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# THE AUSTRALIAN FINANCIAL REVIEW

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■ Wesfarmers seals \$21bn takeover ■ Big spend to resurrect retailer

## Goyder's rescue plan for Coles

Simon Evans

Wesfarmers will embark on a huge capital spending program to reinvigorate Coles Group but has warned there is no quick fix for the retailer's ailing supermarket chain.

The West Australian conglomerate said it would spend \$1 billion a year on Coles's supermarket, liquor and convenience store business, after sealing a \$20.8 billion takeover yesterday. The Coles board recommended

### COLES'S NEW WORLD

Depending on how well it is executed, Wesfarmers' acquisition of Coles will be a brilliant tactical manoeuvre or a monumental management blunder. **9** - Chanticleer, back page

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that the retailer's shareholders accept Wesfarmers' \$17.25 a share offer.

The takeover, the largest in Australia's corporate history, will catapult Wesfarmers into the top 10 listed

companies by market worth, overtaking its major retailing rival, Woolworths.

Coles shareholders will be paid \$4 in cash and 0.2843 Wesfarmers

shares for each Coles share they own, plus they will be able to keep the 25¢ final dividend due to be paid in November.

"This isn't an overnight turnaround. It's something that will take a lot of time," Wesfarmers managing director Richard Goyder said.

Mr Goyder said the Coles supermarkets business required immediate attention to reverse a loss of market share. He stressed it would be a slow

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## Fairfax and MacBank in \$1.3bn media deal

Neil Shoebridge

Macquarie Bank and Fairfax Media have joined forces to carve up radio, television program production and regional TV business Southern Cross Broadcasting in a \$1.26 billion deal that returns Fairfax to radio broadcasting for the first time in two decades.

### 50 ENTERPRISE

## Forget trade shows, try email

Some small companies have successfully taken up technological arms to defy the tyranny of distance, writes **Mark Lawson**.

Large companies can usually afford to send their top sales people overseas to secure and complete an export order. But at many small companies, such as Tradition Stained Glass and Callidan Instruments, it is nearly all done through technology and simple procedures.

Perth-based Tradition Stained Glass and Queensland-based Callidan are typical of small exporters in that they rely heavily on the internet in dealing with overseas clients. This means they avoid having to pay huge costs on marketing themselves overseas, for example by attending international trade shows.

Both companies have received assistance from the government agency Austrade in finding distributors, and this has also helped them keep costs down.

The latest DHL and Austrade-sponsored export report released in late June says that 85 per cent of exporters use the internet for marketing and selling their goods, including 48 per cent that have an e-commerce portal.

About 90 per cent of the exporters surveyed are small and medium-



Email is Kim Fitzpatrick's window to the world.

Photo: ERIN KRASSON

sized businesses as defined by the Australian Bureau of Statistics.

Kim Fitzpatrick, the owner of Perth-based Tradition Stained Glass, knew he had to embrace email and video conferencing technology if the business was ever to go international. Fitzpatrick's first export job (commissioned in Macau, an order worth about \$15,000 and involving the restoration of a window in an historic church, was organised by email.

Fitzpatrick built the window according to the specifications given to him on an email. When the window was ready, he simply shipped it over. His financing arrangements for the deal were not

complicated. As with all his export orders, Fitzpatrick asked for half of the fee for the work initially and the balance to be paid just before shipment.

The company has also produced a comprehensive business DVD and brochures for overseas clients, and it is set up for video-conferencing, but emails remain the main point of contact.

"To our knowledge, in Australia we're the first in the industry to utilise a website and it generates an unbelievable amount of traffic," says Fitzpatrick.

He took over the business and its traditions from his Dutch grandfather, who worked on cathedrals before emigrating to

Australia in the 1950s. Tradition Stained Glass now turns over \$300,000 to \$350,000 a year and employs four people.

Callidan Instruments in Mackay, Queensland, also relies on websites and Google searches in place of the more traditional trade shows and turns over about \$10 million a year selling moisture content analysers for a range of applications in different countries.

Callidan's MoistScan measures moisture content in real time by passing a low-power microwave beam through material passing along a conveyor belt, and measuring changes in the signal power and phase shift. The scanner has been used by Tata Steel in India to measure moisture in coking coal, and it has plenty of other industrial applications. For example, Callidan managing director Gary France says that MoistScan units can also be used to measure the moisture content of cheese slices.

Callidan raised its seed capital from Mackay residents and still relies on them for investment. It ploughs 10 to 15 per cent of its turnover back into research and development, and exports around the globe, including to the US, Serbia and Brazil.

France says the distribution model for each country is different, and that general distributors are used in some countries and dedicated sales agents in others. But whatever the model used, France says that the internet is now the main way to make contacts overseas.