

SECURICARE

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	Outside of the Financial Systems Inquiry access to these papers is to be arranged with Julianna Adams O'Bryan

WHAT IS SECURICARE ?

SECURICARE is the process by which you manage the risk of investment into Small and Medium Sized Business Enterprises .(SME's) There is no preference given to the SME, the SME's consultants or the equity provider. Each group has it's needs and the needs of each group must be satisfied to develop the business.

WHY DID SECURICARE COME INTO EXISTENCE ?

SECURICARE came into existence to fulfil a need in the society. The following information expresses the climate for change.

During an 80 year life-span a person can expect to be in paid employment 30-45 years.

People are encouraged to save.

Over a forty year period the banks have increasingly shown preference to their shareholders over their depositors.

In the past Australian's have used their houses as a savings device. As Australia learns to control inflation houses are not expected to give a good return on investment in the future.

The ASX is subject to fluctuations that have to do with the international movement of money, whims of Fund Managers etc.

People have a major saving in their superannuation.

A major wealth creator in Australia and in OECD countries will be the SME.

All OECD countries are interested in how we can control the risk of investment in the SME's.

Fund Managers and Banks do not have the expertise to manage the risk of investment into SME's.

SME's increasingly are dependent on the public purse for agencies advice, grants, research and development concessions, Programmes for subsidised consulting and educational initiatives. For this reason these businesses are a major investment of the public's taxes. The SME's are considered a "risky investment"

We needed to find a new investment vehicle for the SME's which understands the social climate and will set a new standard for the control of risk in the investment of the public's

funds. The new investment medium must protect the business, the businesses consultants and the equity investor.

To ensure that we keep the needs of each group in focus and to remind us why SECURICARE came into existence we repeat the SECURICARE word often so that you have

SECURICARE MANAGEMENT.

SECURICARE Charter of Responsibilities

SECURICARE SAVINGS

SECURICARE REGISTER OF BUSINESSES

SECURICARE REGISTER OF CONSULTANTS.

etc.

How do you control the risk.

The SME business through it's consultants applies to SECURICARE for registration. SECURICARE has a method of assessment which includes the SECURICARE Charter of Responsibilities. A Business that has fulfilled the investment criteria can be listed on the SECURICARE Register of Businesses. There is a separate listing for consultants. The business will be monitored by SECURICARE and will be available for investment funds at a time to be determined by the business.

Within the monitoring process there are prearranged levels of performance to be met to ensure that the business meets it's targets. If these performance targets are not met remedial action is taken by SECURICARE.

WHAT IS SECURICARE GOOD AT RIGHT NOW ?

Along with all the other Western Countries we have gone down the path of Quality Circles, Quality Management , Performance Indices etc.

We are all part of a society which stresses the rights of the individual. We have lost the art of community team work, we look to the government for solutions to all our economic problems.

The SECURICARE Charter of Responsibilities with its internationally understood language set a new and attainable standard of expectation for SME's, their consultants and the equity investor.

Add to this the SECURICARE criteria for investment. - SECURICARE STANDARD

Suddenly with the SECURICARE we are having to look at being real, being focused and being part of a team.

DO YOU KNOW HOW YOU CAN BRING SECURICARE INTO EXISTENCE ?

We will achieve this by a step by step plan.

Step 1:

Public Relations brief to focus the need for SECURICARE in the minds of the equity providers , SME businesses and their consultants.

3 months

Step 2:

A series of meetings to explain SECURICARE with Equity Providers and with SME businesses and their consultants.

6 months

GO - NO GO DECISION

Performance indicator. 200 inquiries about SECURICARE

60% decide to proceed

Step 3

Establishment of Registers of Businesses and of Consultants. Advice from the SECURICARE advisory board as decided by the Wallis Inquiry.

Preparation of information for investors.

9 months

Step 4:

Establish SECURICARE MANAGEMENT as an integrated management group working with businesses and consultants who conform to the SECURICARE standard with each person fulfilling their maximum human potential and in so doing maximises their contribution to the financial success of the group.

Establishment of SECURICARE BOARD and SECURICARE HOLDINGS

1 year.

Step 5:

A Review Committee to examine reports of SECURICARE registered SME businesses and consultants who are on SECURICARE Registers but who do not conform to the SECURICARE Charter of Responsibilities standard.

2 years.

Step 6:

An integrated investment group working internationally to maximise the development potential of SME businesses linked by the SECURICARE standard of mutual trust and human values

To the year 2000.

HOW WILL YOUR BUSINESS “WIN” AGAINST COMPETITION IN THE FUTURE?

