sheet, then formulate approaches or policies to deal with them. ANZ has a consultative risk management group, CRM, that specifically looks at the effects the volatility of financial market risks on corporate businesses, using simulations to explore strategies for handling the risk.

ANZ's specialists can help keep private companies fully aware of the accounting implications of hedging so they can be prepared for any eventuality. "While they may not have shareholders who are looking at accounts," says Shayne Collins, "at some point they may be coming to their bankers and asking them for refinancing or looking to do an IPO. With any kind of volatility in profit and loss, potential investors or banks looking at refinancing will want to understand why it's there."

For more information contact Christopher Boyd, Head of Consultative Risk Management on +61 3 9095 0148. ■

future proofing

THE ECONOMY

BOOMING COMMODITY PRICES HAVE PROVIDED WINDFALL PROFITS FOR MINING COMPANIES AND OTHER BUSINESSES THAT SUPPORT THE SECTOR. YET EXPORT EARNINGS ARE NOT MATCHING OUR INTERNATIONAL BORROWING, SAYS DR JOHN STEEN OF THE UNIVERSITY OF QUEENSLAND BUSINESS SCHOOL.

> "To underpin superannuation and retirement incomes Australia will need a cleverer workforce, which is why government spending on education must include all levels: preschool, primary, secondary and tertiary."
> Richard Robinson

A recent report commissioned by the Australian Business Foundation suggests that despite the mining export boom, Australia borrows too heavily to feed consumption. "We continue to live beyond our means," Steen says. "At some point there will be a day of reckoning when operating conditions for business will become more difficult than they are now."

Steen, a strategic management and innovation expert, says nobody knows what the trigger may be. A worsening of the US credit crunch? Disruption to oil supplies by conflict in the Middle East?

Richard Robinson, senior economist at research and analysis firm BIS Shrapnel, agrees with Steen about the inevitability of a downturn. "Economic downturns happen in spite of government policy and are generally caused by what happens overseas," he says.

Nevertheless in the current period of economic prosperity, preparing Australian industry and the economy for harder times is one of the most sensible steps governments can take. Just how this can be done is the subject of some debate.

SPENDING ON INFRASTRUCTURE

Governments must keep tucking away some of the surplus while the economy is strong, suggests Robinson.

A priority is to invest in infrastructure that cuts energy consumption, whether that be rail systems or energy efficient technologies. Water infrastructure is another area of urgent need. "The sewerage systems in Sydney and Melbourne are archaic and billions need to be spent there," he says

A major advantage about infrastructure investment, Robinson says, is that it has large multipliers through the economy and its expenditure that stays in Australia. "Tax cuts pump up incomes and tend to be spent on goods made overseas," he says. "This doesn't create jobs."

PRODUCTIVITY GROWTH CONCERNS

Despite the improvement in Australia's terms of trade since 2003 due to rising commodity prices, the rate of productivity growth has fallen since the 1990s. Richard Robinson and John Steen agree that to future-proof the economy governments must also spend in areas that will drive productivity growth – and lessen inflationary pressures. The best way to do this, they say, is to spend on education and innovation.

Education spending across the spectrum has lagged for the past decade, says Robinson. Under the previous Labor government spending on tertiary education was expanded. "It usually takes ten years to get the full benefit, and that came in the second half of the '90s. It coincided with a move to enterprise bargaining which also got rid of a lot of old entrenched management and employee practices."

The resultant productivity, he says, lasted the best part of a decade. "When the Coalition came in they cut back education spending and as a percentage of GDP it's been lower."

As a consequence Australia has been experiencing skilled and unskilled labour shortages since about 2005. This has fed into inflation. "The only reason inflation hasn't escalated is because we've had a rise in the dollar which has offset a lot of those domestic price pressures."

To underpin superannuation and retirement incomes Australia will need a cleverer workforce, Robinson says, which is why government spending on education must include all levels: preschool, primary, secondary and tertiary.

As a rule, he adds, a higher-skilled workforce provides a better productivity outcome. The better skilled the workforce the less inflationary pressures will be into the future. Better unit output per person reduces unit labour costs, which translates to lower inflation.

ENCOURAGING INNOVATION

Australia's innovation performance has been poor compared with other OECD countries. According to Dr John Steen, this underperformance extends beyond R&D spending to key areas of competitiveness such as product and process innovations. "The problem of infrastructure underinvestment now extends to infrastructure that can support innovation such as highly skilled employees and high-speed broadband internet," he says.

This situation is exacerbated by a lack of clarity in, and tension between, education, science and industry policy and structural impediments, such as a predominance of small firms in the industrial structure and a high reliance on overseas multinational companies in high-tech sectors (which explains the low levels of business expenditure on R&D).

One of the biggest mistakes industry can make is to assume innovation is only relevant for high-tech industries, which make up a relatively small part of the Australian economy, says Steen. He points to the Australian Business Foundation's report that shows that services sectors have dominated the acceleration of productivity growth in the Australian economy since 1992.

So how should governments respond? In two ways, Steen suggests: policy makers need to help industries access innovations from multiple sources to make the best use of limited resources, and they need to build on strengths in industries where comparative advantage already exists, such as agriculture and mining.

Not only would those industries become more competitive, they would create knowledge platforms for new businesses and industries. Steen points to the evolution of pharmaceutical company Pharmacia from Swedish forestry and agricultural science and the embryonic stages of a new geothermal power technology in Australia that has evolved from geophysics developed through oil and gas exploration.

