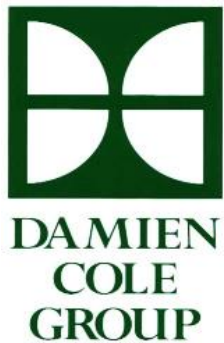


A BUSINESS AND ITS BELIEFS



DAMIEN COLE GROUP

Established 1966

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Principal Financiers: Security Allied Finance Pty Ltd

Accountants: Globe BD Pty Ltd



DAMIEN COLE GROUP

Established 1966

Equipment Sales

Importing New and Used Equipment.

Supply State Distributor of Takeuchi Mini Excavators since 1985.

Supply of Specialised Used Equipment.

Logistics

Supply of Logistical Services to the Wholesale and Retail Meat Industry.

Equipment Rentals

Rental of late model, low hour refrigerated vehicles to the food and general industry in W.A.

Equities Investment

As a serious long term Investor in many of Australia's leading listed Industrial, Resource and Property Companies.

A BUSINESS AND ITS BELIEFS

Generally most businesses and even small businesses have beliefs or philosophies to which they adhere.

In Australia it is rare for small enterprises to actually document their own beliefs.

Many businesses have not analysed their own beliefs, and others have not taken the time to even consider theirs, let alone document them. Some businesses do not pin down their ideology until after the Company has solidly passed the initial startup phase, which can be a decade or more after founding. Most businesses do seem to recognise that they have core ideology, before they become big companies, however.

In our case we just tried to get off the ground and make a go of it, and our ideology only became clear after we had been through a number of evolutionary phases. After some 30 years it is a good time to articulate our **core ideology**.

Core values are not only the privilege of successful companies, such values should exist also, in those struggling to survive.

These values or beliefs need no rational or external justification, nor do they sway with the trends or fads of the day. These beliefs do not shift in response to market conditions. Such an ideology is so fundamental to an organisation that it seldom changes — if ever.

In articulating our own beliefs we must be careful that it is not viewed as idealistic prattle, or as a cynical pronouncement, to appeal to outsiders.

How can we be sure that our core ideologies represent more than just a bunch of nice sounding platitudes, words with no bite, or worse still words designed to manipulate or mislead?

There are two answers.

- (i) Firstly, social psychology research strongly indicates that when people publicly espouse a view, they are more likely to follow it. Clearly, experience shows that articulating a belief influences internal behaviour, toward consistency with that belief.
- (ii) Secondly, those that declare their ideology, also instinctively, take the steps to ensure it is pervasive throughout the organisation. It is a prime example of a company “walking its talk”.

Highly visionary companies seem to have self-confidence bordering on the extreme. In fact they have overbearing pride, confidence or arrogance.

Such descriptions have been applied to this Company (and its management) more times than I care to remember in the last 30 years. Despite this I have only seen a growing sense of self confidence.

This self-confidence shows internally whereby, the internal culture naturally excludes or expels individuals who do not measure up. The conformity to this culture or the core values of the organisation becomes of primary importance. This is also an exhibition of the so called **pride**.

Such a conformity to culture also applies to customers. There have been many times over the years when customers have had a conflicting culture, which does not promote integrity and fairness to all concerned. Our strong culture or ideology acts externally and naturally excludes these customers from our products or services, on this basis alone! We will not sacrifice our core values for any short term commercial gain.

Given that we place service to staff and management, second in our beliefs, we also have had a history of not allowing customers to intimidate staff or management, by accepting anything less than fairness and integrity. This philosophy dictates that the equality of both parties in a commercial transaction must always be upheld. The refusal to allow the corporation or staff to be intimidated has been seen externally as, being on one hand, arrogant, and on the other internally, as consistency with our core values, and as an exhibition of strength, of corporate and management spirit.