We are first in the field with a SECURICARE style Charter of Responsibilities.

SECURICARE will become the generic name for this style of activity.

SECURICARE MANAGEMENT is the process by which the business, the consultants and the equity provider are linked.

In setting up SECURICARE MANAGEMENT the emphasis is on how can we set a new standard as a Total Quality Culture.

In setting up a Total Quality Culture we keep using the word SECURICARE to re-enforce that we are in the business of excellence.

See Appendix A.

IS SECURICARE INTERESTED IN BEING WORLD COMPETITIVE?

Yes. The businesses that SECURICARE is targeting are world competitive.

In the domestic market the SME's may replace imports. Other SME's came into existence to supply international markets.

To be successful the SECURICARE organisation must assume a goal of being international.

We expect to attract international interest from Day One.

We are already investigating overseas affiliations.

An organisation working out of the USA called Values Technology is working in the area of values. The stumbling block they have is that they have no universal language to describe values. In the language of the SECURICARE Charter of Responsibilities we have such a language.

Management and management accounting journals in Australia and internationally are talking about fees, organisational structures, meeting client expectations etc. but are not concrete in their proposals as is SECURICARE.

There is a reason for this.

O'Bryan worked independently and did not have to conform to the expectation of any one group.

She was able to concentrate on the outcome and how the outcome of SECURICARE would advantage all groups.

In the management jargon of the 1990's, SECURICARE and its Charter of Responsibilities re-engineers the relationship between the business, it's professionals and the provider.

SECURICARE introduces a Total Quality Culture to SECURICARE MANAGEMENT, the client SME's and their consultants.

The style of leadership needed to do this by a process of re-engineering or installing a Total Quality Culture is in Appendix A

HOW DO YOU EXPECT TO BUILD AN INTERNATIONAL ORGANISATION?

Operating out of Melbourne the SECURICARE MANAGEMENT organisation will be built on office modules of 200 businesses. These office modules will be controlled by SECURICARE HOLDINGS. The composition of SECURICARE HOLDINGS cannot be determined until after the Wallis Inquiry .

In other countries we will expect to use the same philosophies of office modules but their exact organisation will need to be done in conjunction with the local culture.

We expect some government input both in Australia and overseas. But it is important to the style of SECURICARE management that it is people working for people. The regulating body can include government rather than the philosophy of "what is the Government doing?"

WHAT DO YOU EXPECT THE AUSTRALIAN GROWTH TO BE?

Each office module to service 200 businesses, nationally 2000 to 2500 businesses.

As Offices develop it is likely that they will be industry specialised rather than regionally specialised. The offices in different localities will be linked with information systems.

WHERE WILL THESE BUSINESSES COME FROM?

1. SME's developed over the last 10 years;
2. Smaller public companies that are vulnerable to fund managers investment strategies;
3. Established private companies who understand that they need to laterally integrate.

WHAT DO YOU EXPECT THE INTERNATIONAL GROWTH TO BE ?

As the SECURICARE organisation is developed in Australia we would expect to have inquiries from overseas. This will lead to

1. Development of affiliated organisations;
2. Overseas Governments requesting the establishment of SECURICARE in conjunction with local organisations.
3. Procedure for setting up internationally as per the Australian Experience but adapted to the local culture.

In the Business Vision Statement, Mission Statement etc we have presumed that the investment vehicle has been decided. (see elsewhere it cannot be finalised until after the Wallis Inquiry)

SECURICARE BUSINESS VISION STATEMENT

An internationally affiliated investment group focused to facilitate the development of SME's to their fullest economic potential and to act as a monitor of the compliance of these businesses and their consultants to the SECURICARE Charter of Responsibilities.

SECURICARE BUSINESS MISSION STATEMENT

SECURICARE is in the business of wealth creation and has chosen to use the terminology of family relationships, mutual trust and human values to focus the use of human resources, information technology and the investment criteria of SECURICARE MANAGEMENT as the basis for a dynamic, focused management support process which liberates the human potential of the SME owners and their consultants.

As the businesses and their consultants conform to the SECURICARE standard this becomes the culture for forming an international investment group.

SUSTAINABLE COMPETITIVE ADVANTAGE

SECURICARE has re-engineered the relationship between a SME business, its consultants and the investor to create a unique environment for international wealth creation. **SECURICARE** will have the knowledge to ensure that **SECURICARE** can maintain a lead in this field.

MARKETING

Who is the SECURICARE customer ?

1. The current investors/ or those who will in the future invest in SME's and who want the management of the risk that SECURICARE offers.
2. The SME's who want the protection or the protection and/or finance that SECURICARE offers.