Another outstanding Australian example is AMIRA International, a not-for-profit company established in 1959 as an independent association of mineral companies. Based in Melbourne, it has offices in Perth, Cape Town, Johannesburg, Denver and Santiago, and affiliations with

similar bodies in North America and Europe. It operates by developing and managing jointly funded research projects on a fee-for-service basis.

"R&D in the minerals industry doesn't stop at mineral processing, it spills into unrelated industries, supporting start-up ventures, new products and services," says Steen.

> **Tax cuts pump up incomes and tend to be spent on goods made overseas. This doesn't create jobs.**
> Richard Robinson

WHAT ANZ CORPORATE BANKING EXPERTS SAY ABOUT FUTURE PROOFING THE ECONOMY

Infrastructure spending protects industry. Compared with Queensland, spending on infrastructure in New South Wales has been poor over the past few years, though this may change if the proposed sale of energy assets goes through. And provided the money is put to well-thought-through areas of need such as hospitals, road and transport systems, this could provide a much welcomed boost to the economy.
Jason Mares
State Director NSW

Current capacity constraints require focus on boosting productivity and increased infrastructure spending. The economic growth we've enjoyed can only be sustained if governments have these issues on the agenda at all times. Medium-term, Australia needs to carve out niche capabilities and skills that can be exported globally as the resources boom will need to be supplemented at some point by other products and services. To achieve this government needs to set the frameworks that support development of these capabilities.
Mark Crumby
State Director SA/WA

Evidence that governments can play a key role in "future proofing" is apparent in the Queensland economy. The critical factor, though, (as always) is timing. In the Queensland context, with over $80 billion of infrastructure spending currently scheduled over the next 15 years, even minor delays in decision-making can cause major bottlenecks. Given the scale of this spending and the resources and manpower required, these projects – if phased correctly – can help smooth out economic cycles and build sustainable economies.
Darryl Mohr
State Director QLD

The healthcare industry is relatively "downturn proof" compared with other industries. If the trigger to a downturn is further interest rate rises, this will have an adverse impact on operators and developers who are carrying significant debt levels. But this should be short-term. On balance, a downturn would be a positive. It would bring much-needed relief by increasing labour availability and reducing wage rise outcomes. Also the industry is facing acute land shortages which limit the opportunity to build new care and retirement facilities. A downturn should see land freed up.
Richard Gates
Director & Head of Corporate Healthcare

Australia's agriculture industry has a tremendous opportunity to capitalise on the growing Asian demand for food, particularly protein. This provides the industry with an opportunity to diversify its customer base and, in doing so, protect against economic downturns in any particular area. We are one of the few countries that has access to arable land, but without access to water the opportunity will be lost. Open minded consideration to long term investment in water infrastructure is urgently required.
Ian Perry
Director & Head of Agribusiness

Property is one of the most – if not *the* most – cyclical asset classes. Critical factors in minimising the amplitude of the property cycle are: a stable inflation environment, stable interest rates, consistent tax policies, labour flexibility/availability and sound long-term planning covering land release/infrastructure and regeneration of "brownfield" sites. Stability in policy making is critical here.
Chris Rees
Director & Head of Property. ■

RUBICOR'S $350M MIRACLE

Back in 2004, a group of Sydney merchant bankers and entrepreneurs had an idea – to form a new listed recruitment company with a very particular structure.

Rubicor CEO Wayman Chapman (left) and CFO Kevin Levine.

THEY BELIEVED THE RECRUITMENT INDUSTRY, LARGELY POPULATED BY SMALL TO MEDIUM-SIZED NICHE PLAYERS, ideally lent itself to their specialised business model. The new group would acquire small and medium-sized companies which would continue to focus on their specialities and retain their own identities, people and culture. At the same time they'd benefit from the strategic and financial benefits supplied by a professionally run corporate head office.

The exercise represented a substantial risk for all parties involved. Competitors had trialled a similar idea several years earlier and failed. But that organisation had been a "roll up" where some 20 recruitment businesses were incorporated into a company with a single identity and the discrete parts had all lost theirs.

Having designed their acquisition model, with the help of Northbridge Consulting, a mergers and acquisition firm specialising in the recruitment industry, the partners set about finding companies to join the diversified group.

Soon afterwards the first seven players – all meeting the acquisition criteria – signed up, lured by the opportunity to participate in a public company and the financial rewards they hoped would follow.

Early in 2007, Rubicor listed. In a staggeringly short time it has achieved annual turnover of over $350 million and employs over 500 people across 40 offices in most major Australian and New Zealand cities, some regional Australian centres and Singapore. Yet just 14 of those people are head office staff.

"It all works fine," says Rubicor's experienced CEO Wayman Chapman, a former Morgan & Banks and TMP Worldwide executive, with no little understatement.

Consistent with the company's over-arching strategy to run a diversified group, each operating business focuses on its particular specialty while the executive management team operates head office resources to ensure each receives support in financial management, operational leadership, administration and other back-office activities.

Rubicor's recruitment specialties span accounting and financial services, banking and insurance, energy, engineering, manufacturing and construction, government, health, IT, logistics, mining, media and more.

It's in the day-to-day business of interacting with clients that the acquired companies retain their individual identities, says Chapman, a 25-year veteran of the recruiting industry. "That's where we maintain the experience, focus, capability and entrepreneurial drive that characterises the individual operating businesses and the professionals in them."

WHY IT WORKS

In another industry the plan might not have worked, and that's a tribute to the foresight of its original proponents. The model is well suited to an industry where people's sense of wellbeing is largely conditioned and patterned by the degree to which they identify with the brand and the culture they belong to, Chapman says.

