

# First 30

**CAPRICORN**  
SOCIETY LIMITED

Charles Amery  
Foreword by Larry Perkins



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Grateful acknowledgment is given to past and present members and suppliers for their assistance in researching this history.

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#### **Capricorn Society Limited**

##### **Australia**

172 Burswood Rd  
Burswood WA 6100

Phone:(08) 6250 9500  
Fax: (08) 6250 9600  
FreeCall: 1800 999 233

##### **New Zealand**

PO Box 91567  
Auckland Mail Service Centre

FreeCall: 0800 401 444  
FreeFax: 0800 401 555

##### **Republic of South Africa**

424 Postnet X033  
Rivonia RSA 2128

FreeCall: 0800 993 129  
FreeFax: 0800 993 130

##### **Postal Address:**

Locked Bag 436  
Victoria Park WA 6979

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*Racing car driver Larry Perkins, six time Bathurst 1000 winner.*

# Foreword

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If we go back to early last century, we can see how the motor car has changed our lives in Australia, slowly at first then gathering pace and momentum as a motor and transport industry developed in our nation.

The history of Capricorn Society has mirrored the development of the motor car. A small hesitant beginning, times of overcoming considerable odds, development of a sound structure, and moving on to be a considerable force not just at home, but overseas.

The only difference is that for Capricorn, the transition from a fledgling Co-operative to becoming one of Australia's foremost private companies and a leader in the automotive industry took just 30 years.

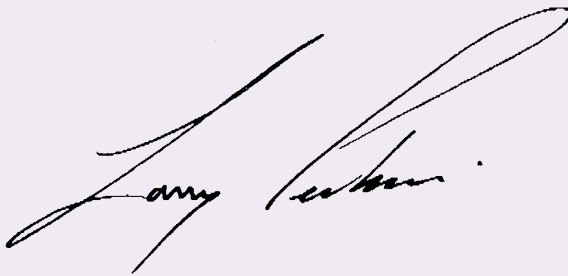
I have seen Capricorn grow and indeed had the pleasure to be a guest speaker at the 1995 convention in Bali. That was a time of growth and expansion for Capricorn. Being with its members and management and speaking to them on a business and social level, it was easy to see the belief, the conviction and the commitment that was beginning to make the Society such a dynamic presence in the industry.

Whether on the racetrack, in the workshop, or the boardroom, my involvement with the automotive industry has spanned three decades and encompassed many years of growth and development in that industry.

All of us who have seen Capricorn develop in the past 30 years should be proud of its progress and should be congratulated.

At thirty, Capricorn is an Australian co-operative that now spans three countries, and I am sure they will become an even bigger influence and success in the coming years, both in Australia and overseas.

My congratulations to Capricorn Society on its 'first 30' years, and in producing this interesting and informative history of its achievement.

A handwritten signature in black ink, reading "Larry Perkins". The signature is fluid and cursive, with a large loop at the end of the last name.

Larry Perkins

# Introduction

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The co-operative movement is an important feature of modern society, yet you can go back to ancient times to find the seed of its beginnings.

Ancient records show that thousands of years ago the Babylonians used a co-operative structure with tenant farmers.

History also shows that in early Greek, Roman and Chinese civilisations the co-operative concepts were used for savings and loans, as well as the first funeral benefits societies and craftsmen's guilds.

But it was not until the Industrial Revolution that the first modern co-operatives came to light in Europe. The early modern co-operatives included the British weavers and then the flour mills in various areas of northern England.

These co-ops were poorly managed and as they were not able to accumulate sufficient capital reserves, they soon disappeared. It was not until 1844 that the modern form of the co-operative, as we now know it, was established.

The co-ops of the 1800s were established using the same concepts and ground rules that, 130 years later, our group of service station proprietors followed in Western Australia to set up Capricorn Society.

The most famous of the first modern co-ops was the Rochdale Society of Equitable Pioneers set up in 1844 by a group of 28 impoverished weavers who established a grocery store to sell flour and sugar. Their success led to the establishment of a flourmill, shoe factory and textile plant, and within ten years others were following their example.

Within the next 20 years, there were more than 400 co-operatives operating in England. Others flourished throughout Europe and North America. Worldwide the co-operative movement now has a membership of several hundred million people, a turnover of several hundred billion dollars, and with the same guidelines and principles as their forefathers, operate around the world.

Capricorn Society was born in circumstances similar to these first modern co-operatives. It was started by a group of pioneers who understood that their business needs would never be met on an individual basis.

They realised that sometimes the task could be bigger than the resources of the individual, yet well within the reach of a group of people with a common purpose if they pooled their resources.

When they came together as a small unofficial buying group in the early 1970s, they understood little about co-operatives, but despite this they were to all intents and purposes operating as one in the true footsteps of the original Rochdale Pioneers.

When the first members of Capricorn decided to form and register Capricorn Society as a co-operative, it was because they also decided that this form of enterprise was well suited to small business operators in the retail motor industry, and was less complex than other forms of business models.

The co-operative was an ideal form through which to help groups of people cope more effectively with the economic and social challenges that affected them.

The co-operative model was seen by the first members of Capricorn as a way to build up purchasing power, bring competitively priced goods and service benefits





*Co-operation Demonstrated  
'Together We Can Save'.*

to members, and as a way to growth that was not hampered by unfair influences or restrictive trading practices.

The first members of Capricorn joined together to level up the competitive playing field between themselves and 'big' business. Their aim was not to make a profit for the co-operative itself, and not to provide capital gains for outside investors, but to maximise the efficiency, economy and profitability of each member's own enterprise.

Members of Capricorn have, with great success, not only achieved these aims, but have welcomed the build-up of the Co-operative's assets, because it is by the strength of the organisation that they are better and more fully served in all their business needs.

The idea behind Capricorn's co-operative is a simple one, based on people working together, in their case using their group purchasing power for the benefit of all members.

Capricorn Society is a member of both state and national co-operative industry associations and, together with the members of these associations and co-operatives around the world, stays true to the Seven International Principles of Co-operation. (See Appendix 1.)

These important principles include democratic control and one member-one vote, voluntary association and open membership, the payment of limited interest on invested capital, equitable distribution of net profits, principles promoting educational activities, concern for the community and co-operation among co-operatives.

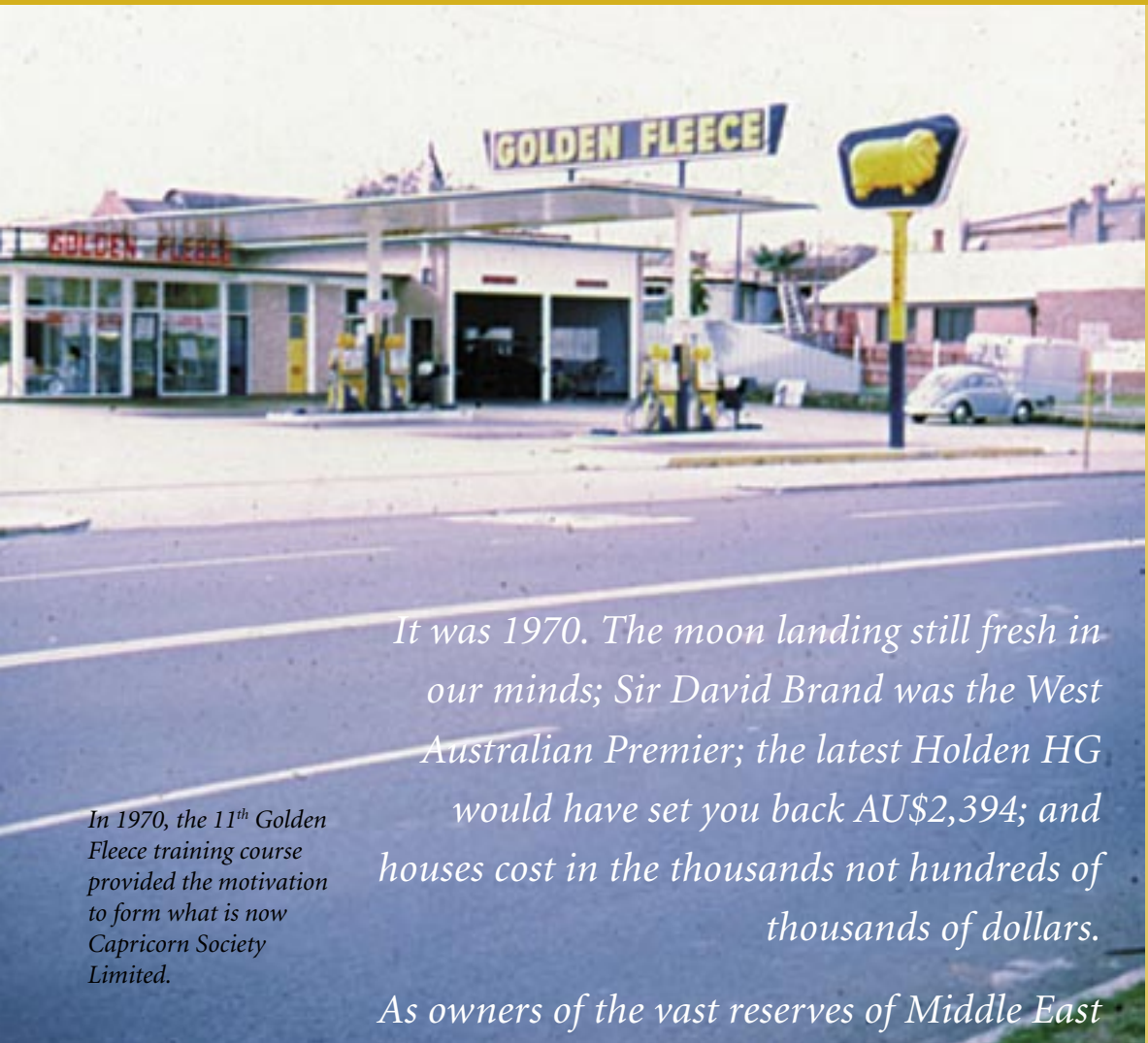
The co-operative model is a tried and true system that has served Capricorn Society and its members well for the last thirty years.



*The Rochdale Pioneers Museum — once the grocery store of the Rochdale Society of Equitable Pioneers — the first modern co-operative established in 1844. (Photograph courtesy of Rochdale Pioneers Museum.)*



# A GOLDEN OPPORTUNITY



*In 1970, the 11<sup>th</sup> Golden Fleece training course provided the motivation to form what is now Capricorn Society Limited.*

*It was 1970. The moon landing still fresh in our minds; Sir David Brand was the West Australian Premier; the latest Holden HG would have set you back AU\$2,394; and houses cost in the thousands not hundreds of thousands of dollars.*

*As owners of the vast reserves of Middle East oil, the oil companies held sway over all they surveyed, the motoring public, the service stations and the automotive industry.*



## A GOLDEN OPPORTUNITY

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Among the big multinational oil groups there was a small player in Australia, Golden Fleece. It was low on the service station pecking order with just four per cent of the market in Western Australia (WA).

On a typically pleasant and sunny Sunday afternoon in the capital of Perth, Western Australia, for the first time in its history, Golden Fleece brought together those who ran its service stations in the widely dispersed landscape of the West, where there was almost a water bag run between each station.

The theme of the conference was not the usual one on product knowledge for their dealers, but one on the nitty gritty of making money. It was the 11th Golden Fleece training course, something that was to become symbolic and significant in the years ahead.

The local Golden Fleece proprietors met outside the company offices in William Street, although few knew each other. They made their way to a hotel in South Perth where they would stay as part of the in-house course for the next week.

Being in-house, fellowships and camaraderie developed, sitting around in the evenings with a cold Swan beer.

*'It was the 11th Golden Fleece training course, something that was to become symbolic and significant in the years ahead.'*

Profits and performance, trading and turnover were subjects easy enough to summon up the blood and focus the mind during the week-long business sessions, the brainstorming, and the after-hours socialising.

The last exercise of the week's business that was put before those Golden Fleece lessees was to ask them how they believed they could make more money and improve the design of their service stations.

There were twelve Golden Fleece men from the West who already knew well that while there was a goal they all wanted to attain, there were few ways in the automotive industry climate of that time that would allow them to achieve it.

In 1970, there was no Trades Practices Act. The oil companies had complete control of the service stations and everyone was a lessee. The lessees had no control over the product they stocked, the price they bought at or the price they sold at.

The Automobile Chamber of Commerce, now the Motor Trade Association (MTA) of WA, decided the prices that could be charged for labour, to have a puncture repaired or even a battery charged.

The Western Australian Spare Parts Association (WASPA), as the organisation that represented the spare parts suppliers, used to set the percentage discount that its members were allowed to offer to different categories of trade purchasers.

Service station proprietors, or lessees as they were, were not their own men; they were not their own bosses. Fuel, labour and profit margins were tied up, and in the down to earth Aussie pub talk they knew they were getting 'screwed' by the oil companies.

## A GOLDEN OPPORTUNITY

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The question was, could they do anything about it, could they build their businesses and increase those profit margins?

The week together in Perth created an alliance between the men from Golden Fleece, and after they went back to their own businesses they formed a social club and agreed to meet monthly.

And as they chatted at one of these gatherings, it was the bragging over a drink that was to form the catalyst for a tri-national AU\$500 million a year business in a future millennium.

Some proprietors were boasting of buying products and stock at better prices than others and had the invoices to prove it. But as individuals, they knew that their power and industry influence was not just limited, but negligible.

What they also knew was that, even in small numbers, they could perhaps create just enough buying power to make a difference. To make a difference in the power they had over their own destiny, their future in the industry.

The 12 men and their wives who were those Golden Fleece proprietors had a solution — pool their individual purchases, be they tyres or spark plugs, batteries or sealed beams.

They knew why it had to be done — so they could all benefit from lower prices, better percentages and increased profit margins; increase their buying power; and gain strength and bargaining influence through their numbers.

The next question was how?

They started by spreading the load, combining their manpower. One person was allotted to be the spark plug buyer, another as the battery buyer, and onwards through the list of products and accessories they all used, stocked and sold.

Alan Campbell was a Victorian consultant who was their trainer at the course. He became their mentor, encouraging this loose mix of men with a vision to act as a group.

One of them was service station Proprietor Tom Drinkwater, known by the others as a 'go-getter'. Following advice from Alan Campbell, 'that to get someone to do a job you must pay them', Tom who was the man running around picking up the deals, took on doing the accounts and the bookwork for a two-and-a-half per cent fee.

'... it was the bragging over a drink that was to form the catalyst for a tri-national AU\$500 million a year business in a future millennium.'

A disparate group was tentatively forming, but it was in a time, 1970, when service stations were the least competitive part of the motor industry for buying trade goods.

Then came the breakthrough.

One firm, Dover Leads in Murray Street, Perth, said they would run a single account for all 12 Golden Fleece service station operators, and also give them trade





*The Perth skyline in the 1970s, the decade of the formation of Group 11.  
(Photograph reproduced courtesy of The West Australian.)*





*In the 1970s, a Holden HG cost around AU\$2,394 and houses cost in the thousands not hundreds of thousands of dollars.*

## A GOLDEN OPPORTUNITY

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price less five per cent, and on some items a discount of up to ten per cent.

Frank O'Connor, later to become long-term General Manager said, "It was magic. It was unbelievable."

The groundwork had been laid; the impenetrable barrier of fixed pricing had a chink in it.

Group 11 was born, and the men at the coal face and their loyal wives were in business, set to take on a previously restrictive and unbending purchasing system, and the strength and the might of the oil companies.

What was taking place in Perth, Western Australia, at the start of the 1970s really had its origins some 20 years earlier in August 1951 when the oil companies introduced one-brand marketing into service stations in Australia.

The oil companies had started to build many service stations of their own and then lease them out. Before that time service stations had been freehold or privately owned sites.

The oil companies also started to impose their will on the new lessee-dealers who were obliged to deal in only one brand of tyres, batteries and other products they sold.

There was no Trades Practices Act to protect the lessees.

A small group of service station lessees and their wives, and in one case a son and his wife as well, decided to try and throw off the shackles of the restrictions — later illegal — that controlled their businesses, their growth, their profits and could bring them close to ruin. They were the vanguard of what was to become the Capricorn Society co-operative that now has a presence in three countries.

The seeds of the small beginnings were about to grow, the commitment was there, and there were many hours of soul searching and even more of hard work ahead.

'Group 11 was born, and the men at the coal face and their loyal wives were in business ...'

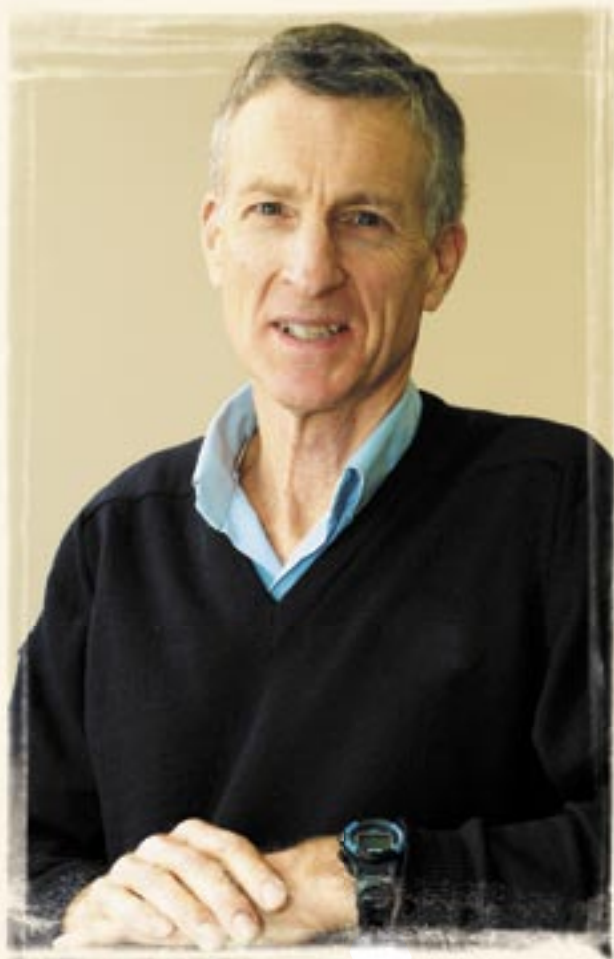
They did not know it then, but for many of those 12 men who had been drinking together at this hotel in South Perth, their venture would become a defining moment in the rest of their business lives.

What they did know then was that only by becoming part of a larger group could a small business survive in their industry — an industry still to go through some dramatic times, and one still to face the oil crisis that would see crude oil prices quadruple.

It would be four more years of laying the foundations, working together, comparing prices and sourcing potential suppliers until the decision was made for Group 11, the indomitable dozen, to become Capricorn Society Limited.