Who are the current investors ?

1. Individual investors including business angels.
2. Fund Managers
3. Boards of smaller public companies.

Who are the future investors ?

The above

The banks as per new legislation.

The public who have savings/superannuation to invest.

How is the risk of investment into SME's handled now ?

On financial indices.

Past record of the SME.

The SME business conforming to the standard of what is known as 'investment ready'

What does SECURICARE offer ?

SECURICARE covers all of the above but has additional investment criteria, ongoing management support and a SECURICARE Charter of Responsibilities which sets a new standard of co-operation between the SME, the SME's consultants and the equity provider.

How do the SME's view investors ?

1. Investors expect that if they want funds for their businesses these funds should be available.
2. Do not want to loose control of their businesses

To understand the SME you are referred to Appendices Page 7

How will SME's view SECURICARE ?

With suspicion.

SME's do not like controls.

Why is SECURICARE a sensitive issue ?

Fund managers and the banking industry have no reasonable answer to SECURICARE.

As SECURICARE sets the standard the deficiency of these groups is exposed. All the major consulting groups like to think that they have the answer to how they can control the risk of investment in the SME's . They do not.

If the marketing strategy is successful how can ensure that SECURICARE can live up to the expectation of the market ?

In the information that has been prepared in other segments of this project there is an emphasis on the need to deliver what has been promised by SECURICARE.

MARKETING STRATEGY

SECURICARE is vital to the investment industry.--- Banks, Fund Managers, Private investment Groups. etc.

If the investors know what they should be expecting ie. a process has been developed to protect the investment the investment industry will want to know the details. The industry will want to know what they are missing out on. The investment industry will want to know how they can best protect their investment now and in the future.

At the same time the SME will become aware of SECURICARE.

Because of the sensitive nature of what has been done by SECURICARE the marketing strategy is to be in the hands of Royce's.

Marketing Strategy for SECURICARE Stage 1. Part A

Multi Media Attention to be given to the concept of SECURICARE .

SECURICARE . JOB decided to do it and had to wait for five years to be heard.

Setting a standard.

Developing a Total Quality Culture.

Investors, fund managers etc and SECURICARE will be judged on outcomes.

As a community we need to address the problem of development of future wealth in our community, savings , superannuation funds.

In a life of 80 years in an urban environment the average person will work for 30-45 years.

O'Bryan Leadership until the culture establishes itself.

Standard for investment into SME's (spelt out at group meetings with interested SME's and their consultants)

SECURICARE is a safe place -----trust-----All together-----
 --Australia on the move with real live values.-----Protecting each
 other-----international links-----each country has a right to protect it's
 collective wisdom and profit from the development of it's own SME's.-----
 -----higher standard of performance than ever contemplated in that values are important.-
 -----Protect business , protect the founding owners, protect the investors.

Business is competitive, tough, fierce, challenging, worrying. At it's central management (heart) the business should be able to be protected as a community asset.

We can rise as a community

Olympic Games.

golf.

soccer.

Why not for business which is at the centre of our ability to grow economically and develop future wealth ?

Marketing Strategy for Stage 1 Part B

Seminars for fund managers, the banking industry, individual investors. etc.

Theme.

What SECURICARE has to offer.

A process of change.

SECURICARE

SME's

unsafe

uncontrolled

SME's

safe

controlled

Invite SME's in small groups and answer questions. Supportive of SME's fears.

Invite consultants to separate small groups.

On success of Stage 1 Marketing we must face the GO NO GO decision.

If it is decided to proceed the marketing done in Stage 1 will lead to the completion of Stages 2 and 3.

Please note that at the end of Stage 3 SECURICARE will have useable information for the Wallis Inquiry.

Marketing Strategy for Stages 4 to 6 to be decided.

Elsewhere it has been stated that at the end of two years SECURICARE MANAGEMENT will be self funded.

The Product

The product is in fact a series of products that all add up to the management of the risk of investment into SME's

We have as products-----

SECURICARE Register of Consultants.

SECURICARE Register of Businesses

SECURICARE Charter of Responsibilities.

SECURICARE MANAGEMENT.

SECURICARE HOLDINGS - investment vehicle.

SECURICARE Board of Review.

SECURICARE INTERNATIONAL

Is the product needed ?

YES. Not only to control the risk of investing in SME's but to ensure that these businesses have a safe trade in their overseas dealings. We are looking at developing a system where the intellectual property of one country will reap a benefit to the country that developed the business.