"And I'm being a bit tongue in cheek here but we're talking about sensitive HR types," he adds. "They're what I describe as people who operate in the world of human nature. The minute you send signals through an acquisition process that in some way the culture they've identified with and cared about greatly will be diminished, changed or rearranged, you run a risk of losing their commitment."

DUPLICATION AND COSTS

What about the costs associated with duplication? One major widely perceived advantage of amalgamating acquired companies is to improve efficiency and manage costs out of operations instead of going the other way.

In Rubicor's case, says Chapman, "Risking the sense of ownership and uniqueness I'm talking about to save 20 receptionists is really a nonsense."

The typical profile of one of the Rubicor businesses is an organisation recruiting, say, engineers for the mining sector in Perth. It might have 18 recruiters, three office staff and the wife of one of the principals comes in to do the books three days a week before picking up kids.

In each case Rubicor has retained the person who plays this accountant role. He or she effectively operates at the coalface on behalf of the individual business, but doubles as part of head office team run by the CFO Kevin Levine.

Each acquired business operates to Rubicor's financial and reporting disciplines, audits and budget regimes. "We bring discipline – virtually all the things you would go through in a public company," says Levine. "That impacts the bottom line."

FISCAL REWARDS

There are plenty more benefits for the original company owners, not least fiscal rewards and a solid exit strategy. They agree to stay on for at least three years, after which they can arrange their departure and enjoy "great financial upside".

The financial rewards have certainly followed for the partnering businesses, with virtually all increasing revenue and EBIT. The model allows the vendors – who may include four or more principals from each of the original businesses – to take capital payments and share profits over several years based on future earnings. So their motivation to drive growth is strong.

Marketing is largely handled by each group according to its local requirements. "More than 400 of our people are consultants and effectively sales people," says Chapman. "Every morning they go out searching for new business, which is a pretty powerful sales force."

CFO Levine adds: "No industry gives you a greater sense of the value of people than this one. We don't produce or deliver a product, we rely on the creative skills and the motivation and sense of responsibility of those consultants who have to go out and uncover new business opportunities every day."

FUNDING MORE ACQUISITIONS

ANZ has partnered with Rubicor since inception, providing debt funding, private equity money and seed capital. It continues to be an important partner in aiding the group fund acquisitions, says Levine.

While Rubicor has been trading at a discount to the issue price, the underlying business is "very strong," he adds. Some analysts may not fully understand the model yet, but Rubicor hitherto has had limited opportunity to communicate with the market. But perceptions are changing.

Each business has its own mini strategy relating to its sector and location. The Rubicor group as a whole has a simple two-part strategy:

- To help the existing businesses extend themselves organically and aggressively.
- To acquire more businesses in subsectors of recruitment where it has no representation to increase scale and diversity. Having acquired a new business on average every six weeks since inception, it seeks to make four to five more acquisitions every 12 months over the medium term.

Looking back, the process of creating the listed company hasn't been easy, Chapman concedes. In truth it was extraordinarily difficult arranging the finances, negotiating the legal hurdles and the listing. The toughest job of all was winning the hearts and minds of the business owners and convincing them the concept had legs.

"Here's a great model, a terrific way for small to medium businesses to create value for themselves while retaining their individuality. But when that fabulous idea is dreamed up by a group of clever and entrepreneurial merchant bankers in Sydney and we have to take it to the small businesses in Adelaide, Auckland and Melbourne, it's a big sell. I reflect often on the courage of those original operators to go with us, to trust the concept and put their faith in something that didn't exist."

Rubicor is a multi-million-dollar, international success story because it:

- Developed an acquisition model precisely suited to the nature of the recruitment industry
- Allows its disparate parts to maintain and celebrate their identities
- Imposes fiscal discipline on each operating business
- Provides strong incentives for the operators of each subgroup
- Has a simple two-part strategy
- Applies strong, coordinated operational leadership and support. ■

EXIT strategies VOLATILE times

IT'S NO SECRET THAT VOLATILITY IN GLOBAL AND AUSTRALIAN FINANCIAL MARKETS AND THE RESULTING EFFECT ON THE AVAILABILITY OF CREDIT HAS RAISED THE GENERAL RISK AWARENESS IN THE BUSINESS ENVIRONMENT.

Another side effect of the current uncertain climate is that some business owners who've been contemplating a sale are now motivated to follow through and actually do it, according to Head of ANZ Capital David Tonuri.

"While volatile rates and the high oil and commodity price environment won't necessarily be a key determining factor for owners of large businesses wanting to exit, *timing* of the exit strategy can be driven by such factors," says Tonuri. "It can also be motivated by reasons such as ill health, the death of a shareholding family member or divorce."

> **You can't predict these events, or occurrences like divorce, which is a significant driver of exits and potential exits. Owners should plan for all possibilities.**
> David Tonuri

Head of ANZ Private Equity Jeremy Steele adds that while volatility in interest and exchange rates can obviously cause problems for large private companies, the important questions owners must ask themselves about exit strategies are no different from what they were a year ago.

Owners wishing to exit have a broader variety of options than ever. Whichever he or she chooses, some basic tenets should be heeded.

PREPARE IN ADVANCE.

Negotiations will be largely in vain unless owners develop a management succession strategy at least two years in advance, says Tonuri.

Such a strategy must anticipate all scenarios, and what would happen if key shareholders were lost to death or ill health. "You can't predict these events, or occurrences like divorce, which is a significant driver of exits and potential exits. Owners should plan for all possibilities."

ENSURE THE BUSINESS STRUCTURE IS CLEAN.

