

## **THE EXECUTIVE SUMMARY**

## **WHAT IS SECURICARE**

SECURICARE is the management of the risk of investment into SME's. The management of the risk is not just at the time of investment but supports the business within a development fund.

It is possible that businesses within the group will naturally integrate before flotation.

If weaknesses are exposed in the business the support may include:

- laterally integrating the business with others in it's industry to sustain and further develop management strengths
- integrating some of the functions of the business to consolidate it's competitive advantages.

## **WHY HAS SECURICARE BEEN PREPARED?**

In the past the traditional business structure has been the development of a business through savings, bank loans protected by bricks and mortar, retained profits, an external equity provider (silent partner) and when the business was established, flotation.

Now you have the owner, government support through agencies, subsidised consulting, bank loans protected by bricks and mortar.

If the business needs to be funded quickly you have in quick succession "picking of winners".

Loan funds - banks which are secured over assets.

Venture capital and development capital which expects to exit in five years with a capital profit.

The problems in this scenario are:

- Through the government expenditure the businesses represent a community investment. In many cases these businesses are linked in their technology to other businesses operating in the same areas.
- Some consultancies supporting these businesses in quality control, business planning, strategic planning etc have become stylised as the consultants rely heavily on form filling to support their government subsidised fees.
- Where these businesses trade into niche markets you cannot "pick winners".

- The banks do not have the expertise to support these businesses other than the past performance of these businesses and financial indices.
- Loan managers are developing expertise. See the next points.
- Both the banks and the fund managers are focused on the flotation process to capitalise on their investment. In the case of the banks this has been the way of where possible recovering their bad debts.
- The current fashion for realising an investment in the development capital industry is to sell the equity investment to a bigger player in the same industry.

### **WHAT IS PROPOSED IN SECURICARE?**

To date SECURICARE has been developed solely by O'Bryan

She now seeks businesses and consultants who will work within the framework of SECURICARE to introduce a Total Quality Culture. The enabling process is SECURICARE MANAGEMENT.

1. SECURICARE Charter of Responsibilities to ensure the development of a trusting environment.
2. Within the specialised structure of SECURICARE MANAGEMENT develop the "brains consultants" suitable to support the SME's.
3. With referrals of existing investments take proposals to the Board of SECURICARE MANAGEMENT as to how these businesses can be re-engineered, laterally integrated, re-focussed etc.
4. Over time, encourage businesses to be part of the SECURICARE group before these businesses need finance
5. Integrate the SECURICARE operation into other countries to support the international trade of SME's.

and on advice from the Wallis Inquiry ( provided the board are in agreement with what is proposed ) deveop an investment vehicle.

### **WHAT ARE THE BENEFITS OF THE SECURICARE APPROACH?**

#### **a) The Public.**

The SME's outlined above are community assets in that they represent a considerable investment of the communities monies. After the Wallis Inquiry it

is expected that there will be more understanding of this fact and the current practice of flotation or selling investments to larger organisations will not be available.

With SECURICARE interested parties have the choice of developing an alternative investment strategy.

### **Banks and the development capital industry**

Banks and the development capital investors can use SECURICARE for focused management support in an environment where the business is compelled to face it's difficulties.

When businesses are referred to SECURICARE MANAGEMENT an assessment will be made of the business so that SECURICARE only accepts businesses that it is confident that it can support. In this way SECURICARE will maintain it's independence.

#### **b) SME Businesses**

Either voluntarily or independently will be focused towards what needs to be done in an environment that is trusting, focused and entrepreneurial.

#### **c) ASC**

Will be relieved of a series of flotation's that are an embarrassment to a country that is seeking to develop it's international reputation as a financial market in South East Asia.

#### **d) The State and Commonwealth Government**

Protection of it's investment in the SME's giving them the greatest possible chance of success.

While SECURICARE is a private initiative and must stay so O'Bryan will ask that the Wallis Inquiry advise on the composition of a board of SECURICARE MANAGEMENT and on the Board of SECURICARE HOLDINGS. It is expected that this will be representative of both the private and public sector.

### **This is if the Wallis Inquiry believes that the SECURICARE initiative should proceed.**

To date there has been no funding for SECURICARE. O'Bryan has calculated that it has cost in the vicinity of \$700,000 in unpaid consulting time plus running costs

To maintain O'Bryan's independence until SECURICARE is implemented she has asked Ausindustry and the Victorian Government for funding.

## **THE O'BRYAN CONSULTING GROUP BEFORE 1990**

The consulting work was reviewed before O'Bryan was given permission to sit the CMC examination in 1995. Information includes an article from the CPA News 1995.