SECURICARE as an attitude to the development of viable businesses must tentacle back into the research laboratories and go forward into all countries that are developing intelligent industries.

Will the product live up to the expectations of the market ?

To live up to the market expectation we need three things:-

1. Leadership of O'Bryan to establish the culture.
2. Co-operation of the consulting community through the development of the SECURICARE Register of Consultants.
3. Development of the SECURICARE MANAGEMENT modules.

1. Leadership of O'Bryan to establish the culture.

(Appendices p.16)

The matters described have to do with universities, lawyers, poaching of intellectual property , business corruption and are the real live world.

There is no doubt that the experience gained here is the real reason for SECURICARE.

How to protect O'Bryan from corruption, unwise decision making etc. ?

JOB has moved herself from a Level A business to a Level B business. So all the SWOT analysis is applicable to her as well.(Apprndices P.7)

To explain the threat she uses the following terminology

Wisdom

The Fool

The Court Jester.

To be effective O'Bryan needs the board of SECURICARE MANAGEMENT and SECURICARE HOLDINGS to compliment her wisdom but to be her Court Jesters.

Traditionally the Court Jester served an important role. When a monarch became foolish the Court Jester in play aped the foolishness of the monarch. A Court Jester is a timely reminder of foolishness. To have set the terminology now sets the mood for what is required. The message is serious.

O'Bryan as a SWOT analysis

STRENGTHS

enthusiastic

entrepreneurial

risk taking

direct

values orientated
 creative
 business acumen
 achiever.
 likeable.
 highly motivated
 perfectionist
 knows her limitations.
 precise and quick decision maker.
 can laugh at herself and be self critical.
 vulnerable - not regarded as a weakness.

WEAKNESSES

intimidating ?
 has trouble tolerating fools
 does not explain instructions clearly
 erratic in that in the middle of a meeting she can see what the rest of the meeting has been trying to 'nut out'

OPPORTUNITIES

Knows her strengths and weaknesses and knows what she needs to balance herself.
 Will allow Stage 1 Marketing Strategy to create SECURICARE in the public's mind..

THREATS.

O'Bryan may not appeal to the Investment Industry, the SME's or to the general public.
 O'Bryan is a threat to the professional associations.
 Has she got the psychology of change right ?

2. SECURICARE Register of Consultants

See Human Resources - outside SECURICARE MANAGEMENT

3. SECURICARE MANAGEMENT

See Human Resources - SECURICARE MANAGEMENT

See SECURICARE MANAGEMENT - Development of the module.

See SECURICARE HOLDINGS. To be finalised after the Wallis Inquiry.

HUMAN RESOURCES- inside SECURICARE MANAGEMENT

Values and Attitudes.

SECURICARE is founded on the SECURICARE Charter of Responsibilities. It is hoped that this will limit the people who will be attracted to be employees in the enabling vehicle SECURICARE MANAGEMENT.

SECURICARE will require people who understand the philosophy of SECURICARE as is set out in the Business Mission Statement.

Staff will be required to show

1. A positive attitude to change and to a continuing and improving Total Quality Culture
2. Ability to communicate clear instructions.
3. Deal with problems.
4. Think independently.
5. Knows what questions to ask.
6. Enthusiastic about being part of a cultural revolution.

The Structure of Human Resources , Planning and Development

SECURICARE MANAGEMENT is built up by a repeating module design.

Staff will be encouraged to be constantly advising the management on how that can be improved.

Staff in one module will have the opportunity to move to another module in the setting up stage. For junior staff we would expect to find other work opportunities amongst Consultants or in businesses on SECURICARE REGISTERS. Later an employees may elect to come back to SECURICARE MANAGEMENT modules.

As SECURICARE INTERNATIONAL comes on line that will provide more opportunities.

Employee professional development.

Amongst in-house consultants there is three weeks of professional development per annum.

This will be partly by way of in-house workshops.

Information systems are built into the SECURICARE office module and for use between offices.

Note the hours of work. To be well organised and focused in the care of businesses you need to be able to process work quickly with a fresh mind. SECURICARE registered businesses and consultants expect that the work done at SECURICARE MANAGEMENT is the best available.

Other staff (other than consulting staff) will be kept up to date and will be encouraged to pursue other training even if it is not directly related to their employment.

HUMAN RESOURCES RECRUITMENT STRATEGY

Because of the challenge presented by SECURICARE and the SECURICARE Charter of Responsibilities we expect to attract human resources talent that is the

‘ pick of the crop ‘

To fulfil the promise of SECURICARE we would expect staff turnover figures to be low.

Target for staff replacement.