Private businesses often have messy leasing and other financial arrangements – through countries overseas for example. When they see any such problem potential buyers immediately wonder what else may be hidden or missing, says Jeremy Steele. The key message: make sure your corporate structure is as tidy as it can be.

Owners must be able to demonstrate an independent management group aside from the owners, adds Steele, and have a clean set of financial accounts. While many family businesses run personal expenses through the company, and potential buyers usually understand that, vendors must ensure they can substantiate those types of costs.

RUN THE BUSINESS WELL.

This, essentially, is the most important exit strategy, which transcends worries about high rates, currency fluctuations and soaring energy and commodity prices, Tonuri says.

If a business is well run, the exit can more or less look after itself, he observes. It will have competitors who will view it as an attractive asset.

As part of their succession planning process owners should focus on issues that include management structure, incentives for management, independence of the business from key shareholders and preparation of the exit event itself in conjunction with the most important customers, suppliers and distributors.

"You can always tell if a business is well run – by its record-keeping, financial management and whether it has a capable management team," says Tonuri.

GET PROFESSIONAL ADVICE NOW.

Exiting a large privately owned business can be a complex undertaking, and it's often an emotionally draining one for people whose livelihoods, aspirations and personal achievements are tied up with the enterprise.

This is true for owners of large companies as much as small ones. Engaging the services of outsiders at the outset of the exit planning process can not only help them decide on the best strategies, it can bring an invaluable independent perspective to proceedings.

TAKE TIME TO TAILOR OPTIONS THAT WILL DELIVER THE BEST RESULT.

The option in which the entire business and all shareholders' stakes are sold is probably the commonest. In this case how do you select the right company or acquirer? The answer is to seek a strategic fit with a similar organisation looking to expand its customer base or offer new products to existing customers. The strategic value can help drive up the selling price.

The operators of the 20 small to medium-sized recruitment businesses acquired in the past two years by listed company Rubicor can vouch for the value of such a strategic fit. A solid exit strategy was among the main benefits for the original business owners of being bought by the newly formed group. They not only sold to Rubicor at a good price, they stayed on running their enterprises as discrete operating businesses within the company, having signed up to do so for a minimum of three years.

"After that the stakeholders involved can arrange their exit in an orderly fashion and enjoy financial upside in the process," explains Rubicor's CEO Wayman Chapman.

Another increasingly popular option is a partial realisation in which shareholders sell down a percentage of the business or where some sell out and some stay in, says Tonuri.

Situations where the assets of the company are used to effect a buyback are becoming more common as well. For example if a business owns properties, departing shareholders can own buildings in exchange for their shares. The shareholder may then become a landlord.

Management buyouts continue to grow in popularity because they offer the potential for a quicker, more confidential, less problematic sale than a formal sale to the market and allow owners to reward senior managers who understand the value of the business.

These days management teams understand the opportunity to gain significant wealth and invest in a business they love rather than, say, putting money into stocks, says Steele.

> **"You can always tell if a business is well run – by its record keeping, financial management and whether it has a capable management team."**
> David Tonuri

CONSIDER PRIVATE EQUITY.

Bringing in partners with external capital can be an especially viable choice for family business owners facing the exit of a shareholder. It also helps alleviate the heartache some owners feel at having to sell.

Private equity investing has been around for at least three decades but it has grown from a small base in five years to become a $25-billion industry in Australia as national savings have found their way into firms searching for high investment returns.

There's a maturing target base in the Australian market and management teams who understand far better the opportunities in private equity these days, Jeremy Steele explains. "Equally many vendors in the market place are instructing their advisers to make sure they put private equity on the list because these guys move fast and pay good prices," he says.

Indeed the speed with which private-equity interests can get deals done is emerging as a major advantage for sellers. It's one reason private equity is being so successful against trade buyers, Steele says. They're generally willing to pay more and involve management in the acquisition itself.

Early in 2007 ANZ invested in Neller, a leading provider of on-demand people management software, which was owned by an individual who'd sold shares to members of his management team over several years and was looking to retire.

When ANZ looked at investing in the business, it was evident not only that its processes were diligent but that the management was key to its success. Because managers were already shareholders and willing to roll over their shareholding while staying involved, ANZ was prepared to pay a fairly full price.

"They didn't invite hundreds of people to get involved, giving us a real opportunity to spend time with management to make sure we were comfortable with investing alongside them," says Jeremy Steele.

ANZ CAN HELP

As a full-service financial institution, ANZ has a vast groundswell of experience in dealing with exit, succession and other issues. ANZ Capital was formed primarily to tackle the issue of succession planning and help manage the funding needs associated with exit strategies and business succession in privately owned businesses in Australasia. This remains one of the cornerstones of its business. To further explore possibilities, speak to your ANZ Relationship Manager or contact an ANZ Capital Specialist today: NSW/ACT Bevan Elliott +61 2 9227 1616; QLD Jeff Whiteman +61 7 3228 5438; VIC/TAS Mark Jago +61 3 9273 0267; SA/NT Marcus Bailey +61 8 8218 8104; WA Isaac Rankin +61 8 9323 8101 ■

WITCHERY'S MAGIC FORMULA

When the owners of the Witchery fashion chain bought handbag and accessories company MIMCO back in August last year, they felt what many acquirers don't often feel: comfortable.

THIS ENVIABLE SCENARIO didn't come about by chance. The Witchery chain, renowned for retailing women's apparel, shoes and accessories that are simple, smart and stylish, had done its homework on MIMCO, identifying it as a well recognised brand with strong designs.