# A DIFFICULT TIME

INTERVIEW WITH BRIAN TULLOCH



In 1970, Brian Tulloch had a Golden Fleece service station in the well-to-do Perth suburb of Claremont, Western Australia (WA). Golden Fleece was a small oil company and he and other proprietors were attending a live-in business seminar.

At the end of that week Brian became one of the original 12 proprietors that took the future in their own hands and formed Group 11, the catalyst for today's multinational Capricorn Society co-operative. This is how Brian recalls the early days.

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The history of Capricorn Society really all started as a result of Golden Fleece bringing together, in Perth, 12 proprietors of what they perhaps considered their better sites, in the hope of giving them the knowledge and ideas through which they could improve their business abilities and profits.

It was an intensive course of seminars, meetings and business exercises, and one of the recurring themes that cropped up between the West Australian dealers was how poorly we believed we were being treated by the various parts suppliers in the city.

The Western Australian Spare Parts Association (WASPA), maintained a very strong control over their members and as a result, service stations were buying at very disadvantageous rates compared to others in the automotive industry.

So a decision was made to investigate setting up some form of joint buying group and pooling resources to have more buying power.

Tom Drinkwater, who ran the Kewdale service station together with his wife Anne, was a very enthusiastic member and very much instrumental in getting the buying group going, for that he deserves a great deal of credit.

He provided the bookkeeping service from the start when all the parts we were buying as a group were bought in and invoiced at his service station.

We operated on a fairly loose, but successful system. It was not easy initially, and there was a great deal of resistance from suppliers. In fact, we had to face a great deal of resistance for many years to come.

As it progressed, we got down to working out the details of how we could operate formally as a buying group as we continued with our day-to-day business.

Our membership had increased a little and once we reached about 20, we had to make a decision on what form the business would take.

I was one of those who would have been happy to stay as we were with our 20 or so members, but others perhaps had the foresight in seeing the future advantages of growing larger, particularly Bob Bloffwitch who was later to be Board Chairman. He was a conservative operator, but a visionary.

So we each put up AU\$5,000 to form what became Capricorn Society. We decided to establish our own warehouse with the concept that if we bought the parts and did our own warehousing, we could take the profits that the wholesaler made. We leased a showroom/warehouse in Stirling Street, Perth, with Tom Drinkwater as Manager.

One of our ideas as a buying co-operative was that we should purchase a selection of toys and other assorted merchandise to sell through the service stations to increase turnover and brighten up the showrooms.

It was a disaster. We bought up massive stock and every service station had a merchandising area. But we picked many wrong products and sales were very slow. It was an aberration, although ironically looking back we could probably be called leaders in our field when you see the one-stop-shops the service stations have become today.

*"We decided to establish our own warehouse with the concept that if we bought the parts and did our own warehousing, we could take the profits that the wholesaler made."*

*"Getting suppliers was the breakthrough  
we had always needed."*

It was a very difficult time. I can remember sitting around on packing cases in Stirling Street when we were making the decision whether to carry on or wind up the Co-operative.

The decision to carry on was made by a fairly slim margin and on the basis that every one of us would recruit one member each in order to increase the throughput sufficiently to justify keeping going. It was a relatively slow process, but we pulled ourselves up and carried on conservatively from there.

So we had a change of strategy and no longer warehoused anything ourselves and continued with using the money saved and our power to buy product.

There were very few businesses operating in Western Australia who were prepared to become suppliers, but for me there was one in particular — Lucas — who made a great deal of difference in the struggle we faced to get established.

Lucas was able to supply batteries, filters, spark plugs and automotive parts that we regularly used in our service stations. Lucas were an exceptionally good supplier and through our service stations using them they were able to take a great deal of business away from their own competitors.

The result was that this gradually produced other suppliers who wanted to do business with our group and that started a slow, but snowballing effect.

Getting suppliers was the breakthrough we had always needed. Our early supporters were few and far between, but those who eventually came on board saw that Capricorn worked not only for its own benefit, but to theirs as well.

The bigger companies, such as Coventrys in Western Australia, although reluctant at first, when they did join were delighted they made the decision.



*John Durack (left) of Durack & Zilko, Capricorn Society Legal Advisors, and Brian Tulloch at Capricorn's Bali convention in 1984.*



*As the proprietor of a Golden Fleece service station, Brian Tulloch became one of the original 12 men who made up Group 11.*

The suppliers could see that they would not have any bad debts because the Co-operative carried all the risk and guaranteed the payment of the account. Besides this they increased sales volume to such an extent that they could afford to give us a better price.

It is fair to say we flew by the seat of our pants for much of the time. I have no regrets although we pretty much wasted our initial AU\$5,000, and that was a lot of money in those days. We bought our education with it in some ways and all the subsequent members have had the benefit of that.

But we have had our benefits as well. I sat on the Board and am still a member, and it has been a very satisfactory arrangement for all those who became involved with Capricorn Society.

Today is certainly a long way from those small and early beginnings. ”

# A CO-OPERATIVE BEGINNING



*Frank O'Connor, then Capricorn Society Chairman, with volunteers promoting Capricorn and recruiting members at an automotive trade show in 1977.*

*In the first few years after their initial informal get-togethers, the loose structure of Group 11 was held together by a common goal and a growing idealism.*

*A more formalised structure began to form as a few more service station proprietors joined the small, but growing band. Change became more rapid after the first member from outside the Golden Fleece network, Bob Bloffwitch, joined the group.*



## A CO-OPERATIVE BEGINNING

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A Shell dealer, Bob was accepted into the fold and his enthusiasm and commitment to Capricorn was such that he became a crucial part of the Group in the formative years that followed. He was also instrumental in the many years that saw Capricorn develop into the highly successful automotive purchasing group that it is today.

Even in the first early years, Capricorn was able to demonstrate to the initial service station participants that even in small numbers their buying power could be greatly enhanced if they purchased as a group.

Once the group started to get price concessions and discounts from some of their suppliers, interest started growing from other potential members. This was the time when the group and its individual members were on the verge of making one of their most significant business decisions.

The service station operators that formed part of the informal purchasing group could stay as they were or expand, but expansion meant that they had to decide on what form their business structure would take.

They had laid the groundwork for growth and the question that now needed to be decided was whether to become established as a private or public company, or follow the known road and the principles that had brought them that far and become registered as a co-operative.

The individuals in the group knew little about co-operatives at that stage, but the one thing they did know and agreed on was that they were democratic organisations with equal rights and the opportunity for all to participate in the decisions that would affect them.

‘Once the group started to get price concessions and discounts from some of their suppliers, interest started growing from other potential members.’

They also knew there was power in numbers, and that this particular type of business model operating in a free enterprise system could provide their group with services that would not be available to them as individuals.

The co-operative model was more flexible than the other options and they believed that it could work to their advantage.

130 years after the first registered co-operative had been formed in the northern English town of Rochdale the die was cast and the decision was made to form a purchasing co-operative for the automotive industry.

On 8 December 1974, 17 ‘members’ met at the Park Towers hotel in Perth, Western Australia (WA). The attendees on that important day included:

Bob Bloffwitch, the first ‘outsider’ of the group; Tom and Anne Drinkwater, whose Golden Fleece service station had been the meeting place and the bookkeeping office; Frank O’Connor, who would play a defining role for more than 30 years, and his wife Maria; and Brian Tulloch, another of the original Golden Fleece 12. Another important attendee that day was Alan Campbell. Alan was the man from Victoria who, as their men-

## A CO - OPERATIVE BEGINNING

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tor at the live-in business seminar four years before, had taken them down this road to becoming a business enterprise.

The meeting passed a resolution to register 'Capricorn Co-operative Limited' and it was decided that to be involved a member would need to purchase 5,000 one dollar (AUD) shares in the Co-operative by 31 December 1974.

The meeting also agreed to lease premises and offices, and nominated their bankers and solicitors.

Only a week later, on 16 December, the group met again with Frank O'Connor in the role of Chairman together with Barry Hatton, Ray Kenyon, Brian Tulloch and Tom Drinkwater who was also the Manager, serving as the first directors.

Tom was authorised to employ a secretary at the princely sum of AU\$115 a week, and a purchasing and pricing committee was formed.

The rental of the first premises was approved. It was a property in Stirling Street in Perth and money for renovations was also approved. The Board also decided to meet each Monday until the Co-operative was running 'efficiently'.

It is ironic that the early minutes also record that during these days the WA Credit Union had been approached with a view to Capricorn setting up its own credit union. This topic, 30 years later, is still on the Society's agenda.

It was agreed that the distribution of profits to members was to be determined as a percentage of the individual's purchases through the Co-operative. It was also decided that a five per cent administration charge would be added to the invoices of all members.

1975 dawned, and in its first year of operations Capricorn made one of its first business decisions. The first purchases were a utility for AU\$670 as well as an electric typewriter, photocopier and duplicating machinery.

' ... the die was cast and the decision was made to form a purchasing co-operative for the automotive industry.'

In 1975 Chairman Frank O'Connor was already canvassing thoughts to the Board about expanding the Co-operative into other states. This was to become true, but it took many years before his thoughts were finally acted upon.

By February 1975, just a couple of months after the historic decision, a few hitches already threatened Capricorn.

The end of December deadline had passed and many of those who attended at the original meeting had yet to purchase their shares, and registration as a co-operative had still not taken place.

The Co-operative had to be ready to trade when it moved into the Stirling Street premises, so for a while the group went back to its original business trading name registration 'Capricorn Automotive Suppliers'.

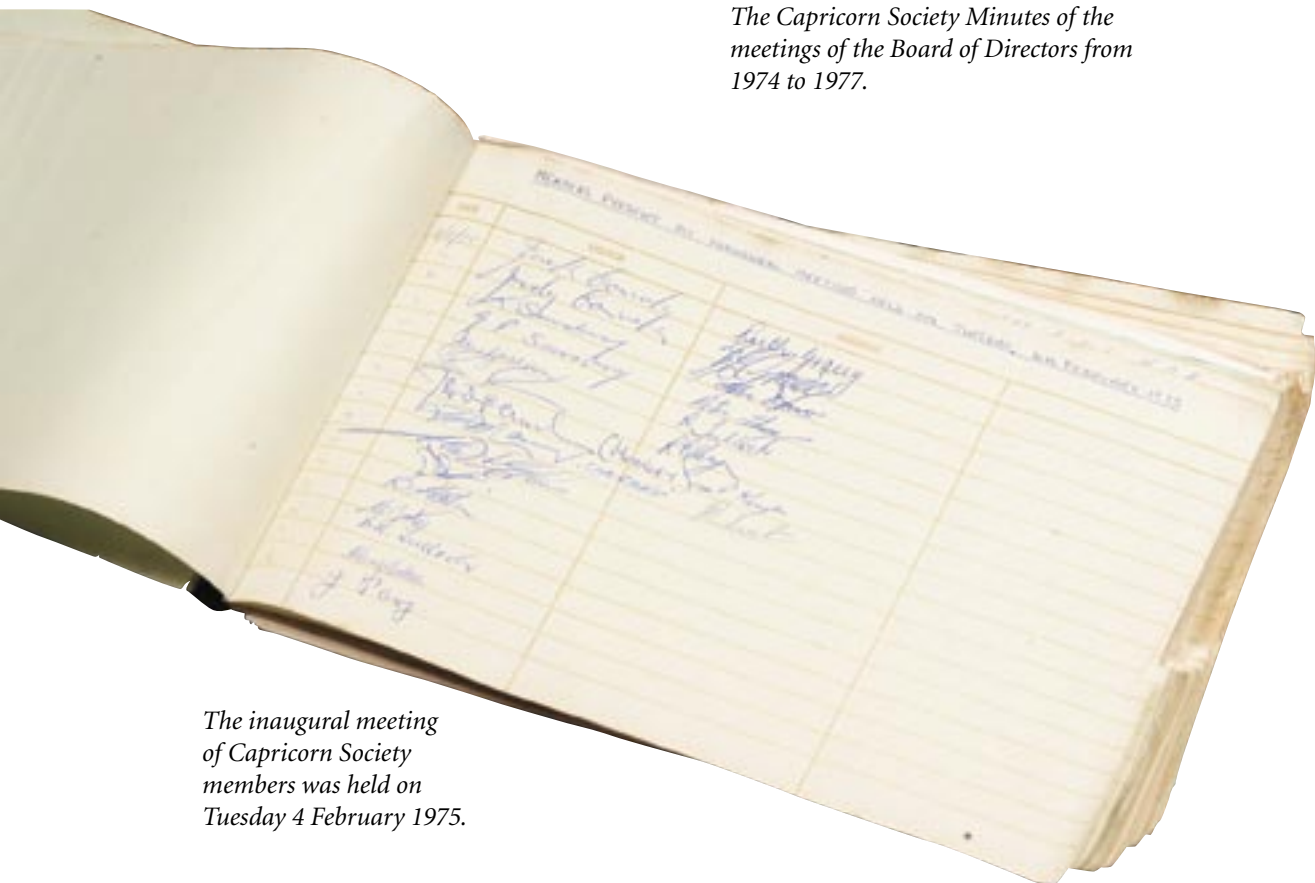




*The first Common Seal of  
Capricorn Society Limited.*



*The Capricorn Society Minutes of the meetings of the Board of Directors from 1974 to 1977.*



*The inaugural meeting of Capricorn Society members was held on Tuesday 4 February 1975.*





*Bob Bloffwitch was the first service station proprietor outside of the Golden Fleece network to join the growing Capricorn membership prior to it becoming Capricorn Society Limited in 1975.*



**CAPRICORN**  
SOCIETY LIMITED

*The current Capricorn Society logo has remained virtually unchanged since its beginnings in 1974.*

## A CO-OPERATIVE BEGINNING

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It was not until 18 June 1975 that 'Capricorn Society Limited' was registered under the 1903 Co-operative and Provident Societies Act.

While this saw the co-operative become 'official', much had already been taking place in the six months that led up to the end of the financial year.

Sales objectives had been set and campaigns were under way for the 'urgent recruiting' of new members, with Brian Tulloch given the position of Membership Chairman.

Frank O'Connor took over the day-to-day duties of Capricorn Society until a replacement manager was appointed. Tom Drinkwater had resigned and returned to running his Kewdale service station, so Colin Wright was appointed as manager. The first Trade Night and Sales Training Seminar was organised, and at a September meeting in the Shaftesbury Hotel in Perth, the Board 'sealed' the first 5,000 share certificates of the 21 members who had put in their AU\$5,000. These first certificates issued were numbered 1-105,000.

Each of the first members had used a bank loan to purchase their shares and they all obtained their loans from the same ANZ manager!

The co-operative had its monetary base; it had its premises; and was soon using its position as a buying co-operative to branch out, not just into automotive merchandise, but into everything from balloons to soft drinks, electric cars to flower pots. It even had plans for diamond sales promotions.

In a short time, the high levels and variety of stock being held were affecting cash flow. It was a rollercoaster ride but everyone believed that the finances would improve.

It was at this time Capricorn Society also became involved with Southern Cross Petroleum, which was operating in South Australia and Victoria. The Society became a shareholder in Southern Cross Petroleum and it became a member of Capricorn.

By the end of 1977 and three years after its beginning, Bob Bloffwitch was Chairman and Tom Drinkwater the Vice-Chairman. The cost of the shares needed to become a member of Capricorn was down to just AU\$200; and the call for more members continued to echo round the packing cases that acted as Boardroom chairs in Stirling Street.

Capricorn Society was learning the hard way, but they also sought advice and researched other co-operative operations that were members of the Co-operative Federation in order to learn from them.

The Capricorn Board never shied away from the co-operative fold or the belief and commitment to the Seven International Principles of Co-operation that it had originally committed to, like so many others across the world in the years before them.

Capricorn had made the transition from the 12 members who made up the initial Group 11, into a registered co-operative, and although membership was almost static, suppliers had been added and it approached the future ready to restructure to meet the business demands of the automotive industry.

It was now the Capricorn Society Limited and its small band of members was committed to the concept of people working together and working for the common good.

# SETTING THE VISION

INTERVIEW WITH FRANK O'CONNOR



In his 30 years of involvement with Capricorn Society, and as a member of the original Group 11, Frank O'Connor was one of the most influential people in laying the foundations for its success.

As the first Chairman of the Board and later General Manager of the Society, Frank has seen many of Capricorn's achievements over his time. Here he looks at the period of the early days when Group 11 first turned into Capricorn Society.

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You know that dreams can come true when you look at the March 1993 issue of the respected *Business Review Weekly* (BRW) and see Capricorn Society Limited ranked 51<sup>st</sup> out of the 100 fastest growing private companies in Australia. That year, Capricorn was also in the list of 'most profitable' organisations in Australia and New Zealand. It was fantastic to be part of those early days and then to see Capricorn's name up there, with so many successful organisations.

The recognition in the BRW, of course, came many years after Capricorn Society had found its niche.



*Frank O'Connor, former General Manager, with staff at the 1989 staff Christmas party (from left to right: Kay Bengler, Lindsay and Pat Taylor, and Frank and Maria O'Connor).*

It all began in 1970, with the Group 11 service station operators who were like-minded people who believed in the power of co-operation. Back then they were mostly husband and wife teams which is why we decided that it was 'one family, one vote', not 'one person, one vote'. Later on that became 'one shareholder, one vote', in accordance with the basic principles for co-operatives.

We had all been Golden Fleece proprietors or dealers from the time we first got together at the company's live-in business course, and there was much discussion when Bob Bloffwitch, a Shell dealer, asked to join the group.

Once the membership started to increase, if only slightly, we had to do something about our future business structure. At that stage, none of us had put any money into the operation of the buying group.

While we were considering what to do, a Trade Practices Act was being mooted for Australia. We believed that it was going to be moulded on the one used in the United States that protected small business so well.

As we decided to become a corporate body, we designed Capricorn Society to fit in with an American type Act so we could all get similar benefits when Australia followed that lead.



*“... it was this ‘one person, one vote’ business philosophy that pushed us towards the co-operative structure.”*

*For 15 years up until 2001, Frank O'Connor, former General Manager, held a place on the Council of the Co-operative Federation of Western Australia. He is pictured here (right) with the Chairman of the Co-operative Federation at the time, Warren York.*

But when the Act did happen, our legislation was different and did not protect the small business operator anything like as well as we had expected.

Capricorn had had five years of experience of trading from the Golden Fleece service station in Kewdale, owned by Tom Drinkwater and later Lindsay Taylor. The time had come when we had to make a decision on what style of business operation we wanted to become.

After looking at private and public company structures, as well as listing on the Stock Exchange, we decided to become a co-operative.

All the decisions made back then were made by the group, and it was this ‘one person, one vote’ business philosophy that pushed us towards the co-operative structure.

It is fair to say that we did not really know fully what a co-operative was, but we looked into it and ticked off the things we liked about it as a form of business operation.

I had been involved at one stage with another co-operative venture that failed. And the reason it failed was that it did not have enough capital. While it was started by a well-meaning bunch of guys, it was only AU\$200 to join. The business carried enough stock, but it did not have enough capital to back it up. Although we knew little about co-operatives, we knew we had to put in some substantial capital if ours was to succeed. It was decided that AU\$100,000 was needed — AU\$5,000 each for 20 members. It was a large amount in the 1970s.