One person per module per two years. This does not include staff who change within the SECURICARE group.

HUMAN RESOURCES - outside of SECURICARE MANAGEMENT.

(SME's -for background read Appendix B)

Of the information available what part was developed by O'Bryan ?

(Presumed that the reader has some knowledge of Meyers Briggs etc and other Human Resources Industry tests)

Tests such as Meyers Briggs were developed to test the individual for his own private purposes or to be used as a Corporate Human Resources Testing Device. Other such devices are -

The Kolbe Concept which tests the human instinctual drive.

Values Technology etc.

In the business environment of the Level B SME you have an environment which is distorted by an expectation of large sums of money and the resultant expectation of

Power

Wealth,

Privilege etc

For many Level B businesses it mirrors a world of make believe a world that mirrors the glitter of the movie stars etc.

The management tests set out above are useful in the corporate world or the private (non business) environment but cannot predict how a owner/ entrepreneur will react in the business environment. It is unpredictable because there are no controls on the individual owner that an established corporate culture can impose.

It is this unpredictability that can mask how the owner entrepreneur will react in the face of decision making and can lead to a serious dysfunction in the management of the business.

So how did O'Bryan overcome the problem ? .

The first hurdle was to realise there is a problem. ?

and we can add to this

The SME client is not orientated to a Investigatory Consultancy Style.

He likes to run his own show.

So what did O'Bryan do ?

She created an environment that would be acceptable to the SME . She tied the control of the management of risk of investing in a SME to provision of the money. The two must go hand in hand. The Investigatory style of consulting is tied to the provision of money.

She created an environment that the SME could come to trust. In fact the matter of trust is pivotal to the success of SECURICARE.

Other information on the SME including a SWOT analysis.(Appendices P.7)

Are there any other problems with SME's ?

The support from government agencies, grants, subsidised consulting, research and development initiatives all come out of the public purse.

Rarely can a SME comprehend that the government has a investment in the SME business through their Programmes of government assistance. The owner still regards the business as his and does not see the funding source which is in fact the public purse or taxpayers money.

Will the SME accept SECURICARE ?

If adopted in the right spirit the SECURICARE system is in fact a relief for the owner who will learn to understand that it is a safe place for the owner and for his business.

Banks

Retail banks are seen as primarily working for their shareholders. They do not have the facilities to judge their clients outside of indices and the past performance of a client.

I believe it would be fair to presume that there are still businesses who will not contemplate expansion because of their negative feelings after the banks performance in the 1980's.

Currently banks such as NAB are restructuring to take equity in their clients businesses. I understand the bank managers are concerned at making these judgments.

Mr Don Argus of the NAB indicated that the NAB may seek help from outside the bank. in managing the risk of investing into SME's.

The banking industry has known about SECURICARE since 1992.

Are all consultants welcome at SECURICARE ?

SECURICARE to be successful has to develop co-operative links with consultants. If a business is unreliable we need to make sure the consultants of these businesses do not refer them to SECURICARE.

How will you keep consultants away ?

By being considered to be the style of people who would put forward the SECURICARE Charter of Responsibilities .

We are dedicated and serious about what we are doing.

We are tough minded but we understand mistakes.

We want consultants to come for help but we expect the consultants to be definite in deciding what help they need for their clients.

We need to remove unsuitable consultants from the SECURICARE Register of Consultants.

What do you expect the attitude to SECURICARE to be.

One of trust.

We cannot be right all the time.

When we make mistakes we must admit to the mistakes and speedily set in place a procedure so that those mistakes do not happen again.

Board of Review

This is an important part of the SECURICARE culture.

This will be where conflicts are resolved.

If SECURICARE is operating satisfactorily it is a simple matter to air disputes.

Because of the way SECURICARE Management is structured the operational practice of the consultants will conform to a Total Quality Culture Standard.

If we are making a decision about breaches of practice leading to removal from the Register on Consultants we will be understanding but will expect to have the information on which decisions were based, actions taken etc.

Consultants

We can divide consultants into

Brains who identify and solve one off problems.

Gatherers who bring together and use accurate information.

Processors follow procedures ie. lawyers with contracts.

SECURICARE will be endeavouring to develop more brains consultants. But the brains consultants will be no good just on their own. They must always be part of a team with the rest of the team gathering accurate information and others processing that information. Ideally

when we use brains consultants we focus them towards the job that they need to do. they may require other information that we consider outside their brief and the team must be ready if what they develop is in fact outside that they were asked to do.

It is the brain consultants that will provide the greatest added value to the clients work.