"With 17 stand-alone stores and 34 more in David Jones outlets, MIMCO was nicely positioned," explains CEO Iain Nairn. "We saw many synergies in the way we operate Witchery, which also enjoys a strategic alliance with David Jones."

Witchery itself was in an enviable position when it made the MIMCO purchase. The chain that began life 40 years ago providing affordable clothing for working women had been bought from the Lew family just twelve months before by Gresham, the private equity arm of Wesfarmers, for approximately $130 million. In that year the management and design teams had undergone a complete review and the company had looked at a number of other acquisitions. Revenues in the transformed business were strong.

The growth process has continued apace. When Gresham bought Witchery, it had a total of 79 stores. Today it has 122, including five in New Zealand, and expects to open another 20 to 25 over the next year. Turnover is over $140 million, and it has over 1,000 employees. Shop sales are backed by a substantial online business.

"We see plenty more opportunities to capture the value in the brand," says Iain Nairn.

How can the chain feel so confident in such a competitive, tight-margined business as fashion?

First, it recognises its brand as a major strategic strength. Research showed Witchery's new owners that recognition was far more widespread than the relatively small number of stores initially warranted.

A second reason for Gresham's bullish outlook was their rock-solid belief in the value of an aggressive retail growth

strategy. Anyone wanting to excel in retailing has no option but to pursue growth, Nairn asserts. Rents in Australia are going up at a rate that exceeds inflation and wages are constantly spiralling. If you're in retailing and you stay where you are, your profits will simply shrink.

"In great businesses, in any sort of ownership structure, the best are growing at a rapid rate," Nairn says. "And in this industry everyone is getting better and everyone is learning from each other."

> **In great businesses, in any sort of ownership structure, the best are growing at a rapid rate.**
> Iain Nairn

The third major reason for Witchery's confidence is that immediately after the purchase, Gresham spent six months making sure the organisation's teams and processes were geared to cope with expansion while the group stayed innovative and competitive.

This involved developing a flow chart of all processes, then analysing the responsibilities, accountabilities and involvement of every individual in the organisation without exception. All roles were then redocumented so that each was "really, really clear," Nairn says.

This was a revealing exercise. In some cases, up to three people thought they were accountable for a single role; in others no one believed they were accountable for key roles. Once everyone's job had been clearly defined they knew how they fitted into the big picture.

This is necessarily an evolutionary process, says Nairn, which is why a year later all employees – from design and planning through to finance – are doing it again.

NO COMPLACENCY

Big challenges remain. Nairn, a veteran of the fashion business in the UK and Europe, is determined that complacency, the arch enemy of growth, is never allowed to gain a foothold in his operation. The fashion business doesn't stand still, he points out, which means no one can console themselves they're doing an okay job and that'll be enough.

A major challenge in fashion is forecasting – to understand and dissect rapidly changing global trends and pull out those that will translate to your own brands and markets appropriately, Nairn says. Even once you've done that, you've got to understand how it will work across the many sub-markets of Australia, which are unique and constantly changing.

"In fashion in Australia the summer season in the northern hemisphere is going to potentialise your winter season in six months' time. Your teams have to do the trend analysis, pick the key looks, fabrications and colours and feed that into your buying process, your collection building and your design process. It's fun, but it can be scary."

STAYING AHEAD

To stay in touch with the moods of the marketplace, Witchery has completed three customer surveys since the Gresham takeover, combining qualitative and quantitative research. This is augmented by online surveys. The company recently sent an online survey to 100,000 people on its database and got 14,000 replies in a day.

While obviously heeding the views of customers from such research, experience has shown Nairn that fashion operators must also lead. "You have to combine [feedback] with what you believe is happening in the marketplace, put the two together and come up with a strategy that helps to deliver what your customer is *feeling* as opposed simply to what they're asking for."

Managing imports presents its own set of challenges. Witchery has local partners in Australia with whom it's been working for many years. It also has agency agreements in China and India.

"It can sometimes be difficult to deal with offshore and direct suppliers when you have more complex product that needs a lot of fitting, whereas with other items it's easier to buy direct," Nairn says. "With other products you need support from specialists in specialist areas – if you're dealing with lasts on shoes, for example."

Fashion importers' knowledge must extend to the complexities within their supply bases. The head of the Witchery buying team and roving experts know which areas are best for sourcing certain products. Their endeavours are notoriously stressful. When the buying team travels abroad, they can be on the road for 20 days without a break, buying samples and visiting factories.

THE FUTURE

Witchery is eyeing future prospects carefully. It believes the loyalty it enjoys will allow the brand to grow more, significantly, through the stores and in areas like accessories, particularly handbags, shoes and day-to-evening wear.

In general the stores are "high density," with a high return per square metre, so another strategy is to "push out the walls" to make them bigger and more profitable.

Part of the strategy for the future, too, is to be a responsible corporate citizen. The company and its people support the Ovarian Cancer Research Foundation (OCRF), collaborating in a large-scale project to find an early detection method for ovarian cancer. It has eight products in stores whose sale proceeds go directly to the charity. In 2007, Witchery raised over $250,000 for the foundation.

That, like the rest of his involvement, has been enjoyable for Iain Nairn, who's found the private equity model to be effective and interesting. The senior executive team are shareholders in the business and have a powerful sense of ownership. Vision and strategies are well aligned.

"As a private equity house, Gresham's strategy is to buy strong brands with strong management teams and with opportunity to grow. Once the acquisition is made, they focus on the detail of a growth plan which continues to potentialise the brand. And that's what we've done."