None of us had that type of money, so I went to the ANZ Bank and saw the manager. I said he could have all our accounts and the Capricorn Society business if he lent 20 of us AU\$5,000. He did and we agreed to ANZ becoming the Society's bankers.

The commitment by those first members, made possible by the ANZ Bank, was a tremendous act of faith by all in the ability of the co-operative to succeed.

We then moved to setting up the Society and found that legislation was much less demanding for registering a co-operative than other forms of company structures.

Capricorn became registered under a 1903 Act — the Co-operative and Provident Societies Act — on the advice of a Melbourne solicitor, and as I understand it became the last company to be registered under that Act in Western Australia.

We officially opened for business in January 1975, having registered the name of the Capricorn co-operative, and in June that year Capricorn Society Limited was formerly registered.



When Capricorn moved into its first premises in Stirling Street, Tom Drinkwater became the Manager and did the books, and I was the Chairman of the Board. I had put my name to a five-year lease and committed capital for renovations, but when we did the figures for the first month sales they amounted to just AU\$17,000. Shock, horror!

We diversified into other stock, not just the automotive parts as we believed people would buy other merchandise when they called into our service stations; however, it did not pay its way.

We had elected a Board, but it was not really operating as it should. By the end of our first six months, I estimate each of us had lost about AU\$2,900 of our initial capital.

At the end of that first financial year, in June 1975, we had a meeting of members. Tom Drinkwater resigned and went back to running his service station. After turning Group 11 into Capricorn Society, we now had to go about resurrecting the Society so that it could survive.

We did away with the AU\$5,000 membership and experimented with numerous schemes to get members. It was an uphill struggle. We did not have enough turnover to cover expenses and we knew that without new members we would fail. As a purchasing co-operative it was not the capital we needed, but the buying power that came from a large number of members.

Capricorn had gone from being a small group to being a registered co-operative, but we learned our lessons the hard way and there were many more crises to overcome in the years ahead as we pushed to become really established. ”



*Frank O'Connor, former General Manager, struts his stuff at the 1988 Capricorn Convention in Bali.*

# GROWING PAINS



*The growth of Capricorn Society in the mid-80s saw much diversification and expansion, including the purchase of Barron Rent-a-Car, which was subsequently renamed to Capricorn Rent-a-Car.*

*There was the rallying call from Capricorn Society in the late 1970s as it fought to get members to support the new registered business structure, and to get people to realise the power of the Co-operative.*

*The Society not only had a registration, but also a corporate name and identity, and a logo that was eventually to be recognised overseas.*





Capricorn was so named because those early Golden Fleece stalwarts had their own vision and enthusiasm. They wanted to stretch around the world like that invisible line called the Tropic of Capricorn.

The logo, used and well recognised today, was the result of a low key deliberation and acquisition. A talk in a Melbourne hotel with an advertising man, a sketch on a piece of paper, and the boomerang-style emblem was born.

Its significance in marketing terms was as a symbol of stations leading motorists into the forecourt and when they left enticing them, like a boomerang, to come back.

Although the Society had been officially formed, its members were still on a steep learning curve about how to apply the business model to their own automotive industry.

It was a slow process, and while the Society had its own premises, was employing staff, and working to persuade the all-important suppliers to join them, turnover was still low and expenses high.

The official minutes for this time report the continued need for new Society members, and late in 1977 members were able to become shareholders for just an AU\$200 outlay.

By the end of 1978 and early in 1979, Capricorn was beginning to look at restructuring its administration and to appoint an experienced office manager and full-time accountant.

In February that year, a new General Manager was appointed, and a lease was taken on new premises at 286 Hay Street, Perth, Western Australia.

At the end of that financial year, membership and turnover was increasing and the main suppliers such as Swan Tyres, Lynford Motors and Wesfarmers were added. Sales promotions continued.

'The logo, used and well recognised today, was the result of a low key deliberation and acquisition.'

But it was not enough. In June 1981, the General Manager resigned, fire had gutted the recently acquired premises and the Board sat to make the most crucial decision since its inception. Should Capricorn continue, or call it quits?

It was a close run thing and the Society knew that unless it tightened its financial structure and management, it could go to the wall.

Chairman Bob Bloffwitch, asked Frank O'Connor to appraise the status of the Co-operative. He came back to the Society from his service station, looked at its tenuous position, and asked for management autonomy to try and turn it around and so was back in the fold.

As General Manager with about 200 members on the Capricorn books, he turned around an ailing, but committed Co-operative to report its first dividend in 1982.

## GROWING PAINS

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Despite the tightening of policy and reviewing its business parameters and goals, Capricorn still courted more ideas and potential moneymaking exercises. It pioneered the fight to obtain competitive Bankcard rates for its members, breaking the 4.5 per cent charges to make this form of credit operation viable for the service stations.

It was the time when the Petroleum Retailers Bill came into being, allowing service station petrol retailers the opportunity to buy 50 per cent of their fuel from someone other than the landlord company.

Capricorn looked at fuel distribution and negotiated the sale of a second-hand fuel tanker from BP. It even got close to success, but we were no match for the oil companies.

In the spring of 1982, another move was then in the air with Capricorn buying premises in Abernethy Road, Perth, Western Australia, for AU\$39,250. It was also the time of the PCPs (Petro Chemical Products), which were oil and engine additives, stop leak preparations, radiator inhibitors and similar products massed against a growing additives aftermarket. The Society put great faith in the revenue gaining possibilities of the PCPs.

As early as 1981 a sales supervisor had been appointed by the Society and given the task of selling 80,000 units of PCPs in four months. Many put the landmark of Capricorn paying its first dividend in 1982 down to the sales of the products that it imported from the United States and for which it had the Australian sales rights.

It was these products that were also the link that provided members with the incentive that created the first Capricorn overseas convention. Members gained a one dollar (AUD) travel voucher for every can bought and that took more than 100 members to Bali in 1984.

That first convention also provided its own link to what is today a thriving, fully-owned subsidiary of Capricorn Society — Abernethy Travel — for the success of the convention had raised the question: “Why not let Capricorn organise our travel?”

The market was researched and businesses sounded out to buy, but the ‘goodwill’ money asked was high. In true Capricorn fashion, it was decided goodwill really consisted little more than a filing cabinet with names and addresses and a couple of junior staff, so the decision was made to go it alone.

Capricorn Travel was already registered, so being housed on Abernethy Road, it became Abernethy Travel, the members’ travel company, headed up by Ken Bremner.

‘In the spring of 1982, another move was then in the air with Capricorn buying premises in Abernethy Road, Perth, Western Australia, for AU\$39,250.’

The mid-80s were very much the years of growth, further diversification and expansion. The Society bought the Barron Rent-a-Car business and its latest premises in Welshpool Road gained petrol pumps. Cars were leased and garaged, and Sue Horsfield became the Manager of Capricorn Rent-a-Car



*Capricorn's own travel agency — Abernethy Travel — was set up to give the Co-operative the ability to organise its own conventions at an affordable price for its members. Ken Bremner was appointed Manager and he is pictured here with a fellow staff member.*



*Ray Dalwood (left) was appointed by Capricorn Society to sell the Petro Chemical Products (PCPs) to its members in 1988. He is pictured here with Capricorn member, Wayne Negus.*



*In the early '80s, Capricorn Society took on the task of selling PCPs to its members. Many say that the sales of these products lead to Capricorn paying its first dividend in 1982.*

This business venture survived well for a few years; however, the rent-a-car operation never really made any real profit and it was sold after the downturn from the airline pilots' strike, for what some recall amazingly was several hundred thousand dollars (AUD).

1986 saw the setting up of the Capricorn Superannuation Investment Trust, operating through a trustee company Carminia Nominees Pty Ltd, and described to members as 'a vehicle for orderly and profitable superannuation and investment planning'.

'The early years were past, the foundations had been laid and Capricorn Society was ready to expand beyond its spiritual home, if not beyond its shores.'

Investors were brought on board and the basis was sound, but then while members were sunning themselves at another overseas Bali convention, the Stock Exchange's Black Monday occurred and the fund's investments fell about 50 per cent.

However, with some well placed Stock Exchange trading, the shortfall was recovered and nobody lost any money, although Capricorn members decided to exit their own fund and join that of the Motor Trade Association of Australia.

The early years were past, the foundations had been laid and Capricorn Society was ready to expand beyond its spiritual home, if not beyond its shores. New South Wales became the first incursion into a nationwide market.

The Society had fought its way through a recession, come out stronger and even more committed — although admittedly a little scathed — and was ready for the challenge ahead that was to take it to new boundaries and new heights.

Sales figures were into the millions of dollars (AUD); suppliers were being changed to 'preferred supplier' status; the overseas conferences were bonding Society members together as well as educating them in the co-operative methods of business; dividends were rising; and of course the push for more members continued unabated.

Other markets outside the Western Australian borders had been mentioned many years before, but as business closed on the 80s decade this expansion option was again beckoning and with a solid backing behind it. The Board of Directors had the vision to see that this was the way of the future.

Capricorn had weathered the early years, the ups and the downs, the small successes and the more major heartbreaks, the doubt mixed with the commitment, and had come through the dark times.

There would be no looking back as the Society threw off the shackles and went out into the much broader national and international automotive business industry.

# WE DEFIED THE ODDS

INTERVIEW WITH LINDSAY TAYLOR



An early member of Capricorn Society when he joined in 1979 as a service station operator, Lindsay Taylor became the Office Manager, Accountant, Company Secretary, Membership Co-ordinator, and then Assistant General Manager of the Co-operative for which he worked for 17 years.

In those formative years he recalls the small, struggling membership and how they defied the odds to become a national company by the early 1990s.

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When Capricorn Society had been officially formed and registered I became an early member in 1979 through the Golden Fleece service station in Kewdale.

The early members had put big money for those days into the venture — AU\$5,000 each — and Bob Bloffwitch, who was to become Chairman of the Board for many years, joined as the first non-Golden Fleece member of the Co-operative.

Although the membership was gradually increasing and the Society was getting more buying power, the hard part was managing the finances. The Co-operative had to pay the suppliers, but they had to get their money back from the members to retain the cash flow. To this end Frank O'Connor's initiative of rewarding members for early settlement was most significant.

The bigger oil companies were also putting pressure on some of the main suppliers and the lessees of the service stations to buy through them and not Capricorn.

The next hiccup was the oil companies running multi-site operations, and although the Franchise Act had come in restricting this, they overcame it by having commission agents running the service stations for them.

For the Society, this hit our membership and at one stage almost made it go backwards. The agents took over multiple sites, so instead of individual Capricorn memberships for each site, they only retained one.

To broaden our membership, we opened it up to mechanical workshops, and then of course later to the panel beating and other automotive industry areas, so we had the basis for a complete automotive industry co-operative.

With the setting up of the Panel and Paint Division with Bob Jenkinson as its Manager, panel became the main secondary membership push for the Society.

When I joined as a Capricorn staff member in 1984 the business was starting to turnaround, and membership that was about 200 in 1982, had increased to more than 300, with most of the members in the Perth metropolitan area.

The Co-operative had also moved from Stirling Street and after short stays in other premises, settled on Abernethy Road in Belmont, Western Australia.

In the early days the Society did a lot of warehousing, including importing products and acting as a middleman rather than just as an administrator. It initially had problems through buying in all manner of products to resell as well as having the warehousing cost.

I joined as a representative selling the Petro Chemical Products (PCPs), a product similar to Wynns. Part of my job was to get our first convention to Bali in 1984 off the ground by persuading members of the Society to buy the product as a convention incentive.

The service stations gained a credit for each can they bought. The cost of the trip to Bali was AU\$270, so to get there they had to buy 270 cans of the product.

*“... the hard part was managing the finances. The Co-operative had to pay the suppliers, but they had to get their money back from the members to retain the cash flow.”*



In fact, one of the reasons for the next move we made from Abernethy Road to Welshpool Road was that there was extensive warehousing there that meant we could buy the PCPs in container loads at a price advantage.

Capricorn's own travel agency, Abernethy Travel, was another initiative of Frank O'Connor's to give the Co-operative the ability to conduct its own convention at an affordable price for the members.

The late 1980s was really the time when everything was starting to come into place and happen for the Co-operative. Relatively speaking it was still early days, but it was also a time when there was a momentum and it was moving forward.

Membership and suppliers were increasing to include major players such as Coventrys, who were also instrumental in encouraging members to join, as were other large suppliers.

It is a long time from the days when, Frank's wife Maria, and my wife Pat, were delivering invoices to save on time and postage; the management system was one of putting out bushfires; and we struggled to get a quorum of seven or eight members for the annual general meeting.

We did of course find a way round that latter problem in the end by having dinners, combined with a trade night as part of the meetings. That soon pushed the numbers up to perhaps a couple of hundred from just a handful, and the trade nights and expos themselves became well attended and successful.



*Capricorn Society moved from Abernethy Road to these Welshpool Road premises in 1985 in order to house the container loads of Petro Chemical Products Capricorn was buying as well as Abernethy Travel.*

*"We always kept believing that we should never be frightened of progressing ..."*



*Lindsay Taylor attended every Capricorn convention from the first one in 1984 until his retirement in 2001. He is pictured here at the Bali convention in 1988.*

I was with Capricorn for 17 years full-time, acting in many capacities, including Company Secretary and Assistant Manager, and did a great deal of work on quality assurance. The early days were hard, though magnificent times.

We always kept believing that we should never be frightened of progressing, and it was that philosophy that soon saw the Society move to the eastern states in the late 1980s to broaden its base, even though it had not saturated the West Australian market. ”

# EXPANDING INTERSTATE

*In 1989, Capricorn expanded into its third state of Australia — South Australia. Bob Bloffwitch lead the launch at the Adelaide Hotel with the philosophy 'Together We Save'.*



*There have been many defining moments in the history of Capricorn Society, ranging from the 1970 meetings that brought the 12 Golden Fleece service station lessees together, to the tri-nation organisation with a turnover approaching AU\$500 million that was Capricorn at the dawning of the new millennium.*



## EXPANDING INTERSTATE

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In the intervening 30 years, there were triumphs and heartbreaks, and times when the whole future of the Capricorn dream — to bring competitively priced goods to its members — teetered on the brink.

In the first 12 years after Capricorn became a registered co-operative in 1975, membership was still less than 500, and the late 1980s were seeing the start of an ill wind blowing into the economy ... recession.

It was in the second half of the 1980s that the Capricorn Society Board made a decision that was to change the path of the Co-operative forever, the defining moment that shaped its future. In 1987, annual turnover was about AU\$14 million. It was a struggle. Every cent was important. But it was also the year that became a turning point. Capricorn knew that to get a better buying price they had to be a national supplier.

The acceptance by Western Australian (WA) members of this new development was an unselfish one. Their home state had generated money for them and Capricorn was becoming successful. Members were getting good returns and a lot of money — their money — would be needed for Capricorn to expand into the eastern states market. It would have been easy for them just to say they wanted to concentrate on their own backyard.

'It was in the second half of the 1980s that the Capricorn Society Board made a decision that was to change the path of the Co-operative forever ...'

Capricorn was to move into the eastern states market and become a national company. A bold step that other major WA companies had tried and failed.

In 1988, New South Wales (NSW) became the first incursion for the Co-operative into the eastern states marketplace. It was the start of a period of unprecedented activity and expansion — expansion amazingly in a recession — that saw the Society operating in every state of Australia within three years.

New South Wales, Australia's most populous state, was a natural starting point, and within its first year in NSW, Capricorn had 50 members; it had taken the original WA group eight years to enrol the first 50 members.

But despite this, New South Wales, of all the states, was to provide Capricorn with its most difficult challenge. In NSW there was a natural scepticism, little understanding of the way purchasing co-operatives did business and geographical issues that affected supplier delivery, all of which complicated any easy expansion into the eastern seaboard.

The supplier network that had to be set up for NSW was also considerably more extensive than had been foreseen.

With Pat Turner as the NSW Business Development Manager, and member, Brian McGill, as the Chairman of the Society Board, NSW together with Australian Capital Territory enrolled almost 1,450 members by early 2004.

## EXPANDING INTERSTATE

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The Capricorn concept and its philosophy was better accepted by the other states, and Capricorn's next move was into South Australia (SA) early in 1989. South Australia was launched at a function at the Adelaide Hotel, sponsored by the Motor Trade Association in that state.

Darren Arthur, who joined Capricorn in 1989 as SA itself joined, is now the SA Business Development Manager. Darren attended every state launch that was to follow, and built up membership so that the state now requires the services of four liaison officers.

"There are now 1,100 members in SA and 200 suppliers and it is expanding by 80-100 members a year," Darren told Capricorn as it compiled this history in 2004.

"There has been a lot of blood, sweat and hard work, but it is a great business to be involved in and something of a fairy story to have grown nationally and then internationally," said Darren.

In 1990, Capricorn Society in WA was fighting on many fronts, as the oil companies pushed for their service station members to direct parts and accessories ordering through an oil company account rather than through the Co-operative.

'... within its first year in NSW, Capricorn had 50 members; it had taken the original WA group eight years to enrol the first 50 members.'

But while the conflicts continued, so did the interstate expansion, and in March 1991, at the Brisbane Broncos League Club, 20 Queensland service station proprietors voted for the Society's way of doing business and signed on the dotted line.

The Queenslanders were keen to adopt Capricorn, but with only one national supplier group represented in that state, the Co-operative had to source a number of independent suppliers.

Queensland was founded on service station businesses, and as the Society was now moving to expand not only geographically, but into other areas of the automotive industry, supply relationships had to be developed outside this area.

"The suppliers and the members believed in us in those early days and that helped us on our journey. Now we have more suppliers chasing us than the other way round," said Mark James, Queensland's Business Development Manager who also headed up the push of the Panel and Paint Division into that state in 1993.

The year 1991 saw a highly organised, logistical, concentrated and rapid push by Capricorn into the remaining states of Australia. Early that year Capricorn moved into Victoria and 17 sites signed with Capricorn at that launch.

More than ten years after that Victorian launch and as the 30-year celebrations in 2004 are foremost in the minds of members across the nation, Geoff Padgett, is Victoria's Business Development Manager.

The combined Victoria –Tasmania zone in 2004 had more than 2,200 members making it the zone with the most Capricorn members anywhere.





*Capricorn Society made the first move into another Australian state in 1988 with Frank O'Connor, former General Manager, at the helm. This state was New South Wales, and it was this move that saw Capricorn expand over the coming years both nationally and internationally.*



*Darren Arthur became the first Liaison Officer in South Australia in 1989. Since then he has developed the state managing four liaison officers, with himself now Business Development Manager.*



*The New South Wales Liaison Officers, Grant Styles, Andrew Norton and John Davison donned their multicoloured coats for the AAAA Trade Show in Victoria in 1994.*

## EXPANDING INTERSTATE

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Capricorn, in three short years between 1989 had expanded into every mainland state of Australia. Before the end of the financial year in June 1991, Tasmania joined with a launch that was an unparalleled success.