1. Accountants

Accountants strengths are that they are collectors of figures, mathematically accurate and over their professional lives see a wide range of businesses. A client comes to an accountant primarily to find out the financial health of his business. As the relationship develops the client may become aware that the accountant can give wider management advice. The management advice that accountants are best able to give has to do with management of debtors, creditors, costing designs, costing environmental issues, activity based accounting etc.

The difficulty with accountants is that not all of them are pro-active or know what questions to ask their clients so as to ensure that they are fully servicing the business.

The accounting profession both in Australia and overseas is encouraging accountants to move into wider management roles. There is a difficulty in this.

Accountants and those attracted to the accounting profession are usually left-hemisphere brain dominated people. They work best with specific information such as figures and factual information.

In the general management area particularly with the SME's we need to develop professional people who ask questions, and use information creatively. For many accountants this general management style is outside their natural skill base.

Accounting practices are dependent on the partners and managers accessing work from clients and passing it on to others who follow through procedures. If accountants are to get more heavily involved in the management area it could interfere with the work flow structure of their practices. Accountants becoming more heavily involved in management might consider becoming management consultants specialising in accounting areas. Then they might act as consultants back into their former accounting practices.

2. Licensed Management Consultants

Over the last few years we have seen the emergence of a new category of management consultants that are licensed by the government. To obtain a licence, a consultant passes through a two to three day workshop in which he or she is an active participant. As well, they have to show a background of management whether it be in teaching, government agencies or corporate life.

Much of the work being done by these consultants is not investigatory but rather form-filling for businesses that need to provide information for government assistance.

The work being done fulfils the client's expectation of having a workable/readable document but is not challenging to the business in developing a strategic plan that maximises the businesses sustainable, competitive advantage.

3. Brains Consultants

From the other categories we hope to be able to pick more brains consultants.

Strengths: Mad-hatters

Creative

Intellectual

Weaknesses: Unfocussed

Disorganised

Poor communicators

Poor paperwork

HUMAN RESOURCES STRATEGY

Mr David Maister is an international guru who advises some of Australia's major consulting firms.

A summary of his book. ' Managing the Professional Practice. ' is attached Appendix A

In the corporate culture there is an emphasis on being part of a learned culture, politically correct and advancement at the expense of creativity.

With SECURICARE we see the human resources differently. To identify with the SME and to compliment this business type we need to develop a climate in our human relations where Staff have the courage to think independently

Develop the interdependency of team work.

Adapt to changing circumstances and grow through developing new knowledge.

Become more understanding of others and how to value diverse opinions.

Value optimism, creativity and enthusiasm

as the stepping stones to greater wealth creation.

INNOVATION

Much of what has been done in the techniques for the management of the SME both in Australia and Internationally has been a downsizing of corporate information. The driver has been major consulting firms.

SECURICARE has been grown independently by O'Bryan . She can now tie her findings to work being published overseas.

Since 1992 SECURICARE has undergone several major revisions. We would expect this to continue.

The SECURICARE MANAGEMENT module is to facilitate the development of change as SECURICARE becomes known in the market place.

INNOVATION STRATEGY

To ensure our Sustainable Competitive Advantage we must be the initiators of development and change.

Our ability to accept suggestions from within our own human resources will be a major agent in this - see Human Resources Strategy

SECURICARE HOLDINGS

What information is available ?

We know that in 1992 O'Bryan introduced the concept of a second tier of bank savings to the banking industry.

O'Bryan called the second tier of savings SECURICARE SAVINGS.

How did this differ from a normal savings account. ?

The account was a savings account until at some pre arranged level it could become an account to take equity in SECURICARE HOLDINGS. If the equity investment was not available the monies are to be held in SECURICARE SAVINGS.

O'Bryan proposed the ownership of SECURICARE HOLDINGS 1/3 banking industry and 2/3 public.

Why did this proposal not proceed. ?

It required a change in the banking legislation to allow this proposal to proceed.

The Commonwealth Bank said they needed direction from Canberra.

NAB did not want the idea to succeed. NAB wanted equity in their clients businesses

SECURICARE proposed a common fund.(See later)

ANZ did not have a proposed strategy to fit SECURICARE.

Common Fund ?

Initially SECURICARE HOLDINGS is proposed as a common fund. Businesses will be referred to SECURICARE HOLDINGS through SECURICARE MANAGEMENT. These businesses will have to conform to the standards as set down in SECURICARE MANAGEMENT

As SECURICARE HOLDINGS develops it will split into industry funds and later businesses with an equity of \$50m will float.

What style of entity is SECURICARE HOLDINGS. ?