The Witchery fashion chain has expanded quickly after a buyout because:

- It recognises its brand as a major strategic strength
- It believes nothing less than aggressive growth will suffice in the retail business
- It maintains a good process-management system
- It fights complacency
- It talks to customers while taking a leadership role in setting trends
- It's a good corporate citizen. ■

MANAGING GROWTH
IN THE FAST LANE

CLOSE TO HALF OF THE FASTEST GROWING COMPANIES IN AUSTRALIA ARE NOW FAMILY CONTROLLED, ACCORDING TO PROFESSOR KOSMAS SMYRNIOS, DIRECTOR OF RESEARCH AT MELBOURNE'S RMIT UNIVERSITY'S SCHOOL OF MANAGEMENT.

That was one of many interesting findings in the 2007 research of Professor Smyrnios, who's been analysing fast-growing Australian companies for the past 20 years. "Normally about 20% of family companies are the fastest growing but it's now closer to 50%," he told *InPerspective*.

At a time of uncertainty in the world economy and credit markets, this would appear to be positive news for Australia. Recent studies show that approximately 67% of businesses are family owned and operated and have an estimated wealth of $3.6 trillion. Family businesses account for 50% of Australia's employment growth, according to a 2006 survey by KPMG and Family Business Australia.

Professor Smyrnios's findings this year turned up some surprises – as well as revealing insights into what drives the success of companies in the fast lane.

One major surprise was the apparent move away from venture capital as a source of funding. The reason, Professor Smyrnios suggests, is that many family owned businesses started up from home and therefore rely on debt finance or use internal sources of financing that they generate directly.

If they take on venture capital, he says, it will be with organisations or individuals who are like-minded. "It's more than someone who can actually provide money. They want people who are honest, people who demonstrate similar personal, moral values."

As in previous years, Professor Smyrnios's research shows there's no single issue that stands out above all others as characterising a rapid growth business. It is a result, rather, of a complex interplay of factors.

These are the most important issues for fast growing businesses:

HR: Fast-growth companies place a great deal of emphasis on having good HR and recruiting processes. It's not simply a matter of finding people with the appropriate technical skills to help the company progress. They seek people who fit into the existing culture – who can think laterally, have fun and are flexible and adaptable.

ORGANISATIONAL CULTURE: Strong organisational culture is another element fast-growth companies have in common. It is a culture that encourages innovation because most of the growth tends to be organic and process-oriented. "Statistics show that close to 60% of growth in these companies is organic," says Professor Smyrnios. The rest might come from such activities as exporting or securing global partners.

> **Statistics show that close to 60% of growth in these companies is organic.**
> Professor Smyrnios

Fast-growth companies have good communication channels: everyone knows what's happening and how things are changing.

LEADERSHIP: Associated with organisational culture is leadership, says Professor Smyrnios. Leaders have a vision for these organisations. They focus on the medium-to-long term rather than short-term gains. "The leadership aspect permeates the business, in the way leaders work with and reward employees and the type of incentives they adopt to

help sustain or encourage growth." Leaders also tend to be much more "transformational". They can read employees and are empathetic.

RISK AND REWARD: Fast-growth leaders encourage employees to think laterally and challenge their own thinking, and put processes in place that enable innovation to occur. Moreover, fast growth leaders don't mind if employees make mistakes. They actively encourage risk taking, reward creativity and use incentives in a constructive way. For instance, they may have an innovator of the week or month program or people may be given time off, allowed to work fewer hours or sent overseas to search for new ideas.

MARKET SAVVY: Fast-growth companies keep a close eye on what's happening in the market and rely heavily on market research in their decision-making. They're aware of demographic changes and their strategies for growth take these changes into account when targeting markets, whether it's Generation Y, the baby boomers or today's "mobile and global" market.

CUSTOMER FOCUS: Fast-growth companies not only know how to capture their markets and align their organisations with them, they also dissect markets in creative ways. "They market in terms of people's needs. They understand that people want more communication, that they're time-poor and have links with technology. They have products and services that meet and address some of these needs."

COMPETITOR AWARENESS: These organisations not only understand what the market is doing and how it's changing, but how their competitors are changing. Importantly, though, such competitor orientation does not mean they base their decisions on what competitors are doing. In fact they rarely do.

LEADING THE MARKET: Unlike more established companies that focus on growing market share, fast-growth organisations concentrate on *leading* the market. Some are niche oriented. They've identified a niche, understand it, satisfy its needs, grow with it and innovate to change with it. Others might differentiate on price or value. "They provide for that particular market or client," explains Professor Smyrnios, "so it's not a one-shoe-fits-all."

'NON-TRADITIONAL' STRATEGY QUADRUPLES BUILDER'S REVENUE IN FOUR YEARS

Queensland-based commercial construction company PBI exemplifies Professor Smyrnios' research findings into fast growing businesses. Established in 1998, PBI focuses on services rather than products, providing maintenance and small construction work to a range of large corporate and government clients. Value for money, not lowest price, is its point of difference.

Its clients, says CEO Paul Birch, want quality work, excellent reporting and direct contact. "Larger construction companies are gun-shy of doing small jobs for large players. And the smaller players in this market – those working out of the back of a truck – are generally not professional enough for their needs."

The strategy is obviously working. Four years ago PBI's turnover was around $5 million. Today it's $20 million and rising rapidly, with close to 40% growth achieved in 2006. Though commercial construction remains the mainstay of the business and provides its medium-term cashflow, short-term cashflow is generated by a maintenance help desk that services large organisations such as the United Group, NSW Police and the Defence Housing Authority. Long-term cashflow comes from its property development arm.