Three separate launches were held covering the main geographical areas — Hobart, Launceston and Devonport — and follow up meetings were held to attract members.

Darren Arthur, together with South Australian Liaison Officer Kym Vonthethoff, spent their time in Hobart, while other members of the team including Board Director Wayne Negus, General Manager Frank O'Connor and the then Sales and Membership Co-ordinator Lindsay Taylor, dispersed around the state.

At the end of a single week in Tasmania, there were over 50 membership applications. Capricorn still has one Liaison Officer looking after all the members' interests.

Covering all national markets, Capricorn Society also established a presence in the Australian Capital Territory which is part of the NSW zone, and the Northern Territory which forms part of the SA zone.

The targets set for growth in the 1990s, and, the hard work of the formative years had paid its dividend. The development of significant membership numbers in the states and territories had been achieved and Capricorn was becoming a substantial commercial presence for the benefit of members and suppliers alike. Capricorn had become a major presence in the automotive industry in Australia.

In 1988 when Capricorn began to move into the eastern states its membership was 552. By June 1991, when it was truly national, that membership had grown to 1,244 with a company turnover of more than AU\$50 million.

In September 1992, Capricorn appointed a National Sales and Marketing Manager, Steve Barraclough, and the sales staff was increased especially to concentrate on adding to the supplier network demanded by the members.

By this time, there was a major ongoing momentum to the Society's growth with less reliance on the service stations that formed the core of the early membership base.

Other areas of business were pursued and Bob Jenkinson, who had become Manager of the newly formed Panel and Paint Division, also took this membership and supplier drive into every state of Australia.

The move to enrol members and to source suppliers throughout and outside Capricorn's WA birthplace played a significant role in its membership expansion. In the first quarter of 1993, membership passed 2,000. Less than 18 months later it reached 3,000.

The 1990s was a golden time for Capricorn Society and increasing membership was evidence that the decision to expand interstate was the right one at the right time.

# A CHALLENGING MOVE

INTERVIEW WITH STEVE BARRACLOUGH



Steve BarracloUGH is now the Capricorn Society Group Business Development Manager, but he first joined Capricorn as National Sales Manager during its first full year of operation in all Australian states.

Now responsible for co-ordinating the Capricorn Field Liaison Officers' activities across Australia, New Zealand and the Republic of South Africa, and helping to increase the membership and supplier networks, he talks of the Co-operative's operations outside Western Australia.

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I was first involved with Capricorn Society in the mid-to-late '80s when I was the Western Australian State Manager of Lucas. After two approaches, Lucas became involved with Capricorn in late 1984 as the first battery supplier to the Co-operative in Western Australia (WA).

At that time Capricorn was looking at expansion into the eastern states, with its first move into New South Wales taking place in 1988. By the end of 1991 all states, including Tasmania, were part of the Co-operative.

Capricorn knew they could get the best buying price by having a system of national suppliers, and I agreed to Lucas being one of them, the first in the Capricorn network.

When I went to Atkins Carlyle, they were also a supplier, so I continued the Capricorn relationship.

I had seen Capricorn grow and go national, watched its expansion, and joined it in September 1992 as National Sales and Marketing Manager. Capricorn started increasing staffing in all states to accommodate demand as well as the supply networks, and this carried on throughout the 1990s.

The early membership was mainly service stations before the Co-operative started branching out into mechanical repairs. We could see we had to get into other areas to survive.

I truly believe that if we had not done so, the Society would not be here today.

Bob Jenkinson joined Capricorn a little before me as Manager of the newly-formed Panel and Paint Division. His task after establishing it in WA was to take this area of business interstate.

The move into the eastern states saw individual panel division liaison officers appointed, although later on one liaison officer covered all areas of business, but within a smaller territory.

Capricorn had to develop supply relationships outside the service stations. The Co-operative needed to expand into other areas of the automotive industry such as the auto-electrical and engine rebuilder businesses. This was the future, especially if Capricorn was to make it as a national company.

Moving into the eastern states provided its challenges, as did developing the markets. The supplier relationships had to be developed and the supplier network then driven by member demand.



*Burson Automotive joined Capricorn Society as an early supplier in Victoria. They continue to be a great supporter of Capricorn and in 2002 received a 'Million Dollar Supplier' award from Capricorn. Steve Barraclough, Group Business Development Manager (second left) presented the award to Terry Penney and Garry Johnson of Burson Automotive, with Victorian Business Development Manager Geoff Padgett (right).*

*“There are differences in each of the states, but the principle is the same everywhere. You just have to keep working to convince people to adopt it.”*



The Business Development Managers in each state were charged with looking after member demands and that meant responding to the members' needs and reviewing and monitoring supplier relationships.

There are differences in each of the states, but the principle is the same everywhere. You just have to keep working to convince people to adopt it. It all depends on the supplier relationships so where suppliers were strong such as in WA and South Australia (SA), we had tremendous support. It was support from Coventrys that was instrumental in helping the Society really get started in WA.

Coventrys also had Motor Traders in SA, and outside that state the main supplier in the system was Repco, which was adopted as a key national supplier.

It was difficult to make inroads in the other states as far as relationships were concerned, particularly Victoria until Burson Automotive joined. Burson Automotive committed to the Co-operative, helping it get established in Victoria more quickly, and continue to be a great supporter.

Victorians were cautious about the Co-operative buying group, but once you get to a certain number there is a level of self generation as word spreads. Victoria is now the strongest state in terms of members of the Society.

In Queensland, businesses were fairly keen to adopt Capricorn, but the main problem was establishing the supplier network. Once again we had to look to source a number of independent suppliers, as Repco was the only national group represented in the state.

*"New South Wales, the first of the Capricorn states outside WA, proved to be the most difficult challenge, even though it has Australia's biggest population."*

Queensland was also founded on service station businesses, so we had to develop supply relationships outside this automotive area.

We moved into mechanical and general workshops. Queensland is now a strong Capricorn state with some great supply relationships, and the Capricorn business there is growing well.

New South Wales (NSW), the first of the Capricorn states outside WA, proved to be the most difficult challenge, even though it has Australia's biggest population.

The problem was not that it was the first state we entered outside WA, but the different backgrounds and cultures operating in the automotive industry there.

Then of course there were the demographics that created the sheer difficulty of getting parts delivered. The problems in getting Capricorn established in NSW was no different than the problems faced by other national companies. The NSW auto industry was sceptical about new schemes.

We found that while a supplier in WA will send deliveries virtually anywhere, that is not the case in NSW. Because of delivery difficulties, and the number of small independent suppliers, Capricorn needed to set up a much broader and in-depth supplier network to cater for our members.





*Steve Barraclough has attended many Capricorn conventions over the years. He is pictured here at the Hong Kong convention in 1996 with (left to right) Garry Tidswell, CBC Bearings; Pat Adams (then of Tea Gardens Garage); and Dianne Tidswell.*

Outside NSW the concept of Capricorn was more readily adopted. The industry in states such as Victoria was different to NSW and it took us a little while to identify the cultural differences.

The Australian Capital Territory (ACT) did not share the same problems as New South Wales, but is part of the NSW-ACT zone. Australian Capital Territory has provided very good growth for Capricorn with excellent adoption rates through Canberra and its satellites. I believe this is because the businesses have been run by the same people for a long time and they are often family businesses.

In Tasmania, we have one person looking after all our interests and the growth there has also been good for Capricorn.

The Business Development Managers in each state are charged with looking after the needs and wants of members and it must always be remembered that the supplier network is driven by member demand around the country. ”

# BROADENING THE BASE



*Bob Jenkinson (left), former Panel and Paint Division Manager and Steve Barraclough, former National Sales and Marketing Manager, are pictured here with the 'Capricorn girls' at the AAAA Trade Show in 1997.*

*The start of the 1990s was a new decade and another defining period in the growth of Capricorn Society.*

*The late 1980s had provided some golden years of growth. Successful membership campaigns with catchy slogans such as 'Enrol a Mate for '88' and 'Enrol 9 in '89' had helped boost the Society's numbers to approaching the 1,000 mark.*



## BROADENING THE BASE

There was a broadening of services and the supplier base, and of course the start of the expansion into other Australian states.

Capricorn had ridden the economic troughs, but in Western Australia (WA) in 1990 there was a push by oil suppliers for service station members of Capricorn to direct their parts and accessories through an oil company account.

The Co-operative members fully realised they had to keep together to utilise their buying power and so better compete with their big business adversaries, so the actions of the oil companies sounded warning bells.

The Society was still firmly based around service station memberships, although the focus was beginning to change as the mechanical workshop sector grew stronger as it evolved into a more independent industry area.

Capricorn's Annual General Meeting in 1991 was a momentous one. In the early part of the year launch meetings had been held across the nation and the Capricorn family was then established in all Australian states.

Membership had passed 1,300, buoyed by the new markets; sales turnover had passed AU\$50 million; and assets AU\$2 million.

'The Co-operative members fully realised they had to keep together to utilise their buying power ...'

With the hard work of the formative years behind the Society, it was not a time for Capricorn to sit back and suffer at the hands of the economic recession, so again it decided to push the bounds of the Co-operative's business potential.

The Capricorn story was about to take another turn, and it was one that the then Sales Manager, Lindsay Taylor, believes was a defining moment in its survival.

The Capricorn Board of Directors and many members believed the only way to grow further — indeed to survive — was to spread their wings throughout the automotive industry.

Looking back on that year, Steve Barraclough, the Society's Group Business Development Manager commented in 2004, "If the Board had not made that decision we would not have been here today. If we had stayed focused on service stations we would have been dead in the water. They were not our future."

Prompted by various trade associations throughout Australia, the Capricorn directors announced the formation of a Panel and Paint Division at the 1991 annual meeting. Geographical expansion had turned to industry expansion.

In January 1992, Bob Jenkinson accepted the challenge and the responsibility of setting up the division and co-ordinating its launch.

A former panel beater and sales manager, Bob believed that the benefits that came from the power in numbers that had been achieved in the workshop industry could also be achieved in the panel industry, with support and involvement.

## BROADENING THE BASE

On 14 April 1992, the long awaited Panel and Paint Division was officially launched at Perth's Burswood International Resort Casino and included several dozen Western Australian Motor Trade Association approved body repairers.

It was an auspicious beginning, and a natural place to start the Co-operative's market expansion, for it was something the industry wanted.

After that it was a matter of going out and doing the hard work, knocking on doors. Laying the foundations.

In March 1993, Chris Carter, later to become Capricorn Business Development Manager in Western Australia, joined the Panel and Paint team as a Liaison Officer.

He had worked with Bob Jenkinson, although not in the panel area before, and his job was to sign up panel beaters, and as he did so, expand the supplier base. There were also some existing suppliers that had previously been dealing with the panel beaters who used a range of automotive products especially in crash repair work.

That year was a time for further optimism, and in the first financial quarter, membership passed 2,000, only three years after it had reached 1,000, a figure that had taken 15 years.

It was a year that also saw Capricorn Society recognised in the broader business community. It was listed 51st in the *Business Review Weekly's* list of Australia's 100 Fastest Growing Private Companies. It was also in the Top 500 private companies overall.

'On 14 April 1992, the long awaited Panel and Paint Division was officially launched at Perth's Burswood International Resort Casino ...'

In 1994, the milestones were coming quicker and the expansion into the eastern states was playing a significant role. By September that year, membership had reached 3,000, only a year since the previous 2,000 landmark, turnover had passed AU\$10 million a month, and the Society was in the top third of the country's Top 500 private companies.

The Panel and Paint Division was also steadily expanding into all the Capricorn markets, and by 1995, the 21st celebration of the Co-operative's formation, was also operating in all states.

Separate liaison officers were appointed solely to look after the Panel and Paint Division membership and supplier base, except in the Australian Capital Territory (which came under the New South Wales zone) and Tasmania.

Before the end of 1995, there were more than 450 panel beaters who were members of Capricorn. It made the Society by far the largest group of independent panel beaters in Australia.

That financial year saw the first million dollar (AUD) trading rebate and underlined Capricorn as the largest independent automotive co-operative in the country.

1995 also produced two more significant developments. The exceptional growth





*Capricorn Society used some successful membership campaigns in the late '80s to help boost the membership numbers to close on 1,000.*



*In 1995, Capricorn Society experienced exceptional growth, which lead to the purchase of their current premises on Burswood Road, Victoria Park, Western Australia.*

## BROADENING THE BASE

of recent years had brought the need for a change in premises and saw the purchase of a property in Burswood Road, Victoria Park WA.

Capricorn had spent ten years in their previous premises, but a central location, ease of accessibility and the ability to house the developing Co-operative and its growing information technology base, particularly in its years of future expansion, necessitated the move to Capricorn House in Victoria Park.

The other development for Capricorn was outside the confines of their new premises. Outside of Australia there was an interest being shown by the Motor Trade Association in New Zealand, and by the Motor Industries Federation of South Africa that was to slowly light the fire of overseas involvement.

Capricorn was now gaining members in other areas of the automotive industry such as auto-electrical companies, and suppliers were providing a range of services on an ever-broadening business front.

Gradually the service station membership that had provided the catalyst for the Society's formation, and its backbone, were no longer the primary focus of its operations and were no longer the predominant member base.

'Geographically, the Society had established itself throughout Australia in every state and territory.'

The Panel and Paint Division, which had been the main initiative in the change of membership focus, was a major success and stayed a separate division until December 2001.

Capricorn believed that as its liaison officers had the expertise to handle all member and supplier contacts throughout the divergent automotive industry businesses, whether panel, paint, mechanical or auto-electrical. There was now no need to have separate officers.

In the first 15 years of its operation, from the time it became a registered co-operative, Capricorn's progress had been slow and steady, but it was the decade of the 1990s when that all changed.

These were the years in which the Society really broadened its base in every way.

Geographically, the Society had established itself throughout Australia in every state and territory. By 1997, those early talks with New Zealand had born fruit and a presence was established in Auckland that would quickly expand. Just around the corner the Republic of South Africa was waiting in the wings.

In terms of membership, it started the 1990s with less than 1,000 and ended it with more than 5,000. In terms of industry coverage, it had progressed way beyond the sole service station businesses that had served its early development so well.

A new millennium beckoned together with the changes that would be needed to adapt Capricorn to its status as a multi-national and multi-million dollar company, and one that was the leader in its field.

# THE INDUSTRY WAS CHANGING

INTERVIEW WITH BOB JENKINSON



When Bob Jenkinson stepped up to join Capricorn Society he was a man with vast experience, both working in and servicing the panel industry. It was 1992 when he went to head up the Society's newly-formed Panel and Paint Division at a time when Capricorn was starting to broaden its membership base.

There was an opportunity for the Society to expand and bring in members from other areas of the automotive industry. The new division was launched as another step in the Co-operative's expansion of both the membership and the supplier network. Bob looks back on how it was achieved.

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I came to Capricorn Society in January 1992 with more than 35 years experience in the panel industry. My first task was to set up and co-ordinate the launch of a Panel and Paint Division in Western Australia.

Before my appointment the Society had not been looking at panel members as potential members. At that time the Society's membership was made up of service station operators and automotive mechanical workshops.

It was a time when the whole industry was changing. The service stations had run their own workshops, but they were now becoming petrol oriented outlets and even sold food and other goods. They were getting out of their workshops.

The image was changing. Society membership was based more on the mechanical repair shops and the panel industry wanted something done for them, something with similar business benefits.

The year before I joined Capricorn, a decision was made by the Society's Board to look at the position of the panel industry and its possible membership future within the structure of the Society's existing members and suppliers.

The panel industry needed its own focus mainly due to the involvement of the insurance companies in much of its work.

In the mechanical repair industry, in simple terms, when they had finished the job they would get paid. But with the businesses that operated in the panel repair, especially smash repair industry, because of the high level of insurance work, the panel repair companies paid up front for parts and then on completing the job had to invoice the insurers. It was only then that they were paid.

*"The panel industry needed its own focus mainly due to the involvement of the insurance companies in much of its work."*

The panel industry was an area that the Capricorn Board saw as part of a logical expansion into the broader overall automotive industry as Capricorn moved towards becoming the largest independent parts buying co-operative in Australia.

When I joined it was to develop the panel industry as part of the Capricorn Society co-operative, and as Frank O'Connor said at the Panel and Paint Division launch in April 1992, when Capricorn first started members were being sold a dream. The panel industry was being sold a reality.

The Co-operative itself was then national, with members in all states including Tasmania, but my first focus was on building the panel membership base in Western Australia as the Society itself had done originally.

The approach had to be different because the operation was a little different. Panel repairs were a captive high volume market for dealerships and the franchise dealers relied a great deal on panel volume through their parts department.

Bringing the panel industry into the Capricorn fold was a new start. I had to talk to potential members, panel beaters and suppliers as well as set up a new department and then go out and cold call, knocking on doors and trying to persuade them to join.

*"The panel division was started at a time when membership came mainly from the service stations and had branched out into mechanical repairers."*



*Steve Barraclough (front, left), National Sales Manager at the time; Geoff Padgett, State Manager Victoria at the time; Chris Carter, State Manager Western Australia at the time; Darren Arthur, State Manager South Australia at the time; Kim Robinson, Sales Assistant; and Bob Jenkinson (front, right), Marketing Manager at the time, at the Queenstown convention, New Zealand 2002.*



Because of the early decision to make Panel and Paint a division in its own right, its operation and success was monitored separately within the Society. Even today it reports separately to the head office, although the Panel and Paint Division has not been a separate entity since 2003.

After I had set up its operation and we had created a membership base in Western Australia we moved, as the main business had done, into the other Australian states with separate liaison officers. Some liaison officers would look after service stations, mechanical shops, auto electrical and similar business, and others were employed for the panel division.

Only in Tasmania and the Australian Capital Territory, due to location and logistics, was it not viable to have a separate staff member, so one did it all.

The New Zealand operations had been underway for some time when we branched into panel. We used the existing liaison officers; one in Auckland, Wellington and Christchurch, otherwise it would have been uneconomic. The system worked well and still does.

Panel division membership sales were a great success, but it was logical and made sense to have the one sales force.

In 2002 the Capricorn sales forces were combined, but it did not mean any downsizing, in fact the opposite. We employed more people and gave them smaller areas to work in for greater contact and efficiency.

Instead of the liaison officers for the panel division reporting to me and the others to Steve Barraclough, the panel part of our membership and suppliers now report to Steve as Group Business Development Manager.

The panel division was started at a time when membership came mainly from the service stations and had branched out into mechanical repairers. This certainly had an impact on membership.

My role is still to develop membership as Membership Development Manager, but not just in the panel/smash repair industry.

Developing membership means marketing our services to members. We have done this in many different ways over the years and are always looking at opportunities for membership benefits to provide compelling reasons for them to join Capricorn Society.