SECURICARE HOLDINGS is best described as a co-operative corporation

SECURICARE will need legislative change whether is it built into the banking legislation or the ASC.

The legislation change is needed because of

1. SECURICARE SAVINGS changing character and taking up equity.
2. The issue of prospectuses and the valuation of equity. We had thought to use the ASC ‘ exempt stock market ‘ legislation but this is not popular in the investment market.

For these reasons we needed to refer SECURICARE to the ASC and to Canberra.

We understand the problems of the legislators and the need to be cautious about change. But because of the frustration of SECURICARE by the previous Federal Government we have a flood of smaller companies on the stock exchange. They have caused the problems of

- * Poor performance.- businesses were floated on prices that include an expectation that the stock achieves it’s budgets.
- * Lack of liquidity as the stockbrokers are increasingly embarrassed by these stocks.
- * Dumping of Australia as an investment destination because of the poor performance of stocks.
- * Recent loss to Australia of telecommunications public companies whose technology was sold to overseas parties within days of the official receivers being appointed.
- * Over-regulation of the ASC legislation which is inappropriate for smaller companies.
- * Present practice of the banks floating those clients who amount to the banks bad debts.

Is O’Bryan disappointed that SECURICARE did not proceed in 1992 ?

No. In 1992 the banking industry would have insisted on controlling SECURICARE.

In 1996 SECURICARE through it's Charter of Responsibilities is not reliant on the banking industry.

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STRATEGY INVESTMENT VEHICLE.

Await outcome of the Wallis Inquiry

Financial Strategy.

SECURICARE Management to be self funding within two years

The development is based on modules of 200 businesses serviced by a SECURICARE MANAGEMENT module.

SECURICARE businesses and their consultants approach SECURICARE Management for:

1. Assessment and valuation of business;
2. Ongoing analysis to maintain valuation;
3. Advice (Brains).

A SECURICARE Office Module is based on 200 business clients.

Average annual work load per client is 30 hours per client.

23% Brains (1)	6 hours @ \$200 per hour	1,200
38% Gathering (2)	9.5 hours @ \$100 per hour	950
39% Analysis (2&3)	10.5 hours @ \$150 per hour	<u>1,575</u>
Average		\$3725

Budget fees \$745,000 per annum.

EMPLOYEE CONSULTANT HOURS WORKED

Brains	175,000
Brains & Grey hair	125,000
Office Manager	50,000
Grey hair and procedures	<u>125,000</u>

Working Year	45.8 weeks
Study Leave	2

43.8 weeks @ 40 hours per week = 1752 hours

85% = 1490 hours

1490 / 3.5 staff	=	5215 / 200 businesses
		= 26 hours per business

SECURICARE MANAGEMENT OFFICE MODULE

As per Consultants	475,000
Receptionist (PR)	35,000
Accountant	10,000
Computer/Communications Contractor	10,000
Travelling Local	25,000
Telephone	20,000
Stationery, Office etc	4,000
Lawyer -	10,000
Office Rent, Furniture	20,000
Insurance etc	25,000
Information Services	75,000
Head office	30,000
	739,000
	739,000

Client Businesses and their Consultants will visit Office Module

For the first period the Head Office and the Module Office will have the same leader. Then Head Office treasury assistant will not be needed if the banking and share transfer activities are to be subcontracted to another organisation.

AUSTRALIAN HEAD OFFICE

Leader	200,000
Legal	55,000
Treasury Assistant	125,000
Public Relations	45,000
Travel including car	60,000
Information Services	20,000
Office (within an Office Module)	12,000
Office Expenses including telephone	<u>12,000</u>
	<u><u>\$529,000</u></u>
To be financed by	
10 Offices @ \$30,000	\$300,000
Balance government or affiliated organisations.	\$250,000

Board Members fees paid by the organisations they represent.

See note to the Module Office.

Office Module. Notes

SECURICARE is about people

SECURICARE is about wealth creation.

SECURICARE must be focused on people and through people wealth creation.

The SME will have their own in-house facilities, government agencies, out sourced services.
trade associations etc.

In the mind of the SME SECURICARE is special. It is trust worthy and it exists alongside
other facilities to provide the overall umbrella that the SME needs.

If SECURICARE is needed for advice, valuation of a business, ongoing support for valuation,
or for any other matter that is appropriate to it's skills there must be a clear audit trail
of what has been done, what has been said .

For this reason consultants are not to give impromptu advice on mobile telephones. All advice
must be by memorandum with a clear instruction as to what was the information given
by the SME or by their consultants.