"We're not traditional builders," says Birch. "We don't bang heads with clients." Rather, PBI works with them to come up with solutions, which results in many referrals.

This emphasis on relationships extends to all stakeholders: staff, contractors, external advisors and bankers. The company has built an enviable organisational culture, Birch says, that's open, respectful and very much like a family.

Communication is a priority. PBI's 30 employees and close to 50 contractors are constantly updated on what the company is doing and why. The directors, none of whom had prior experience in running a company, accept criticism from staff. A social club, active involvement in community fundraising and sponsorships and an investment fund established for staff and contractors have also contributed to building culture.

Turnover rates are low compared with industry standards. "Everyone loves working here," Birch says.

The directors invest heavily in the business, particularly on coaching and expert advice. A consultancy, for example, is used to help with internal communications. The investment fund has a dual purpose: it provides funds to develop projects but was also established to incentivise staff and contractors. "It allows them to get directly involved in the projects they're working on," Birch says. "It creates a feeling of pride."

Like all businesses, particularly in Queensland, the company is facing the challenge of a full employment environment. But Birch believes that a business that understands and adapts to its market, builds a successful culture and retains its talent by treating them well will invariably beat the competition.

"We pay our people well, but it's not about the money. In the end, it's about longevity." ■

eMOCA
A NEW FORCE IN THE HOME LOAN MARKET

> **"Our strategy was to move from being in a second-tier to a top-tier position as a consumer-branded mortgage broker of choice within the next three years."**
> Andrew Jensen

In October 2007 a new force emerged in Australia's busy home-loan market when Ray White Group's mortgage aggregator, eMOCA, merged with broking business X Inc Finance. The newly created enterprise – eMOCA Inc – has a clear mission: to become Australia's premium, preferred branded mortgage business.

THE GROUP NOW HAS 500 MORTGAGE BROKERS across the country writing approximately $600 million worth of loans a month.

Reflecting on the merger, Ray White's Chief Financial Officer Andrew Jensen says the real-estate group grappled with the option of keeping its successful and profitable mortgage broking interests 100% family owned, or diluting ownership in the quest to become market leader.

It was a decision vested with considerable emotion. Over the past 100 years, four generations of the White family have grown a real estate empire that is today one of Australasia's most successful agency businesses.

From humble beginnings in Crows Nest, Queensland, it has become a giant with annual sales turnover of over $30 billion. It provides a suite of real estate and property services, including home-loan brokerage through eMOCA, which comprises Ray White Financial Services, Loan Market and REA Home Loans.

"Since its inception in 1994, eMOCA experienced great organic growth," says Jensen. "But there's been a good deal of consolidation in the industry recently and we needed to make some serious decisions about our size and scale. We could have continued down the path we'd been on with great success and profitability, but the family decided to grasp this opportunity to become a top provider in the financial services industry."

The fit with X Inc Finance was a compelling one. X Inc Finance generated leads through heavy investments in consumer marketing and creating a brand identity. eMOCA primarily accessed referrals from the Ray White real estate network and independent realtors. The merger created the opportunity for both parties to use each other's relationships and generate even more leads.

"Essentially our strategy was to move from being in a second-tier to a top-tier position as a consumer-branded mortgage broker of choice within the next three years," Jensen says.

BENEFITS OF BIG

The benefits of the bigger, beefier company will unquestionably flow through to its mortgage-broker customer base. Jennifer Nielsen, Chief Executive Officer of the new group and formerly X Inc CEO, and her executive team envisage that providing a brand that's increasingly recognised in the market, a tantalising value proposition and choices around commission structures will help it recruit and retain quality brokers. In the past X Inc and eMOCA were competitors in bringing new brokers on board; the merger has put paid to that.

"We offer back-end support to brokers," explains Andrew Jensen. "We want to ensure they have the opportunity to continue to expand."

QUICK ACTION

Once the decision to merge had been taken, Ray White executives considered the potential return on investment and the structure they desired post-merger. They then took time to assess X Inc's fit with their own culture. When they'd taken the decision to proceed, they moved quickly. The process from due diligence work to signing the deal took just four months.

Speed *after* the merger has been an equally important priority for the new entity's board which comprises three directors each from Ray White and X Inc.

"We've been conscious of the need to achieve integration quickly and have been following a strict timeline to ensure our people and software are aligned," says Jensen. "It's been vital to keep everyone in the loop on the communication process and we've been striving to deliver consistent messages throughout the organisation." This is achieved through monthly executive meetings; weekly project, sales and broker meetings and daily updates via the company's intranet and brokers' software.

The challenges facing the newly merged entity face the broking industry in general, says Jensen, including increased regulation, for which it's prepared. Lead generation is a perennial issue, one that Jensen believes will become increasingly challenging for brokers who don't work under a recognised brand. And, predictably, the biggest headache in the field is broker recruitment, with first-rate brokers in short supply generally.

But a reputation for professionalism, attractive commission structures, a flexible menu of services and ready access to its network from the executive team down has been good for staff turnover at Ray White. eMOCA has a history of low attrition rates and one of the best levels of productivity per broker – attributes it's pleased to bring to the new company.

The relationship with its broker-customer base is pivotal to eMOCA Inc's strategic plans. Because brokers are the company's customers, the organisation will constantly seek new ways to meet their requirements and add value to their businesses. It already offers them elite sales programs, training sessions and compliance support.