As we celebrate in 2004, 30 years since the true formation of Capricorn Society, we are looking at new products to provide important additional benefits to members, such as 3:6:12 Easy Access Equipment Credit, financial services, and telephone and other communication services.

We are a long way past the initial core services the Society first provided, and we continually look at what members want and try to supply it for them. It is an exciting era because it has diversified greatly from the early days and we know whatever we do we must continue to do it right.



*Bob Jenkinson (left), Membership Development Manager and Trent Bartlett, CEO, look to the future at the AAAA Trade Show in 2003.*

# ACROSS THE TASMAN

*Tim Peters, the first Capricorn Society Liaison Officer in New Zealand (front, left) and Kevin Hamer, former Liaison Officer and current member (front, right), were presented with the Capricorn Sales Achievement Award for their zone's performance in 1999. Steve Barraclough, current Group Business Development Manager (back, left) and Bob Jenkinson, current Membership Development Manager (back, right), presented the award.*



*The beginnings of what has become the Capricorn juggernaut had slowed. From the mid-1970s to the early 1980s membership was virtually stagnant.*

*But by the mid-1980s there was a credibility and belief in the business that Capricorn Society had fought so hard for. Now it was not only established, it was growing and expanding, albeit within its own home state of Western Australia (WA).*



It had taken ten years since being registered as a Society, and 15 years since the early days of the loose partnership that decided to join forces to provide a system of buying power by numbers, to reach this stage.

In everyday modern terminology, the mid-1980s saw Capricorn Society 'on a roll'.

Despite this, membership had still only just moved past the 300 mark in 1984/85, but it was branching out from its service station base into one that included mechanical repairers, offering membership growth opportunities and a larger supplier base.

Another crossroad then came into view. Another important decision to consider for the benefit of both the Society and its membership — the possibility of a geographical growth outside Western Australia as another, and more dramatic, way to expand the Co-operative's reach and influence into new horizons.

In 1988, Capricorn Society membership passed 500 and that was the first year of its incursion into the eastern states, initially through New South Wales. Within three years, 1991, members from all Australian states and territories were represented in the Society, and membership had moved above 1,200.

Capricorn had come of age, growth was on an upward curve, and by 1993 Capricorn Society was rated 51 in the Top 100 Fastest Growing Private Companies in Australia by the highly influential *Business Review Weekly* (BRW).

Its future growth now lay in other areas, new automotive areas of business as yet untapped.

Members from auto electricians, panel and paint shops, and other automotive businesses were signed up. Another challenge was met, the Capricorn reach had further expanded and even more exciting challenges lay ahead.

There was still — and always will be — room for expansion within Australia, but thoughts turned to looking outside the square and expanding internationally.

'... by 1993 Capricorn Society was rated 51 in the Top 100 Fastest Growing Private Companies in Australia ...'

In 1996, the emphasis on international growth was initially being focused on the Republic of South Africa, and while the signs looked good, Steve Barraclough, then Capricorn's National Sales Manager, had reservations and was not convinced that the time was quite right for it to be the first overseas initiative. There was another country closer to home that well understood the co-operative movement, its ethics and philosophies, having long used them in the dairy industry — New Zealand.

In 1997, Steve Barraclough boarded a flight from Perth in Western Australia and jetted across the Tasman, his mind full of thoughts for the future, to see if the Co-operative could get a foothold in New Zealand. And when he stepped off the aircraft in Auckland, it was a city where hardly anyone had heard of Capricorn Society.

He first met key suppliers such as Castrol and Valvoline who had relationships

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in Australia, then worked closely with the Motor Trade Association of New Zealand (MTANZ).

The journey was perhaps fate, or just good timing, for although the MTANZ had its own well-established group scheme where parts could be bought from preferred suppliers — one that was not unlike that of Capricorn — it operated in a different way and was not the real success the Association had anticipated.

So the Motor Trade Association was itself looking at a solution to its own trading enterprise, which meant that coming together with Capricorn would solve both needs and ambitions.

With the help, co-operation, support and assistance of the MTANZ, the existing system was closed down and Capricorn introduced its own so it could develop the scheme to reflect Capricorn's style of trading and business.

Capricorn had become an international company, and then, according to the first Liaison Officer in New Zealand, Tim Peters, "was being heard loud and clear across the Tasman."

One of the most powerful aspects of the New Zealand introduction was because Capricorn had then been trading for more than 25 years, it had credibility, authority and tremendous membership support.

The first New Zealand member, John O'Connell from Morrin Road Automotive in Auckland, joined Capricorn in June 1997 with NZ\$500. At the time he had only four suppliers to choose from. Within five years that figure had grown to almost 200 and the New Zealand membership to 800.

The first New Zealand Capricorn Dinner and Display night was held at the Sheraton Hotel in Auckland in the August of 1997. Membership — as it was doing throughout the Society's Australian network — grew rapidly right from the initial launch. The New Zealand automotive community became excited about the opportunity to share with Australia in changing the way business was conducted in the industry.

'And when he stepped off the aircraft in Auckland, it was a city where hardly anyone had heard of Capricorn Society.'

The reception that Capricorn had received from New Zealand suppliers was termed nothing short of 'fantastic' by those who attended the early launch functions.

The first instinct of Steve Barraclough had been to test the Capricorn co-operative format in Wellington, but with two-thirds of the population living in the North Island and most of the key suppliers located in Auckland, it was that city that became the logical choice.

Auckland remained the sole centre for Capricorn for the first three years of the New Zealand operation. As the Society passed through 1999, its New Zealand membership numbers entitled them to be represented on the Society's Board of Directors.



*The first Capricorn Society member in New Zealand, John O'Connell (left) from Morrin Road Automotive with staff member Carl Ram. John joined Capricorn Society in June 1997 and is still a member in 2004.*



*The Wayne Dorgan Auto Repairs team (left to right) of Jason, Vickie and Wayne Dorgan with long time employee Bruce became the 200th Capricorn Society member in the central region of New Zealand in March 2002.*



*In May 2002, the Capricorn convention went to magnificent Queenstown, home of bungy jumping and shotover jetboats for seven fun-filled days.*





*Capricorn Society's Liaison Officers at the MTANZ Conference held at Star City Casino in Sydney, Australia in October 2003. From left to right: Tim Peters, Rodger Castleton, Dean Turner and Tony Sherry.*

Wellington followed Auckland. More liaison officers were appointed, and by 2002 the North and South Islands were represented by members and suppliers in major and regional centres from Auckland all the way down to Invercargill.

The year 2000 saw another binding of the strong relationship that had grown between the cross-Tasman neighbours with New Zealand playing host to the entire Capricorn family when the annual convention was staged in Rotorua. Just two years later more than 300 members returned to Queenstown as delegates to another convention in that country.

Trade shows also became an involved part of the Capricorn way of benefiting members and suppliers alike, especially in the regional areas of both the North and South Islands.

Whether it was Napier, Taupo or Rotorua, a large majority of regional members attended the informative shows and displays with outstanding enthusiasm and support for the suppliers.

New Zealand, with its own zone within the Capricorn Society co-operative structure, has continued to benefit from all the major Capricorn initiatives including Capricorn Mutual Limited and 3:6:12 Easy Access Equipment Credit.

‘New Zealand became one of the outstanding success stories of Capricorn Society, breaking international barriers ...’

At the beginning of 2004, New Zealand moved past 1,300 members, Russell Green was representing them on the Board of Directors, and James (Jim) Kilmartin, who had been involved in the automotive industry his entire working life, was appointed as the Business Development Manager.

Jim Kilmartin, having been an apprentice and then working in many sales and managerial roles, saw the virtue of strategic planning and the essential need for outstanding customer service as two of the major commitments Capricorn needed to make to continue its growth and to retain its high respect in the New Zealand marketplace.

New Zealand became one of the outstanding success stories of Capricorn Society, breaking international barriers and looking toward providing continued opportunities for growth and expansion far beyond those achieved by 2004.

The Republic of South Africa had not been forgotten. As the Co-operative became established in Australia and New Zealand, the other rugby playing giant in the Southern Hemisphere was going to form part of another tri-nations force to be reckoned with.

# NEW ZEALAND GROWS

INTERVIEW WITH RUSSELL GREEN



Russell Green is a long-time member of the Motor Trade Association of New Zealand (MTANZ), which provided his first involvement with Capricorn Society long before he became a member through his Auckland business.

He has seen the membership, the suppliers and the Co-operative's staff representation grow in both the North and South Islands, and he is currently the Director who sits on the Society's Board having been elected by the New Zealand members. He recalls how Capricorn's expansion into New Zealand came about.

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Originally the Motor Trade Association of New Zealand, of which I am a member, had a group buying scheme that was not unlike Capricorn's, where members could buy parts from preferred MTANZ suppliers.

Unfortunately the group scheme was not very well patronised by the membership and its future was in the balance.

However, the MTA management had, luckily, heard of this buying group in Australia — Capricorn Society. So instead of facing the prospect of closing their buying group down, the MTANZ sought out Capricorn.

Capricorn's move into New Zealand took place with the MTANZ endorsement of Capricorn and its assistance in selling the Society and its concept to the MTANZ membership.

My first personal involvement came about because I was then the President of the Auckland Branch of the Motor Trade Association, the city in which Capricorn first began its operation.

The Association invited Capricorn along to do presentations at our local member meetings. These were mainly made up of power point presentations from Tim Peters who was the first Capricorn Society Liaison Officer to be appointed.

The problem, if you could call it a problem, was that the whole idea really sounded too good to be true for our members in the automotive trade.

Part of the reason for this, and a main part of the success of both the presentations and the early development of Capricorn in Auckland, was having Tim Peters on board.

Tim had a very wide knowledge of the automotive industry and many connections within it. There were also some very reputable and established suppliers who had gone on board with Capricorn and this gave the whole concept credibility.

Basically the concept was to start Capricorn in Auckland where most of the major supply companies' head offices were located. It also had the obvious benefit for gaining potential members because the biggest part of the New Zealand population was centred there.

Capricorn was based in Auckland for three years, and because this form of business operation is all about being a numbers game, once critical mass was reached, the opportunity was there to spread the



*At the Capricorn Society New Zealand Golf Classic in April 2003, Russell Green presented Wayne Pulley, from Rangiora Vehicle Service Centre, with the door prize of a set of golf clubs.*

*“... instead of facing the prospect of closing their buying group down, the MTANZ sought out Capricorn.”*



*Rodger Castleton (far left) and Russell Green were on drinks duty and a welcome sight to members at the Capricorn Society New Zealand Golf Classic in May 2004.*

Capricorn operation throughout the country. Suppliers were already in place and there was a supply network.

The liaison officers all worked from their cars and their homes and still do, although things gradually became more sophisticated to help them operate. I think it was Tim Peters who introduced laptops into the system.

Tim Peters, the first Liaison Officer, did a great job in those early days establishing Capricorn in Auckland, and helping to provide the basis for Capricorn's expansion into both islands of New Zealand.

He was joined by Kevin Hamer, (who has since resigned, but has now joined as a member), then Rodger Castleton, Tony Sherry and Dean Turner.

As Capricorn continued its strong growth in New Zealand, Jim Kilmartin was appointed as the Business Development Manager in 2004, responsible for overseeing all strategic development, sales growth and membership development throughout the country.

One important issue the Society had to deal with was the impression that it was only an Auckland operation.

It was important for Capricorn to get established as soon as practical outside Auckland so that it could be seen as a truly national organisation, otherwise it could have suffered from some backlash.

The move to employ staff from Wellington and Christchurch was a great initiative because then the members in these areas felt as though they had a true connection to Capricorn. It was also welcomed with open arms in the country areas as it gave them a connection to the main cities.

*"... I think it is important that members get represented by members that also work at their level ..."*



*Tim Peters was the first Liaison Officer in New Zealand and according to Russell Green, he did a great job in establishing Capricorn in New Zealand and providing the basis for expansion into both islands.*



The obvious reason for the success of Capricorn in New Zealand is that members get to share or own shares in the Co-operative. New Zealanders are also very aware of how co-operatives run and operate due to their involvement with them in the dairy industry. So the co-operative principles and philosophies were readily accepted and appreciated.

I must admit, I was initially surprised that there was never any 'anti-Aussie' feeling with the Society being run from Western Australia, but New Zealanders accepted that they had as much ownership or right as anyone and that has made the relationship a good one.

The New Zealand member base is growing rapidly and in 2004, we have more than 200 suppliers. I think for Capricorn to stay successful, it needs to maintain its roots as an industry-based co-operative.

My own background was being born and bred in Auckland, serving my time as an apprentice mechanic, and always being involved in the automotive industry at some level.

Moving into 2004, I have owned my own automotive repair workshops for the last 17 years. I have also been a member of the Motor Trade Association in New Zealand for 17 years as well as President of the Auckland Branch of the Association — the largest in New Zealand — and been involved with committees at national level.

I stood for election for the Capricorn Board because I think it is important that members get represented by members that also work at their level — in other words at the coal face.

I currently run a small workshop that has allowed me to take the time out to devote to Capricorn as I believe being a Director is a major commitment. I have been able to appreciate the skills required at Board level as you have to detach yourself from your own business and put yourself in a different role while you are on Board business.

I undertook the Board training seriously and felt that I have added value to the Board and believe it is important the members are represented by Directors from their zones as this gives a feeling of ownership to the local members.



# TRULY TRI-NATIONAL



*Frank O'Connor first spoke at a convention in Cape Town in 1993 about the merits and background of Capricorn Society. This lit a spark amongst the automotive industry in the Republic of South Africa, leading the way for the registration of Capricorn in the Republic in 2000.*

*There are three distinguishing aspects that make up Capricorn Society.*

*The first is in its structure — the Society, the members and the suppliers.*

*The second was its first international expansion into New Zealand.*

*The third is in its tri-nation reach and operation — Australia, New Zealand and the Republic of South Africa (RSA).*



In the early days, with its early beginnings in Perth, Western Australia, the world's most isolated capital city, the Society looked to its own members to find solutions to any problem.

The foresight of both its future Board and its membership later saw the Society expand across the continent.

The next step was to have an international focus. And so, back in the mid-1990s, as Capricorn Society was recognised as one of Australia's top ranking private companies in the land by BRW magazine, the RSA became the focus of the discussions for expansion.

'The market in the RSA was considerably different to any Capricorn had been used to.'

As early as 1994/95, parties in the RSA had been showing an interest in using the Capricorn Society expertise, and initial talks had been held with a view to franchising or licensing the Capricorn system.

In 1996, then General Manager of the Society, Frank O'Connor made two visits to the RSA at the invitation of the Retail Motor Industry in the Republic and the signs looked good.

The RSA delegation also visited Australia that year and spoke to many members of Capricorn. They were impressed by the local comments about the Society, the success of its co-operative system, and the ethics and open approach to helping the small business owner.

But after discussions between Frank O'Connor, and the now Group Business Development Manager Steve Barraclough, attention moved to nearer trans-Tasman neighbours, New Zealand, as the focus for the first overseas target.

The following year, 1997, Capricorn moved into New Zealand, and as that country became established in the Society's operations, the focus turned back in 1999 to the RSA.

The market in the RSA was considerably different to any Capricorn had been used to. It was a very depressed economy, and while trading accounts were in existence they were not as dominant as those in Australia and New Zealand.

This of course had its up-side for the Co-operative because as Steve Barraclough says about those early incursions, "it was reasonably easy to convince suppliers about the system because it guaranteed the member's payments and that meant no debt."

The push into RSA began, but initially, according to current RSA Business Development Manager Rob Mildenhall, it caused quite a stir amongst the suppliers who thought that Capricorn was just another parts supplier.

This concern was short lived and getting supplier support was not hard, for many with Australian links realised the credibility that Capricorn had achieved in its then 25-years of existence.

## TRULY TRI-NATIONAL

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Suppliers trusted Capricorn, but had to be convinced that the Society would pay the debts as promised. Because the RSA had the benefit of knowing this had worked both in Australia and New Zealand it gave them confidence.

After the first six months of operation the confidence in Capricorn had been cemented and it became the suppliers who were instrumental in pioneering the scene for Capricorn members in the Republic, and the win-win success story was well and truly underway.

'By the time it had achieved registration in the Republic, supply contracts had been secured with six major suppliers ...'

It took almost six years from when Capricorn first started investigating the possibility of launching its way of business in the RSA to reaching that ultimate goal. In that time the Society had developed a close working relationship with the Retail Motor Industry — equivalent of the Australian Motor Traders Association — and the Motor Industry Workshop Association of which Rob Mildenhall is now national Chairman.

As was the case in New Zealand, there were the challenges of doing business in a different country, with different tax and business laws, rules and regulations, and hurdles such as the Reserve Bank's Foreign Exchange policies. It has taken some time to get the ball rolling to the African continent.

Capricorn was registered as a company in the RSA on 19 May 2000, although its marketing effort had already started in the previous March.

The attention was focused initially on securing supply contracts with the major motor industry manufacturers/suppliers and it was agreed that the best way to begin the process was to canvas prospective members and establish who they would like to have as Capricorn suppliers.

It was a good strategy, and Capricorn was able to draw up a profile of the suppliers needed. By the time it had achieved registration in the Republic, supply contracts had been secured with six major suppliers and verbal commitment had been received from a further 14. But while being registered in 2000, trading effectively began in the middle of 2001.

Paddy Taylor had heard Frank O'Connor speak at a convention in Cape Town back in 1993 on the merits and background of Capricorn Society.

Says Paddy, "It was intriguing that such a simple system of mainly one-man businesses could get together and command such enormous buying power."

He had been in the motor industry for many years with Ford and then in his own Shell service station in Port Elizabeth with its 10-bay workshop.

To Paddy Taylor, the advantages of the Capricorn system were very apparent, and it was he who became the first member in the RSA, soon to be followed by other converts. He was drawn as others have been since by the advantages of one consolidated



*Brand Pretorius is Chairman of the Board of McCarthy Motor Holdings, the Republic of South Africa's largest retailer of motor vehicles. He believes that strong supplier confidence is the core reason for the success of Capricorn in the Republic.*



*Rob Mildenhall, current Business Development Manager RSA, at the Retail Motor Industry trade day in Kwalata, August 2003. The trade day held just north of Pretoria in a bush camp that is very popular with the locals.*



*Paddy Taylor, owner of Magnum Motors, was the first Capricorn Society member in the Republic of South Africa and continues to be a member in 2004.*



*Rod Watters, Cross Franchise Parts Director McCarthy Volkswagen, and Rob Mildenhall, Capricorn Society Business Development Manager RSA, at the launch for members in April 2003 to welcome McCarthy Motor Holdings as a Capricorn Society supplier.*





*In March 2003, Capricorn Society in the Republic of South Africa expanded its current team of André Changuion (left) and Rob Mildenhall to include Marlise van der Merwe.*

account, competitive pricing, reduced bank charges, purchase rebates, instant credit, annual dividends and other benefits.