Sometimes it is appropriate that matters be discussed with SECURICARE but that no
conclusions are reached. In a memorandum this should be stated.

Memorandums are to be sent to clients in hard copy for filing.

More detailed instructions on the operation of the Office Modules are being prepared.

Other information available ;

Professional indemnity insurance

Contributory negligence in existing professional practices.

The Elements of SECURICARE.

1. A SECURICARE Register of Businesses.
2. A SECURICARE Register of Consultants who conform to the SECURICARE Standard for investment. Part of this is the SECURICARE Charter of Responsibilities.

These SECURICARE REGISTERED businesses and their consultants are supported by SECURICARE MANAGEMENT.

SECURICARE MANAGEMENT is organised through office modules each servicing about 200 businesses.

It is expected that there be 10-15 of these SECURICARE MANAGEMENT modules across Australia.

SECURICARE MANAGEMENT offices are linked with the most appropriate IT Technology. As the offices mature it is expected that offices will specialise in different industries.

Businesses with their consultants that are on SECURICARE REGISTERS are funded with equity funding at the time the funding is required.

The investment vehicle for the above is SECURICARE HOLDINGS. The exact composition of this will not be known until after the Wallis Inquiry.

SECURICARE HOLDINGS will initially one fund, later dividing into industry funds with businesses to be separated for floating at \$20m -\$50m (to be decided)

Funding is requested from Ausindustry to support

1. A Public Relations Campaign to test whether SECURICARE will be supported by SME's and their consultants.

2. Support the SECURICARE organisation to the end of the Wallis Inquiry.

O'Bryan has sustained the development of SECURICARE since 1990. This was a continuation of the strategies she developed in the 1980's.

In consulting time SECURICARE has cost in excess of \$700,000. There is no money to fund any other expenses. O'Bryan took the risk as she anticipated that in her understanding of the SME's she was ahead of the market.

Until we can resolve the problem of funding the SME's we are going to limit the business opportunities for the monies that are available for investment. As the limitation becomes more apparent the fund managers will increasingly look for short term opportunities in the derivatives market.

If SECURICARE is successful O'Bryan predicts SECURICARE will be approached by family businesses who have never contemplated outside shareholdings. They will see a strength in SECURICARE that is not possible while family businesses particularly in matters of succession planning are outside such a group.

International ?

As it develops SECURICARE will be like the 'Red Cross' of SME activities. The growth of the intelligent industries will be linked to our education system / research institutions. It will be the same for all the OECD countries. Each country will be wanting to protect the businesses that have developed from their home countries intellectual base.

Can SECURICARE be copied.?

Yes it can but it will be a copy.

What is the position of O' Bryan ?

She will stay the leader to establish the culture. As each office module comes on line it is a stand-alone but linked to each other module by information systems.

The Wallis Inquiry will be asked to advise on the composition of the board. There are known names in the business community who have welcomed SECURICARE . They will not be available for positions until the marketing brief proves that the initiative is accepted by the market.

SECURICARE is 'light hearted' but deadly in it's intent - to control the risk. Whenever an owner / entrepreneur has accessed O'Bryan to a successful business she has not been able to proceed.

Why did O'Bryan have problems with the advisers ?

O'Bryan's experiences are mirrored by the professional indemnity industry and the increasing complaints against professionals. (there is information available on the professional indemnity insurance and on the contributory negligence of existing professional practices)

It is a matter of fact that employees of the major accounting firms are advised in their training to feign competency in whatever they are asked to advise on.

It came as a surprise to O'Bryan to find that a prestigious international management consulting journal had an issue with a number of articles on topics such as "when is a lie not a lie " and how to exaggerate your consulting skills without exceeding the clients expectations that you are expected to exaggerate your skills.

Will greater attendance to the QA ISO 9001/9002. help the professionals.?

The matters outlined above can exist in an organisation that fulfils all the quality standards. In SECURICARE the client comes to SECURICARE.

The \$50,000 manager of an office module answers the questions on SECURICARE.

If the business decides to proceed the in-house consultants take up their positions around the business.

In SECURICARE we have nothing to sell, rather we have a Charter of Responsibilities that completely cuts through the culture outlined above.

Can a SECURICARE style operation be imposed on the business community

This would be most unwise.

The human person responds best to those matters which they choose voluntarily to do.

As volunteer clients come to realise what SECURICARE has to offer these SECURICARE registered businesses and their consultants that will be the drivers of the future excellence of the organisation. It is in the businesses and consultants best interests to make SECURICARE a success.

What better way to impose a standard that goes well past what had been contemplated in the past ?