Additional services in future will include life insurance products, general contents insurance and other loan products. And equipping customers with a range of offerings will enable them to tap into alternative income streams should markets or bank commissions change, Jensen says.

eMOCA Inc's presence is particularly strong in Queensland, New South Wales and Victoria but the company would like to extend its reach as it pursues its mission to write $1 billion a month in home loans by 2010.

That's an ambitious target, but the merger comes at a time of substantial growth in the mortgage broking industry with consumers increasingly seeking objective advice, particularly as rates continue to rise.

The industry will likely expand further as brokers assume more responsibility for consumers from lenders seeking to improve customer service and reduce costs. The group believes its ability to offer a trusted brand, tight systems controls and transparent reporting will become even more crucial as the market evolves.

KEY CONVICTIONS

To help ensure that happens, Jensen will employ the three key convictions that have guided him in his five years with the Ray White Group:

- Gather the best possible support people around you. This applies equally to your resident inhouse team, suppliers and consultants.
- Maintain good relations with colleagues and associates through regular communication. That applies to your bank as well. The group's relationship with ANZ is close and ANZ is among the top five channels for eMOCA's mortgages. It's also the company's corporate and family banker.
- Never be afraid to ask questions. If you think you always have the answers you may miss valuable new opportunities and insights. "It's important to give others the chance to speak," Jensen adds.

The merger between eMOCA and X Inc Finance seems set for success because:

- Both brought complementary expertise to the table
- The cultural fit was good
- Meeting customers' needs remained a priority during and after the merger
- Good communication during the changeover was consistently delivered. ■

LEADERSHIP FOR THE DISILLUSIONED: A FRESH LOOK AT AN OLD SUBJECT

AMANDA SINCLAIR'S LATEST BOOK *LEADERSHIP FOR THE DISILLUSIONED: MOVING BEYOND MYTHS AND HEROES TO LEADING THAT LIBERATES* INVITES READERS TO TAKE A FRESH LOOK AT AN AGE-OLD SUBJECT.

Amanda Sinclair, Professor of Management (Diversity and Change) at the Melbourne Business School, contends that rather than being a job or position, leadership can and should be a way of influencing that frees people to perform better.

"I've been grappling with playing a leadership role myself and trying to find ways to do so that are more authentic, more grounded, more joyful, less stressed," says Sinclair. In her experience, many other leaders are wrestling with the same issues and desires.

The book's many suggestions include:

BEWARE OF COLLUSIVE SEDUCTION

People are often seduced by charismatic and persuasive leaders who hold out a promise to solve things for us, says Sinclair.

"This is enormously attractive to organisations but it can herald problems in that people abdicate. They also start to *expect* certainty and clarity when there may be none. What I mean by 'collusive' is that it becomes hard for the leader to stay outside the process – they start to believe their own PR."

> **"The idea of letting go of the self more may seem to be the opposite of assertiveness, yet the idea of letting go is not giving in or being soft."**
> Amanda Sinclair

FOCUS ON WHAT LEADERSHIP IS FOR

Sinclair believes the question leaders should be asking themselves is: what is my leadership for? People spend too much time addressing: "how do I do leadership?" "Personally it gives me direction if I have an idea how I can help others to reach their goals," she says.

LET THE CLUTTER SUBSIDE

Adopt "mindful" techniques. "Mindfulness is originally a Buddhist idea," Sinclair explains. "In its simplest terms it means having the capacity to come into the present. It sounds easy but is actually difficult to do. Yet in my experience if you allow the clutter to subside so that you are just *with* somebody, then your powers of listening, of concentration, of empathy, to some degree of bravery, improve immeasurably."

LEAD WITH LESS EGO

The obstacles to leadership that liberates others, Sinclair suggests, are sometimes within oneself. Ego interferes. "The idea of letting go of the self more may seem to be the opposite of assertiveness, yet the idea of letting go is not giving in or being soft," she says.

Nor is she advocating relinquishing your underlying values. Rather, let go, for example, of an aspect of a problem or a solution that you are very attached to. "This can be empowering for others and yourself."

"My initial reaction when faced with obstacles at work was to agonise over them, to feel frustrated others couldn't see what I was trying to achieve. My energies were all directed to upholding my plans, my needs, my ego. It was freeing to let that go, to realise I didn't need to secure my sense of self. I had things to offer and they would always be there."

REVISIT YOUR PAST

A technique Sinclair advocates is to look back on your life and identify themes and behaviours you continue to act out. While some write this concept off as therapy, she contends such reflection helps people understand how their history might have moulded them and how it's created patterns which they have a choice about re-enacting. ■

What would you do if capital wasn't a constraint?

Mark Parow, Managing Director Sigma Coachair Group

For Sigma Coachair Group, it meant re-invigoration through change of ownership.

Sigma Coachair Group, a global supplier of heating, ventilation and air conditioning systems for heavy duty and transit applications, was typical of many small subsidiaries owned by a large multinational parent. Recognising that their market place was increasingly global, key management saw new opportunities were being created which required not only additional capital but also a greater tolerance to risk taking.

However, being a small part of a large multinational organisation meant that access to capital was competitive and certain risk taking was not always in line with the parent company's broader strategy. Sigma Coachair's management team needed support to forge ahead.

With the help of ANZ Capital, Sigma Coachair's key management teamed up with other experienced business managers and conducted a buy-out of the Group from its parent.

Now that the new ownership structure is firmly in place, Sigma Coachair can focus on pursuing its global aspirations in Asia, North America, Europe and the Middle East.

ANZ Capital has helped over 80 Australian and New Zealand companies and entrepreneurs make their vision a reality by investing as an equity partner. To find out more, contact our ANZ Capital Specialists or visit anz.com/anzcapital.

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