The base was Johannesburg and membership development was concentrated in the Gauteng region. Rob Mildenhall became the Liaison Officer that November and his home in Randburg the headquarters of Capricorn Society.

The Co-operative had soon developed enough members in the Pretoria region to appoint an additional liaison officer while development continued outside Johannesburg and into Durban, Port Elizabeth and East London.

There were further liaison officer appointments, and Rob Mildenhall became the Zone Manager (now called Business Development Manager) for the RSA.

The current RSA structure goes across the breadth and depth of the country and almost to the borders of Zimbabwe and Namibia, the latter being assessed for expansion outside the Republic's borders.

Success has come from maintaining a policy of building both the members' and suppliers' businesses and encouraging members to maximise their use of the supplier base.

The Society's RSA membership increased to about 260 in the early part of 2004, with the businesses focused mainly in general repair, transmission, engineering, diesel fuel injection and auto-electrical services.

But it is the supplier base that remains the backbone as well as the key to future membership. Suppliers such as Autozone with about 80 branches, and others with more than 100 across the continent are vital to member development.

Capricorn suppliers include the Republic's largest retailer of motor vehicles — McCarthy Motor Holdings — and through their own credibility reassure the market of Capricorn's reputation.

The words of Brand Pretorius, Chairman of the Board of McCarthy Motor Holdings sums up the reason for the strong supplier confidence and the core reason for the success Capricorn has in the RSA.

"We are impressed with the whole integrity of the Capricorn system with its guaranteed payments and zero debt exposure, and have found the relationship very beneficial."

"We want to broaden our base and grow our share of the parts market in the Republic of South Africa. We see our relationship with Capricorn as an ideal opportunity to get into new segments of the market and to really provide independent workshops, auto electricians, and engine manufacturers with a high level service while at the same time gaining additional business."

For the RSA, in the year of 2004 and expecting a R75 million turnover, the future can only be one of further success and expansion, with new markets already targeted in what is perceived as perhaps the biggest growth potential of any of the three countries in which Capricorn Society operates.

The Capricorn message is being spread throughout the Republic's motor industry — the third country in what could ultimately become a global market that had its beginnings in the suburbs of Perth, Western Australia, some 30 years ago.

# INTO AFRICA

INTERVIEW WITH ROB MILDENHALL



Capricorn Society was registered as a company in the Republic of South Africa (RSA) in May 2000, a new horizon that is now a well-established part of its overseas operations. Now operating throughout the Republic and with possible expansion over its borders, the RSA will play an important part in the future international role of the Society.

Rob Mildenhall, the national Chairman of the RSA Motor Industry Workshops Association (MIWA), Chairman of the Retail Motor Industry Organisation's Business Chamber and the Society's Business Development Manager in the Republic, tells us how he has seen the Society grow and develop in the past four years.

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I was approached by Steve Barraclough late in 1999 while I was employed by Gearmax Parts and Service as General Manager of their aftermarket division, and advised that Capricorn had been approached by the Retail Motor Industry Organisation to become established in the RSA.

Steve had been given my details by a colleague of mine in Australia, Geoff Rosenbaum, who was known to him as my counterpart in Australia. Geoff had been a Capricorn supplier for some considerable time.

It was in 2000 that the Co-operative was subsequently registered in the RSA. Trading began in mid-2001, assisted by my efforts and my involvement with MIWA. I encouraged my transmission rebuilder customers and the national committee of the association to get on board, and they became the early members of Capricorn Society in the RSA.

I was based in Benrose, Johannesburg, and Steve's overtures finally saw me leave Gearmax after 20 years and join Capricorn as a Liaison Officer in November 2001.

I moved the RSA headquarters of the Society to my home and immediately started developing a larger supplier base and member infrastructure.

*“I concentrated on member development in the Gauteng region and soon developed sufficient members in the Pretoria region to appoint a liaison officer for the region.”*



*André Changuion (centre) pictured with Steve Barraclough, Group Business Development Manager (left) and Rob Mildenhall, Business Development Manager on his appointment as Liaison Officer in the Republic of South Africa.*

I concentrated on member development in the Gauteng region and soon developed sufficient members in the Pretoria region to appoint a liaison officer for the region.

André Changuion became the first Liaison Officer to join me in the Republic with his territory having Pretoria as its hub and going all the way towards the Zimbabwe border.

While he concentrated on this regional development, I continued with the development of members and suppliers in Johannesburg as well as Durban, Port Elizabeth and East London.

The next appointment in our rapidly developing Republic-wide coverage by Capricorn was Marlise van der Merwe who became the Liaison Officer responsible for KZN or Kwa Zulu Natal. Marlise had been with a BMW franchise, of one of our major OE Dealer groups.

I became the Capricorn Zone Manager for the RSA at the end of 2002, a title which has now been changed to Business Development Manager.

Peter Twiss was appointed mid-2003 to take on the Western Cape Development with a territory that stretches as far north as Namibia, and as far as George on the Garden Route. He was previously with Shell Auto Care and has a good knowledge of the industry in the Cape.

In early 2004, Johan Nel joined Capricorn Society, having been Branch Manager for Gearmax in East London. He is responsible for the Eastern Cape and Free State.

With the current structure of five staff in 2004, we now have members from Louis Trichardt in the North, Nelspruit in the East, to Cape Town in the South as well as members all along the Eastern Cape coast and Kwa Zulu Natal.

We have some 80 suppliers. These were initially focused in the mechanical parts and auto electrical lines area of the automotive industry, but in more recent times we have started signing panel and paint equipment suppliers up with the Society.

Our supplier base is now national, and includes Autozone, which has approximately 80 branches across the country, as well as Trentyre and First National Battery, companies that also have about 100 branches each. This has enabled our member development to have a consistent and broad supplier base through which it can ensure the relatively smooth introductions of new business.

We currently have about 260 members in the RSA with their trading focused mainly in general repair, transmission, engineering, diesel fuel injection and auto electrical business areas. More recently, panel repair shops are adding to our growing numbers.

In February 2003, McCarthy Motor Holdings, the Republic's largest retailer of motor vehicles, joined Capricorn Society. This was seen as extremely significant, for it is very important to us to have the credibility of these well-known organisations in assuring the market of Capricorn's reputation.

*"I am already assessing Namibia for future expansion across our borders with Botswana also an option for the Society. Both these countries are reasonably stable."*







*André Badenhorst (left), from AutoZone (now Super Group Auto Parts); Rob Mildenhall, the Capricorn Society Business Development Manager; and Mark Algar, from Stenhoj won the Tri-nation Games, at Darwin convention in 2003.*

It has also facilitated other groups to want a slice of the action by joining Capricorn, and we are being approached by many other companies and businesses.

One of the reasons for being able to establish Capricorn Society in the RSA was the belief of the early members and the market dynamics within the aftermarket sector of the industry that saw the need for an organisation such as Capricorn to provide relief and benefits to the independent aftermarket businesses.

Our success has come from maintaining a policy of building both our members' and suppliers' businesses, and encouraging members to maximise their use of the supplier base. This has paid dividends in our pricing commitments from our larger suppliers due to their substantial increase in business with us.

Also the Society's staff are briefed to maintain the highest level of service to both members and suppliers alike, and to maintain high credibility with our partners.

As Capricorn increases the benefits to members such as 3:6:12 Easy Access Equipment Credit — which puts our progress up a gear with its introduction — our growth will continue to accelerate.

I believe we will ultimately be able to reach 10,000 members in the RSA with these types of member benefits, and believe the Republic has the best potential of all the Capricorn Society operations.

I am already assessing Namibia for future expansion across our borders with Botswana also an option for the Society. Both these countries are reasonably stable.

Capricorn in the RSA continues to prove the adage of 'power in numbers' with members and suppliers having experienced the benefit of belonging to an organised purchasing co-operative.

# SUPPLIERS: A KEY LINK



*Lucas became involved with Capricorn Society in 1984 as the first battery supplier to the Co-operative in Western Australia.*

*This of course was where it all began. The supply chain.*

*Put simply, the original group of Golden Fleece service station proprietors back in 1970 wanted to change their place in the world of business. Instead of being the ones dictated to, they wanted to have control over their own operations and be the end users.*

*And that, in historical terms, is exactly what they did.*



## SUPPLIERS: A KEY LINK

Now as Australia's largest automotive parts buying co-operative, Capricorn acts as a critical intermediary in the automotive value chain by facilitating strategic partnerships between its members and leading automotive suppliers.

In the early days it was more a one-to-one battle. The small grouping of service station businesses trying to create buying power in numbers and needing to find suppliers willing to give a discount for the extra business and turnover.

When it did happen — and there is some conjecture about the company that provided the discount breakthrough — the second important part in the triangle was in place, the supplier. When Capricorn Society was officially formed and registered in 1975, it became the important third side of the business structure.

'The suppliers have always been a key part of the Capricorn equation, but the supplier network could only be driven by member demand.'

But the suppliers were slow to emerge, interested, but wary, and the 'chicken and the egg' syndrome was forever being juggled throughout the Co-operative's period of expansion.

The suppliers would only deal with a loyal member base, while the membership would increase if there was a supplier base and discount structure in place.

It was never quite stalemate, however. Campaigns and incentives, including reward trips to Capricorn conventions, were carrots to join and the early suppliers encouraged others. The suppliers also encouraged and actively sought members to join Capricorn once they began to see that Capricorn's success was to their advantage as well.

The suppliers have always been a key part of the Capricorn equation, but the supplier network could only be driven by member demand.

In the early years there were suppliers and 'preferred' suppliers, the difference being that the 'preferred' category actually paid the Capricorn Society a rebate, similar to a small percentage fee.

The non-preferred suppliers paid no fee, but effectively gained the same benefits while Capricorn, making nothing from them, charged members a fee for using a non-preferred supplier.

Eventually by about 1997, the non-preferred category was eliminated and preferred suppliers were charged a fee by Capricorn based on the percentage of turnover. This fee was for the benefits that preferred suppliers received and a level of some exclusivity.

Well before Capricorn approached 30 years as a registered Society, the involvement of suppliers had turned full circle.

The tentative and at times slightly suspicious attitudes of suppliers in the early days of Capricorn had given way to active participation and involvement. Major companies such as Coventrys in Western Australia (WA) and national chain Repco became suppliers to the Co-operative.

## S U P P L I E R S : A K E Y L I N K

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It was two-way street, advantages on either side with the lack of debt exposure for the suppliers emerging as a major factor in supplier recruitment. Involvement with Capricorn also enabled suppliers to broaden their own business base.

From the days when a small band of members were going virtually 'cap in hand' to the industry suppliers to get favourable discounts, the suppliers were now coming to Capricorn and asking to be part of Capricorn. By the year 2000, Capricorn had a list of suppliers waiting to join.

The buying power of the few original members turned into the multi-million dollar buying power of many members, across three nations with many reasons to seek that preferred supplier status.

Suppliers could now potentially deal with every member on the Capricorn books. By 2004, Western Australia alone had 1,600 members that local suppliers could target. Suppliers in Victoria/Tasmania have access to even more members.

One of the reasons for Capricorn being attractive to suppliers is that there are no endless forms, no need to open an account or to establish credit references before they deal with Capricorn members.

One plus for suppliers is that Capricorn guaranteed payment in 30 days to cover all members' purchases. This amounted to the suppliers being able to do business with zero debt. There were no cheques to collect, accounts to monitor, no chasing money and no credit worries.

Dealing with Capricorn also meant that there were savings in time, postage and accounts administration and even advertising leaflet distribution that was mailed out free.

'The buying power of the few original members turned into the multi-million dollar buying power of many members ...'

It was easy to see why Capricorn had more than 1,200 supplier accounts across its operations by 2004. Yet Capricorn is still, and always will be all about relationships and the needs of members, which differ across states, cities and rural areas. Regional considerations have had to be balanced to be fair and avoid upset and conflict, both within the membership and the supplier base. Although the first question in taking on a supplier was, "Is it a product or service our members buy?", other things had to be considered such as existing suppliers in that particular area of business. Capricorn also had to make sure that using another supplier was not just cutting the same cake into an extra piece with no potential additional benefit for Capricorn and possibly less benefit for existing suppliers.

At the end of the day, selecting a supplier had to mean there was a net gain for the group overall and not just a shifting of the sand.

As Capricorn expanded the supply base, suppliers became the vital link in being able to set up the business model in other states and eventually New Zealand and the Republic of South Africa.



**CAPRICORN**  
SOCIETY LIMITED

*Preferred Supplier*

*In 2004, Capricorn Society has more than 1,200 preferred suppliers who service the needs of its members throughout Australia, New Zealand and the Republic of South Africa.*



*Repco was one of the early national suppliers to Capricorn Society in Australia and in 2002 they received a 'Million Dollar Supplier' award for their support of Capricorn over the years. Steve Barraclough, Group Business Development Manager, is pictured here presenting the award to Stephen Birch from Repco.*



*Capricorn Society has developed a great relationship with Coventrys over the years since becoming a supplier in Western Australia in 1983. In 2002, Steve Barraclough, Group Business Development Manager (second left) and Bob Jenkinson, Membership Development Manager (right), presented Ian Gardner, Geoff Kyle and David Fraser with a 'Million Dollar Supplier' award.*





*Tracy Fisher, from A-Part Motor Wreckers, Malaga, WA, is one of some 1,200 Capricorn suppliers located throughout Australia, New Zealand and the Republic of South Africa. Today Capricorn suppliers cover a wide range of products from business to home to personal needs. The supplier network has come a long way since its beginnings when basic automotive equipment such as brake lights and cylinder heads were all that was available.*

## SUPPLIERS: A KEY LINK

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It was here that national suppliers already aligned with the Society came into play. Suppliers in WA became one of the cornerstones of the advance, not just by becoming an early supplier, but in underpinning Capricorn's credibility and long-established reputation.

Each state had its own issues. Victoria was difficult until Burson and later Repco joined as suppliers; in Queensland the problem was the need to sign many independents; and in New South Wales demographics, logistics and geography had to be overcome.

Key suppliers came to the fore in New Zealand and the Republic of South Africa, and always there was that big selling plus, 30 days payment and no bad debts.

When Capricorn first began its quest for suppliers, it was firmly focused within the automotive industry and on how members together could get discounts and better trading terms for products such as their spark plugs or their batteries.

But as Capricorn grew, its supplier base was driven by the diversity of the needs of the members. No longer just the need for a brake light or the cylinder head, but the benefits of having suppliers throughout a range of business, home and personal needs. All of which could be obtained on just the one Capricorn account and all of which went toward their investment in the Co-operative and ultimately the benefits they gained from rewards, dividends and rebates.

'... many suppliers themselves began to rely more and more on that monthly Society cheque to organise their business structure and finances.'

The tyre company was joined by the golf shop, the windscreen supplier by a florist and the drive shaft provider by the mobile phone companies.

Computer companies and consultants joined the supplier list, and more and more Capricorn continued to provide for members' needs in all spheres of their lives, not just business.

No more was it just an automotive industry supplier relationship. Suppliers through the Capricorn trade shows and online cataloguing continued to provide members with a broadening range of services.

Capricorn always monitored the relationship between members and suppliers, and undertook surveys of members to find new products and services. They believed in talking to and educating the members about the co-operative system.

Capricorn suppliers were the people, as the providers of goods and services on a fully competitive basis, without whom small businesses, in particular in the motor trade, would be fighting an uphill battle.

While in their own businesses, both small and medium, many suppliers themselves began to rely more and more on that monthly Society cheque to organise their business structure and finances.

# A WIN-WIN SCENARIO

INTERVIEW WITH IAN GARDNER



To have a solid base of suppliers was vital to the success of Capricorn Society, both in recruiting and keeping members.

Coventrys is a by-word in the automotive parts industry in Western Australia (WA) and when they joined as a supplier in the early 1980s, it was one of the main turning points in the Co-operative's cycle of growth.

Ian Gardner, then Coventrys' Sales Manager and now its State Manager, looks at the relationship with the Society.

interview



Coventrys in Western Australia joined Capricorn Society in 1983, certainly not the first supplier, closer in fact to the last of the majors, but in the years since, we have had a great relationship.

Many in the industry consider Coventrys to be market leaders in Western Australia because of our extensive product range and distribution systems, including fast delivery and a large branch network.

After Capricorn approached us and we considered its proposal, we could see the benefits of becoming a supplier and joined the Society.

We went on board with Capricorn even though in the early 1980s there were other suppliers who offered competitive discounts. Wisely, Capricorn viewed us as a full package with our distribution and range of products and outlets providing a way for its members to extend their business.

We also saw an opportunity to grow our business by having an advantage over other suppliers.

That is what started it all. We became close to Capricorn Society, especially in the early days when the hard work was being put in and it was battling. We even handled its invoices and statements, which were sent over in bulk and we delivered them to the members.

Naturally we were dealing with a range of suppliers and customers in our other business relationships, but we could see that the benefits Capricorn could offer to its members in association with Coventrys was enough for it to become a captive account. From a financial point of view it was fine, there was give and take on both sides, and the association with the Society strengthened.

There was some speculation in the automotive industry in the early days of Capricorn as to what it was really trying to do, what benefits the Co-operative was providing, and that is perhaps why we were the last of the majors to join.

There is no question that Coventrys coming on board with Capricorn Society in 1983 was a turning point in its growth. While we were later than many other major suppliers coming on board with the Co-operative we saw the benefits in the business arrangement.

The Society is now a major account of ours and trading terms are attractive to us. We are involved because we want to be, not because we have to be. We existed for 60 years without being a supplier to Capricorn, but decided there were trading advantages and we are very glad we made that decision. It has worked well for us.

The Coventry Group (Coventrys' parent company) also operates in New South Wales, South Australia and Queensland as well as Western Australia in auto parts replacement. We operate in every state of Australia in other areas of our business, so we have a link with Capricorn across Australia.

*"... Capricorn viewed us as a full package with our distribution and range of products and outlets ..."*





*Ian Gardner and his wife Judith at the 1985 Capricorn convention in Penang.*



*Ian Gardner stocking up on duty free at the first Capricorn convention in Bali, 1984.*

Initially we decided that if we did join it would have to be a sustainable and long-term business approach to the venture. We joined, and this we have done, being with the Society now, in 2004, for more than 20 years. It was certainly a good decision.

We have an excellent working relationship and have enjoyed the association, which has become stronger as the years have progressed.

We were initially instrumental in helping to bring in more members and had the advantage over other major suppliers as Coventrys distribute both genuine Holden and Ford Parts.

Stocking both was rather unique and was an advantage for Capricorn and for Coventrys for it also enabled us to get the product into accounts we did not have before.

Achieving commercial benefits for both parties was the philosophy behind the business arrangement. It was at the beginning and has continued to be that way.

Both parties have to be disciplined and make sure it works. Capricorn Society members pay through buying shares to be a member, so the more they use Capricorn suppliers the better it is for them and us.