I have often suggested that management have a responsibility wider and beyond that of making a profit for the shareholders. This is a difficult line (not for me to believe in) but to espouse, when speaking from the positions I hold concurrently, as both manager and principal shareholder. Although it is an almost incredulous proposition to believe, I personally have no difficulty in separating those roles and never have. Both those inside and outside the Company find this hard to believe. (The Company name, does nothing to assist my cause to convince them in this regard, either.)

I believe that the Company has a responsibility to its employees to recognise their dignity as human beings, and to assure that they should share in the success, their work made possible. We also have a responsibility to our customers, and to the community at large.

I am often surprised and shocked (still) that people disagree with me. Whilst they are reasonably polite, in their disagreement, it is quite evident that they often firmly believe I am not one of “**them**”, and obviously not qualified to manage an enterprise of any importance.

I am constantly reminded by my peers and associates, not to inject spiritual principles into a field where they do not belong, (business). Some of those critics are no longer successful in business, a fact that reinforces my view that **truth** and **justice** do always prevail in the long term: Even in business.

We do not hope to achieve a balance between idealism and profitability; we seek to be **both** highly idealistic **and** highly profitable.

Then, **why does this company exist?**

In other words why are we here? I think many people assume, wrongly, that a company exists simply to make money. Whilst this is an important result of any company’s existence, we have to analyze the question more deeply. As we investigate this, we inevitably come to the conclusion, that a group of people choose to work together and exist as an institution, that we call a company, so that they are able to accomplish something collectively that they could not accomplish separately — . They make a contribution to society, a phrase which sounds trite, but is fundamental.....

We can look around (in the business world) and still see people who are totally profit driven, but often the underlying drive in **this** company comes largely from a desire to do something else, or something better, such as to provide a service, or generally to do something which is of value, and to make a contribution.

So with that in mind, why **does** our Company exist.....
The real reason for our existence is we provide a service or a product which is unique, that makes a contribution, and we enjoy the pride and self-satisfaction of doing so.

The elements of pride and satisfaction are dependent on providing that service and product at ever increasing standards, and better than our competitors. This is where the underlying drive comes into it.

When we pose the question “Why not just shut this organisation down, cash out, and sell off the assets?” If we have to push for an answer, the answer is the same as to the previous question of “Why does the Company exist?” We get back to the **real** reason for our existence.

- (1) To provide a unique product or service.
- (2) To provide employment and fulfillment, to all within the Company.
- (3) To make a contribution to our society.
- (4) To constantly seek excellence (We should not enter or continue in markets which do not place a premium value on excellence or technical contribution).
- (5) To lead our peers and encourage change, by leadership and example. **To be highly visionary** and with vigor and enthusiasm.
- (6) To preserve the dignity of the individual.
- (7) To act with integrity and fairness.

Consistent with these beliefs or values, we believe that we should always place -

- Service to customers first.**
- Service to employees and management second.**
- Service to community third.**
- Service to the shareholders fourth.**

When the first three have been carried out one inevitably finds that the shareholders should receive a fair return. The explicit emphasis on “**fair**” and not “**maximum**” return has remained consistent, throughout our history.

These fundamental beliefs and the adherence to them are in my belief the most important factor in any corporate success.

Beliefs must **always** come before policies, practices and goals. The latter must always be altered if they are seen to violate fundamental beliefs.

LEADING FROM THE FRONT

Leadership is not management although both are equally important.

(If you do not know the difference you are a manager).

Leaders have a bias towards action, and would prefer to make a bad decision than no decision at all. If we wait until we’ve satisfied all the uncertainties, it may be too late.

Leaders read biographies, they seek mentors, and they manage by walking around.

Leaders do not focus on the economy — the economy is an excuse people use to justify underperformance.

Leaders let people make mistakes once — never the same mistake twice.

Leaders expect their people to be fired with enthusiasm, otherwise they fire them — with enthusiasm.

Leaders know honesty is not only the best policy; it is rare enough these days to make you pleasantly conspicuous.

DAMIEN COLE

30/6/98