Nobody, of course, has to use Coventrys in WA or elsewhere and can conduct their business without us. Historically, indications are that there are benefits in aligning their businesses with Coventrys and availing themselves of the many unique features on offer. Our market share would confirm this.

Our philosophy is that people want to deal with us, not that they have to. We have always assisted and promoted the benefits of Capricorn Society, but naturally still reserve the right for businesses to have their individual accounts with our company.

It is up to Capricorn to convince their members that there is more to gain by being a Society member and putting all purchases



*"The Society is now a major account of ours and trading terms are attractive to us. We are involved because we want to be, not because we have to be."*



*Judith and Ian Gardner with Raewyn and Brian Tulloch at the Capricorn convention in Penang, 1985.*

through it rather than Coventrys. It is up to the Society to do that. That is its business, we do not interfere.

A fledgling or battling company in WA at those times could probably see the opportunity to gain ground quickly in the market place by getting on board with Capricorn, but we were in the fortunate situation of coming from a position of strength.

We have participated in many of the Capricorn conventions and Dinner and Display nights as well as the annual meetings and trade shows. We work hard on the Capricorn account; have a rapport with the people, both senior and middle management; and a good ongoing association and relationship.

Customers need good suppliers and the modern business methods and practices that our trading partnership provides.

As I have said, it's a two-way street and a win-win scenario. ”

# WHAT'S IN IT FOR ME?

*In the late '70s the membership numbers of Capricorn Society were rapidly rising and by the end of that decade were approaching the 150 mark.*



*When the original 12 'good' men decided in 1970 that by buying together and pooling their resources they could save together, they made the first tentative steps towards forming a co-operative.*

*They did not think of it then in those terms, and indeed had little knowledge of what a co-operative actually was or how it functioned.*



## WHAT'S IN IT FOR ME?

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But they had begun a strategic partnership that was based on the fundamental principle of co-operation — people working together for the common good.

They were members of a group, 'Group 11', and worked together with common aims and common goals that embodied the premise 'together we save' and the knowledge that there were benefits from buying volume.

It was not until December 1974 that this informal group of men with a shared goal sat down, along with others, at a city hotel for the first meeting of Capricorn Society.

There were 17 original shareholders ... the original membership.

The groundwork had been done and the following year the membership reached 20, the mark at which a decision had to be made about the future legal structure.

'They were members of a group, 'Group 11', and worked together with common aims and common goals that embodied the premise 'together we save' ...'

The decision was made for Capricorn Society to become a co-operative.

The motivation was not a return on investment, but the provision of services to a group of people that could not access the benefits of bulk buying as individuals. The aims were similar to that of the first modern co-operatives back in northern England 160 years ago.

To get the benefits, real benefits, the membership had to grow.

The small number of staff hit the road; the original members cajoled others; and the benefits of buying bulk for what was then the least competitive part of the motor trade, the buying of trade goods, were shouted from on high.

By the middle of 1978, membership had increased 200 per cent and it increased a further 100 per cent the following year. In numbers it was approaching 150.

It was a start, it was a struggle, and in 1981 Capricorn Society faced its darkest hour. It was decision time on whether to carry on or not.

Bob Bloffwitch, later to become a West Australian State Government MP and the first non-Golden Fleece service station operator to join the Society, was then the Chairman.

Tom Drinkwater, an original member and the Society's first Manager had gone back to operate his service station, and another Group 11 stalwart, Frank O'Connor, had resigned firstly as Chairman and then from the Board when his business hit rocky times.

The Society's sales were low and the stock being bought ranged far and wide with everything from toy guns to flowers lining up with the staple motor trade fare of batteries, fan belts and radiator hoses.

Numerous schemes to get members were tried. The original members had each put in AU\$5,000. This was dropped to AU\$200 at one stage. What the Society needed was not the capital, but the buying power. The struggle was an uphill one.

## WHAT'S IN IT FOR ME?

Bob Bloffwitch was a driving force, and Frank O'Connor was called in to report on what looked like the imminent demise of the dream.

Everything was tightened up. Twelve months after nearly closing its doors, the members of the Society, who then totalled just over 200, were paid their first dividend.

While the members were receiving good prices from the suppliers, they needed more. The Society negotiated with the suppliers for a settlement discount in exchange for guaranteed 30 day payment with no bad debts. The benefits were starting to turn in the members' favour, and if they paid on time they got back the administration fee levied by Capricorn.

Suppliers increased, which meant more choice, more options and more competitive pricing and discounts for members. The membership curve grew slowly, but steadily.

'Twelve months after nearly closing its doors, the members of the Society, who then totalled just over 200, were paid their first dividend.'

By the mid-80s, members could boast their own travel agency, Abernethy Travel, a full subsidiary of Capricorn Society, and the Society was running its own overseas conventions.

Reward and incentive programmes based on bringing new members into the Society meant many convention delegates enjoyed their trips using the benefits of their Reward Points. They gained the benefits and Capricorn grew its member base.

The Society strengthened its marketing, concentrating on the increased benefits of being a member and campaigning with slogans like 'Enrol a Mate in '88'.

As the Society went into the 1990s, membership reached the 1,000 mark. Growth had been steady, not dramatic, but Capricorn was doing it in a recession and its turnover was becoming massive. As it hit AU\$50 million a year, the last of the other states of Australia joined and it was truly national. Group assets passed AU\$2 million.

New South Wales gained its first 50 members in less than a year. It had taken the Society eight years initially to reach that mark.

Yes, it had taken 15 years to reach that first milestone, but only three years later membership would pass 2,000 and just a year after that 3,000. The Society had momentum and it had a nationwide membership base.

*There were 17 original shareholders — the original membership — of Capricorn who all attended the first shareholders meeting in December 1974.*

MEETING MINUTES OF FIRST MEETING, 8-12-1974

Present: All 17 "original" members:  
Bob Bloffwitch, Jack & Judy Courten, Peter & Ruth Davies,  
Tom & Anne Buchanan, Alice & Rex Stone, Ash & Gloria  
Foster, Ann & Jim Graham, Peter & Doreen Harding, Jerry &  
Mary Sutton, Ray & Sue Taylor, Frank & Doris O'Connor,  
Joe & Jane Ferry, Gordon & Jeannine Perkins, Kevin &  
Suea Stevenson, Keith & Jocelyn McIntyre, Peter  
Thompson, Brian & Susan Tullman,  
Alan Campbell (business consultant), Ross Davis (volunteer),  
and also Dave (Golden Plains Proprietor - chairman of  
Victorian group).

Business: At this meeting Alan Campbell's Status Report was read and  
discussed.  
The following resolutions were passed:  
1. To accept Alan Campbell's contract, to be paid  
\$4,000 at once and a \$1000 weekly fee each new member,  
2. Purchase shares of \$5,000 in "Capricorn Development  
Limited" by 31st December 1974.



Members were able to save on parts, accessories, services and shelf lines. Capricorn was paying the bills as they came in and sending members just a single monthly account. The service provided by Capricorn meant lower costs and automatic credit with the growing number of Capricorn Society suppliers.

Members' dividends were increasing, incentives and rebates growing each year, and some with high turnover were gaining further special trade rebates. Every year the range of membership benefits was increasing.

Members were now being drawn from other automotive industry areas, not just the service station dealers and automotive repairers that had been its base and early strength.

Liaison officers, known in the old days as the sales reps, were out on the road again selling the benefits of Capricorn to panel beaters and spray painters, firstly in Western Australia then throughout Australia.

The membership base was broadening, the membership catchment area increasing, and by the turn of the century there were more than 5,000 members. New Zealand had by now joined the fold of the largest independent automotive parts buying co-operative in Australia.

The Society, expanding, strong and successful, met the new millennium with a move into the Republic of South Africa. Then early in 2004, Colin and Jenny Chapman, with their South Australian auto specialist shop, brought the membership figure past 8,000 by adding their small one-off share investment of AU\$500.

Capricorn has always, and still is, looking at ways to increase member benefits. Such as the special buying prices members receive, the annual return in the form of dividends and a share in the profits in the form of trading rebates and member Reward Points.

There is now Capricorn Mutual, which provides an insurance alternative for the Society's Australian and New Zealand members. It is the first of what Capricorn hopes to be a range of financial services and management benefits for members.

Communication, ease of accounting and transfer of funds — as e-Commerce becomes a way of life — has



*Capricorn Society provides a variety of events for its members throughout the year, from golf days and dinners to the annual convention.*





*Catriona, Shannon and Gary Dawson from Dawsons Auto in Durban, RSA.*

*Capricorn Society is a tri-nation co-operative with members stretching across Australia, New Zealand and the Republic of South Africa (RSA).*



*Joe, Frank and Nando from City Spray Smash Repairs in Malaga, Western Australia.*



*Peter Bengston and Brian Renwick from Champion Auto Pahiatua in Pahiatua, New Zealand.*

## WHAT'S IN IT FOR ME?

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made running and operating the businesses of members not only easier, but more profitable.

And the Capricorn co-operative with its IT department is continually upgrading its operating systems.

Capricorn's members are its lifeblood and the members now stretch across three nations.

Capricorn is about people. Capricorn is about people working together. People who need the products and services that Capricorn can provide to them. Provide to them at a profit. Yes. But at a profit that goes back to members pro rata to their participation.

'The membership base was broadening, the membership catchment area increasing, and by the turn of the century there were more than 5,000 members.'

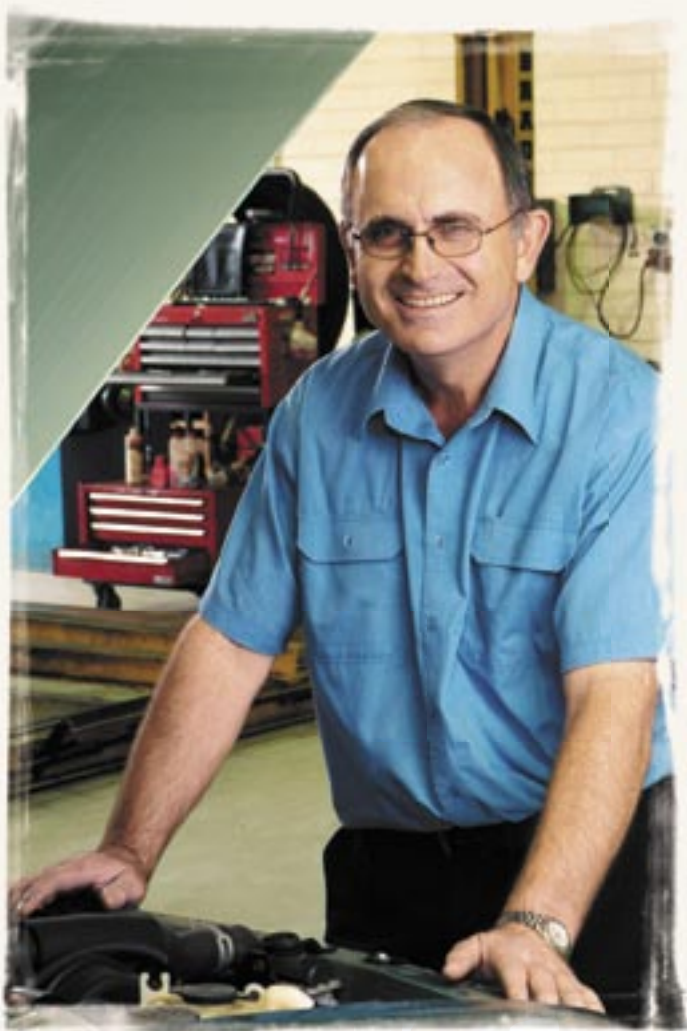
A true co-operative in every sense, Capricorn can look back on the last 30 years knowing it has been faithful to its co-operative principles. Capricorn can see how its membership has grown, and how the benefits to them have increased in fairness and in equity.

As members pack their bags each year to attend Capricorn's conventions in some exotic location, many members should look back and raise their glasses to those 12 original men and their wives who bemoaned their lot, decided to change it, and in the process made life better for all of them.

After all they are probably at the convention using their Reward Points!

# PROFITS UP, COSTS DOWN

INTERVIEW WITH JOHN DE ROSA



John De Rosa is a man who, with his successful Western Australian business, typifies the real backbone of Capricorn Society. He saw the Society fight hard to survive and gradually prosper, and became the first member in Capricorn's history to gain the heights of owning 50,000 shares.

His business, De Rosa Auto Repairs in Myaree, has expanded over the years in staff, turnover and profit. John looks back on the benefits that Capricorn has brought to his business.

note



Back in 1974 I worked for Brian Tulloch, one of the founding members of Group 11. I got to know Brian very well, and understood his conviction and confidence in Capricorn Society and its aims for which he had worked very hard when it was being set up in those early days.

In 1975, I decided to set up my own business, the De Rosa Alfred Cove Garage, later to move to Myaree and become De Rosa Auto Repairs, still my business today.

Having worked with Brian Tulloch, and seen his enthusiasm and belief in the co-operative principles of the Society in helping small businesses in the retail motor industry, I realised how the benefits of Capricorn, even then in its first years as a co-operative society, could help me when starting my own business.

That was almost 30 years ago, and although the Society was in its infancy, I could see the buying power it was establishing and the future potential, so I invested AU\$200 in shares to become a member.

There were many knockers in those early days, those who were dubious, and suppliers who said they would offer better prices if we did not do business with Capricorn Society.

But there were more supporters than knockers and many suppliers joined Capricorn willing to sacrifice percentages because they could see the potential for their own turnover to go through the roof and their profits increase.

For me, being a Capricorn Society member really comes down to two major benefits, among the many: it helps improve your profits and it decreases your account paying time.

You provide one invoice and one account, and so do not have the problems associated with paying all the individual suppliers. There is a big supplier network you can buy from and I make a point of going through a Capricorn supplier at every possible opportunity.

But some of the old fellas — and having joined Capricorn Society in 1975, I would have to count myself in that category — remember our early problems of using individual suppliers out in the market place.

If you did not have a proven background, it was difficult. You could not order something and expect it to be delivered quickly and there was no delivery unless you paid on the spot, no credit and no such thing as Visa or credit cards that could be accepted.

Things have come a long way since the '70s and '80s in business practice and accounting systems, and so has Capricorn Society. I now have a specific accounting software system developed with Capricorn. The computer takes mine and the Society's invoices and accounts, cross checks and matches them and spits out notification of any discrepancies.

The Capricorn Society system is a way of life for a business like mine, and I do not know anywhere in this country or internationally where there is a successful automotive industry co-operative like it.

For me, Capricorn is the best possible way to do business and very successful for me personally. My business's profits have increased — turnover is close to half a million dollars annually through Capricorn and its suppliers — my opportunities broadened, and my business has had the chance to expand.



*The team at De Rosa Auto Repairs in March 2000 when they became the first Capricorn Society member to reach 50,000 shares.*

There are other great benefits from being a member, and in the early years I went to several conventions because of the incentives and rewards I could earn. Capricorn must always keep in mind the importance of incentives in our industry and the need to remain fair and equitable as it expands further.

I joined when the Society had only a handful of members, and now it has over 8,000. What more can you say. ”

John De Rosa made the record books when he became the first member with 50,000 shares in February 2000. He had seen Capricorn Society grow from a few members in its vanguard to more than 5,000 over those 25 years.

But it was just another four years, in 2004, when another membership landmark was reached this time, when Cottage Lane Auto Specialists in Hackham, South Australia, became the Society's 8,000th member.

Colin and Jenny Chapman opened for business in Adelaide's southern suburbs in 1978. Only introduced to Capricorn in 2004, the benefits of the Society's purchasing base have already been proven to them, and they also look forward to continuing their membership and sharing in the benefits and profits for many years to come.



*"The Capricorn Society system is a way of life for a business like mine, and I do not know anywhere in this country or internationally where there is a successful automotive industry co-operative like it."*



*Capricorn Sales Manager (at the time) Steve Barraclough presents John De Rosa with a magnum of champagne to celebrate reaching 50,000 shares.*

Capricorn members throughout Australia, New Zealand and the Republic of South Africa have seen the benefits in many different ways:

**Victoria.** Andrew Ennis of Ennis Automotive: "Every dollar spent through Capricorn earns us money. We joined for AU\$500 and seven years later have AU\$9,000. Membership in the Society has been a wonderful investment for us."

**Queensland.** Peter McCormack of McCormack's Auto Service, Mechanical and Smash Repairs: "In these testing times with ever-narrowing profit margins I have gained enormous benefits through my Capricorn membership. The proven buying power not only means I get the best possible deals available, but also have access to a greater number of suppliers."

**South Australia.** Geoff Mockford and Graham Clark of Sovereign Auto Services: "When we decided to start our own specialist Jaguar repair business, we took advice and joined Capricorn and with their help and a lot of hard work, our business has grown beyond our imagination. I don't think any bank could match the phenomenal growth that has come from our AU\$500 initial membership fee."

**New Zealand.** Liz and Terry Rossiter of Dittmer Panelbeaters: "Being a member of Capricorn has given us the opportunity to open our profit margins up again through the dividends we have received as well as savings we make in our day-to-day operation of our business. We get rewarded for doing what we were doing in business anyway. You just cannot be disadvantaged by being a member of Capricorn."

# MEMBERS SET THE COURSE



*A co-operative is a form of business organisation that is owned and democratically controlled by its members. It is run for the mutual benefit of its members who are the people who purchase goods or use the services of the co-operative. The profits of co-operatives are returned to its members in the form of rebates. Members enjoy equal voting rights and the opportunity to participate in the decisions that affect their co-operative.*

*The 2004 Board of Directors. Back Row (left to right): Daniel Richards (Corporate Services Manager), Peter Robinson (Director SA), Russell Green (Director NZ), Mark Phipps (Director WA), Trent Bartlett (Chief Executive Officer). Front Row (left to right): Ross Pickering (Director Qld), Wayne Negus (Director WA), Brian McGill (Chairman NSW), Keith Hall (Director Vic).*



## MEMBERS SET THE COURSE

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It was these principles that attracted the foundation members of Capricorn Society to the co-operative structure rather than another form of business operation.

One significant difference in the relationship between the directors and members in a co-operative compared to the relationship between shareholders and directors in a more traditional company structure, is that the directors of the co-operative are usually members themselves and are elected by the other members on a one member, one vote basis.

While co-operatives resemble investor-owned corporations, in outward appearance they have a different focus. In a company, the richer you are the more shares you can buy and the person with the most shares controls the company. In a co-operative the principle is 'one member, one vote' so that members, as owners of the co-operative, elect the Board that is responsible for its management and its effectiveness in providing the services for which it was formed.

'The Board decisions made in the early years were just as vital to the future health of the Society as the ones being made 30 years later.'

The Capricorn Board elected over the years have guided Capricorn through troubled and uncertain times as well as financial uncertainty. The directors in the early years had to make hard decisions and tough calls to bring the Society to its present pre-eminence in the automotive industry.

And as Capricorn looks to the future beyond 2004, the role, structure and decisions of the Board of Directors are going to continue to play an ever-important part in the Co-operative's development within and outside Australia.

The decisions that the Board will make will map its path in all areas of business, from the wider financial services to information technology, so important to its continued success.

Over the years the Society has grown from the time that the first five-member Board, with its Chairman Frank O'Connor, was looking after the interests of a couple of handfuls of members, to an entity that has almost 9,000 members across three continents and close to a half billion dollars (AUD) in annual turnover.

The Board decisions made in the early years were just as vital to the future health of the Society as the ones being made 30 years later.

The important decisions saw Capricorn fight the oil companies and the banks, champion its members, set up a superannuation fund and a Mutual, move into other states of Australia and then overseas to New Zealand and the Republic of South Africa when it could have kept its profits in Western Australia.

Many of the directors served for long terms on the Capricorn Board, and much of the stability came about because the few chairmen appointed over the years were often re-elected to the position.

## MEMBERS SET THE COURSE

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Standing out among these was Robert Clyde Bloffwitch, one of the first Capricorn shareholders who was appointed to the Board in January 1975, its first full year of operation. He became Chairman in September 1977, a position he held for 17 years. It was during this period that Capricorn paid its first trading rebate and, dividend and it has done so ever since.

A former member of the Legislative Assembly in Western Australia, Bob Bloffwitch pursued the interests of the small business sector, devoting time to developing reforms to ensure it had the correct operating climate to flourish and expand, the way he had done so in guiding Capricorn.

Before his retirement in 2002, after being involved with Capricorn and its Board for 27 years, he said he believed the development into all states of Australia was one of the most pleasing aspects of his time with Capricorn.

"This growth gives me great pride in the Co-operative, and even more pride in the shareholders and members for the support you have given me," Bob said before his retirement.

Bob Bloffwitch and many of the directors over the years still retain a deep affection for the Co-operative and their colleagues and one in particular, whose tragic death left them all stunned.

On Monday 6 November 2000, Ken Crew died when taken by a shark while swimming at Cottesloe beach in Perth.

He had joined the Co-operative in 1981, and was elected to the Board in 1990 when he was running a suburban workshop. He also served as its Chairman and Vice-Chairman.

It was a cruel blow to all those who shared his spirit of community at Capricorn.

As the Co-operative grew and expanded, both financially and geographically, so did its Board. It increased to seven members, which included two from Western Australia and one each from New South Wales, South Australia, Queensland, Victoria/Tasmania and New Zealand.

'This growth gives me great pride in the Co-operative, and even more pride in the shareholders and members ...'

Once the Society moved into the eastern states and overseas, it was decided that when membership of a region or zone reached 350, it should be represented on the Board. The Republic of South Africa presently comes within the business zone for Western Australia, but once the membership reaches 350, its representative will be elected and Western Australia will elect a single director.

Each Board member is a non-executive director, and so not involved in the day-to-day management of Capricorn Society. Directors must stand for re-election every three years, and a new chairman is elected each year.

The increased size of the Board was one of the indications of different needs and



*Frank O'Connor (left) was Chairman of the Board of Directors from 1974 to 1977, and Bob Bloffwitch (right) from 1977 to 1994. They both made significant contributions to Capricorn Society over the years and are pictured here with Captain Guisenne Scana at the 1994 P&O Fairstar convention.*





*The 1997 Board of Directors. Front (left to right): Lindsay Taylor, Brian McGill, Wayne Negus and Frank O'Connor. Back (left to right): Keith Hall, Bob Bloffwitch, Max Jacobson, Hugh Lennerts (Company Secretary), Peter Robinson and John Beveridge.*



*Ken Crew was an enthusiastic contributor to Capricorn Society. As a member of Capricorn he served on the Board as a Director, Vice-Chairman and Chairman. He tragically died in 2000 when he was taken by a shark in the waters off Cottesloe in Western Australia.*

heavier responsibilities as Capricorn moved over to the eastern states of Australia and into other countries. When Trent Bartlett was made the Capricorn Chief Executive Officer (CEO) at the end of 2001, it also heralded a new emphasis on corporate governance.

One of the things Trent Bartlett strove for early on in his tenure, was to obtain independent financial advice for the Board, recommending Greg Legier, who had been involved with the Enterprise Health Assessment that identified areas on which the Board should be focusing.

The idea was to have someone who, from a financial advisory point of view, was something akin to a coach. That role became established and Greg Legier also became the Chairman of Capricorn's Audit and Risk Committee.

The CEO also believed that both he and the Board had to work together for the common good, that of the members, which is the base of the co-operative philosophy.

The Board agreed to the financial advisory appointment, and having looked at the professional management side of its role, decided it needed to look at its structure.

It was a multi-million dollar company looking at becoming a billion-dollar company and professionalism was the key.

During 2004, the member-elected Board considered the good reasoning put forward for the introduction of a limited number of non-member elected directors who had the specific skill sets needed for an enterprise as large as the Society.

At that stage, Trent Bartlett commented, "When you look at the scope of what the Capricorn Society organisation is today, in 2004, let alone what it will become, I believe that the Board, made up of member directors, will actually need some assistance and the responsibility should be shared by a minority of independent non-executive directors in specialist fields relative to the future scope of the business."

As the role of the Board intensified and the responsibilities became more onerous, the investment of time by member elected directors became considerable, as did its responsibilities.

There has been a lot of change, but the Board has grasped it. There are notebook computers, no board papers, everything is done electronically. Video-conferencing is occasionally used to overcome geographical problems and the standards of corporate governance were increased.

Directors must pass the Australian Institute of Company Directors' diploma or stay on half fees until they do. They are not allowed to restand as a director if they do not pass it. This also means they cannot sit on committees advising the Board.

The changes implemented in 2004, and in the few years prior to the publication of this history, have all been aimed at putting in place the skills and the disciplines needed for the Board of a billion-dollar company.

It had to be done then because of the growth of Capricorn and the way Capricorn was heading. The Board could not wait until the Society got to that size before acting.

As well as the responsibility for the direction of the Society in the present, the Board had a role to be pro-active in creating the possibilities that will shape its future and that of its members and their needs.

# PASSIONATE ABOUT CAPRICORN

INTERVIEW WITH BRIAN MCGILL



Brian McGill, Chairman of the Capricorn Society Board of Directors in 2004, is a businessman, company executive and long-time Society member from New South Wales.

A man known for fighting for what he believes in and an ardent believer in the co-operative philosophy, he knows the importance of the relationship between Board, members, suppliers and management to achieve success.

interview



The proposal by Capricorn to set up the already successful business model in the eastern states was discussed by the Service Station Association's (SSA) New South Wales Board together with Brian Mark, their Chief Executive Officer, and it was agreed to support the Western Australian initiative after the SSA President, John Langley, had personally visited Capricorn in Perth.

Seven members of the Service Station Association Board were the initial New South Wales membership and everyone did all they could to promote the co-operative ideals.

Capricorn Society had a five-member Board of Directors at that stage and a rule that any state would have to enrol 350 members to be eligible for their own Board representative.

Prior to New South Wales achieving that goal, a Board vacancy arose of two years' duration for which I stood, and surprisingly, was voted onto the Board.

When I came up for re-election, I failed in my bid and stood down for a year, but was elected again later. When New South Wales and the other states gained their own directors, the Board increased to seven members. I have been the Chairman of the Board now since 2003.

There is a requirement that once elected to the Board, each director must pass the Australian Institute of Company Directors diploma and cannot re-stand if they do not. Many directors have had only moderate experience in the issues that are dealt with by the Board, so one of my initiatives was to establish a tutor programme with anyone joining the Board entitled to use that facility.

It is critical to have both a strong and experienced Board.

It is 2004 and I have decided that as I have served on the Board for a long time, I will not be standing again after my term ends in 2005. I personally believe there should be a maximum term that any one person can sit as a director.

There are considerable responsibilities as a director of the Board, especially as the organisation grows larger. We are now talking close on AU\$500 million in turnover for Capricorn in 2004 and at the current rate of growth, that figure should double by approximately 2010.

Co-operatives are interesting animals for they have to change direction when they get to a certain size. You cannot just leave them alone to continue, and while they need to grow, it should not be growth for growth's sake. That is not the purpose of a co-operative.

When I was first on the Board, Petro Chemical Product importing and selling and car rental were among the Capricorn products and services to members. The Board was spending time talking about loss-making enterprises and not its core business.

My suggestion was to sell, give away or close down all businesses except the core one, and from that point on, 1989/90, the Capricorn business took off. There was an amazing escalation.

*"My suggestion was to sell, give away or close down all businesses except the core one, and from that point on, 1989/90, the Capricorn business took off."*

*"The people on the Co-operative Board, past and present, and those who support Capricorn Society are passionate about it."*



*Brian McGill believes former Chairman, Bob Bloffwitch, was a powerful man who in his time with Capricorn Society was so passionate and forward thinking about the Co-operative that he was able to push through many positive changes. Bob is pictured here at the 1985 convention in Bali.*

When the Republic of South Africa (RSA) reaches the prescribed number of members it will be eligible for a seat on the Board and a West Australian member will stand down. It must be seen as a national and an international Co-operative.

The Capricorn Chief Executive Officer (CEO) since the end of 2001 has been Trent Bartlett, and I personally believe he has been the right appointment at the right time for the Co-operative.



The Board, having initiated an Enterprise Health Assessment and Audit Review of the Co-operative, charged the new CEO with the task of implementing the recommendations that had been identified as vital for the Co-operative's wellbeing.

Capricorn Society's commitment to corporate governance and due diligence is up there with the leading companies.

Member-directors know a great deal about the day-to-day workings of the Co-operative because of their involvement as small business owners. However, I believe, having stood on company Boards here and extensively in the United Kingdom, that it would be very useful at Board level to have one or two outside directors.

This would provide specialist expertise and weight of knowledge that is increasingly necessary in today's climate of diligence.

Decisions are made within the management team and it is up to the Board to do the due diligence and see that these decisions will deliver what management claims.

The people on the Co-operative Board, past and present, and those who support Capricorn Society are passionate about it. People like Bob Bloffwitch and Ken Crew who died so tragically.

Capricorn could have stayed where it was, remained small and in Western Australia. To move on and into the rest of Australia was a brave decision and much of the credit was due to then Chairman, Bob Bloffwitch, who was forward thinking and pushed through many changes in his time.

When I went to Western Australia each month as a Board member, of all the original people, it was Bob to whom I had the closest link. He was down to earth, but a powerful, forceful person.

Before retiring from the Board, I would like to see the implementation of a genuine think tank creating visions from where future decisions will emerge. I am a great believer in the think tank and it being a freewheeling process. Dreaming the impossible dream is where tomorrow's future is.

Capricorn has a great home market and worldwide potential, and that is true of any business situation where you have an exceptional working model.

The Society does not need to be contained within the automotive industry. Only the product changes to make it succeed in any area of business. Everything else is constant.

There must be a clear view of where the Society wants to be in 2020 and beyond. There is a world out there.

Capricorn is well positioned to expand its influence to the benefit of shareholders both within the current geographical areas, and carefully, into the wider world markets.

The Co-operative's proven business model may well lend itself to other industry groups where the benefits of co-operation can be fairly shared by those that work to create the wealth.



# GETTING TOGETHER



*The delegates that attended the first Capricorn Convention in Bali in 1984.*

*Capricorn, through its 30 years, has maintained a philosophy that embodies the principle of people working together.*

*And when it comes to their conventions and social activities, enjoying together is also a philosophy close to their hearts.*



## GETTING TOGETHER

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In fact, the Capricorn Society conventions over the years have held in great store by combining the two, providing a forum that is not only informative, but enjoyable and in an environment conducive to learning about business and relaxing.

In the early days, not only getting, but also keeping members and suppliers away from their businesses to come to Capricorn conventions was not an easy task.

Putting them somewhere where a phone call might get through and a fax could be answered — but where a quick return flight was not a possibility — was the answer to get their undivided attention.

When you can travel for nothing — because of incentives you gained from your own endeavours — visit exciting overseas destinations, enjoy good company, learn from experts about your business potential and tipple at exotic drinks — was there any choice?

'... keeping members and suppliers away from their businesses to come to Capricorn conventions was not an easy task.'

Looking back at Capricorn convention destinations, their successes, and the number of Capricorn Society convention delegates, the resounding answer to that question was — no!

In 2004, about 400 of Capricorn's members, suppliers and staff will be heading down Mexico way, 20 years after the first incursion into Bali, where 119 people made the pilgrimage, most through buying hundreds of cans of PCP or Petro Chemical Products from one of Capricorn's early wheeling/dealing, importing, marketing, sales and other strategies.

Not surprisingly, the convention had a Mr Thomas Fuda as a keynote speaker talking about, of all things, marketing PCP.

In those early days, the themes and basis of the Capricorn conventions were educational. Today they are more lifestyle oriented but still with plenty of business related topics.

As long-time Board Director Wayne Negus, who has been to almost every convention held, says, "We have had people from all around the world as keynote speakers and they all helped to formulate the way we did business. Our education programmes and those gurus that talked to us all helped in our development and still do."

That first Bali convention was typical in many ways of how the Society itself has grown and prospered. By seeing opportunities, taking the initiative and deciding they could do things better.

Frank O'Connor was always a man who thought Capricorn could do things better, and travel and conventions were no exception.

He and Chairman Bob Bloffwitch both attended the first overseas convention of the Australian Service Station Association held in Bali in 1983.

## GETTING TOGETHER

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It cost AU\$1,300, not a drop in the ocean in those days, and typically the two men, who wore their hearts on their sleeves and bore their business convictions with a never-say-die fervour, decided they were paying too much.

They believed they could do a similar, if not a better job at less cost, cutting out the convention organiser, the travel agents, and the other 'middle men'.

So typically they did it. The following year, 1984, the Capricorn Society convention went to Bali, the cost to members \$650, which in most cases related to buying 650 cans of PCP for a free trip.

"The Society", as Frank says, "made money and the members had a free trip."

This little venture into additives, however, was not a one-off in those days, when giving incentives was a well-hooked bait both to lure members and suppliers with bonuses, especially for their travel, and more than tickle the interest of prospective members.

This concept combined well with rewards for providing leads for new members, brought new blood into the Society and gave existing members the chance to enjoy their overseas convention trip for free as a bonus for their work and their commitment.

That first convention, which in all respects was a resounding success, created the seeds of a deeper investment.

'Frank O'Connor was always a man who thought Capricorn could do things better, and travel and conventions were no exception.'

Not only did members want the convention to become an annual event, but they started asking why Capricorn could not organise all their travel.

Indeed, why not, thought the men at the helm of a co-operative becoming more confident and diversified in its business operations. And so the groundwork was laid for the Society's own travel department.

After much work, investigation and discussion, the travel agency, Abernethy Travel, came into being with the Society continuing initially to use outside organisers, but run the travel arrangements and finances themselves.

That is until a venture into Singapore in 1989 that resulted in more complaints than compliments.

Enough! The outside organising agent was given short shrift and from then on Capricorn again took charge of its own destiny with internal staff running the following conventions in-house.

Of course they still do, and the Society now has its own convention team with Events Manager Jillian Wilkins and her staff as well as Abernethy Travel, a fully-owned subsidiary of Capricorn Society, doing the ticketing for conventions and member events.

A well-oiled machine and a far cry from the early convention days when Lindsay Taylor, long-time member and Assistant General Manager, along with Frank O'Connor and their wives sat round a table to make up convention name tags and thread the





*Bob Bloffwitch eyeing up the leftover food on the skewers at the Bali convention in 1985.*



*Darren Arthur (centre), South Australian Business Development Manager with his wife and the South Australian delegates that attended the Bali convention in 1990.*





*Bob Bloffwitch,  
Capricorn Society  
Chairman between  
1977-1994, letting  
the champagne flow  
at the P&O Fairstar  
convention in 1994.*



*It just goes to show the fun members get up to on Capricorn conventions!  
This photo was taken at the P&O Fairstar convention in 1994.*

distinctive purple Capricorn Society ribbon through them. It was all hands on deck and all in the name of cost cutting.

Now there are close to 400 people each year at the Capricorn conventions, with the 1995 record of more than 520 going to one of the many forays to Bali.

As well as members and suppliers, there is Capricorn staff to look after them, help desks, IT personnel and accountants to deal with the logistics of having to do daily reconciliations for everything from sunscreen to sake, sea trips to stir fries on delegates' individual accounts.

Bali and Fiji, Vancouver and Penang, Mauritius and Hong Kong have been among the hosts of Capricorn Society. Darwin was the first port of call in Australia in 2003, and New Zealand, with its strong Capricorn ties, has hosted members and suppliers from its first visit to Rotorua in May 2000.

Members have saved Japanese tourists from drowning; run around Bali with sackfulls of money in bemos; delegates have lost their credit cards, visas and run out of cash; and delegates have been lost and then found, after sending out search parties manned by Capricorn staff.

But above all the convention has become an annual Capricorn Society institution. They have holidayed, socialised, been educated and become closer through team building.

Members have rubbed shoulders with Elle Macpherson doing a calendar shoot in Bali; had dinner in Capricorn's infamous dinner jackets aboard the Fairstar, quickly named the Love Boat; skied with celebrities in Whistler; and been wine and dined in some of the world's most exotic locales.

Each year the destination is a closely guarded secret, announced only at the end of the current year's convention.

How are they picked? According to Jillian Wilkins, an unusual destination is a good starting point and one where members — who make up about 60 per cent of the conventioners — and suppliers would like to go, but would probably not do so if they were left to their own devices.

There are more stories untold than told about Capricorn's conventions. They have had drama, pathos, humour, but above all they have brought members, suppliers and staff together as a family.

Speakers have ranged from the business experts to the intellectuals, the global company executives to the motor racing icons such as Larry Perkins.

Over the years members have learned about sales and marketing, innovation and motivation, communication and crisis management. How to make sales, how to make money, how to make profit and how to give a good first impression through body language.

As well as the educational and business aspects of the conventions, there are events ranging from annual dinners and trade fairs to the regional shows and golf days held throughout Australia, New Zealand and the Republic of South Africa. They are all part of the social fabric of Capricorn Society, which has built up to be a co-operative family.

# BUILDING RELATIONSHIPS

## INTERVIEWS WITH MEMBERS AND SUPPLIERS



*Mike Gorey, from United Fuel Injection in Western Australia, has been involved in many of the conventions, golf days, trade shows and the annual dinners that Capricorn Society has held over the years.*

Capricorn, more than anything, was an organisation that worked together for the common good and the common goals, and because of that it was a close knit community, a family unit in many ways.

Once it had become established, the social functions, from trade shows to the overseas conventions, became part of the Society's ethic.

Members and suppliers have many memories of the Capricorn conventions, bringing together their business aspirations and the ways and means to interact with others within their industry on a social and educational level.

David and Lyan Shephard were members who went not just to the first convention, but to the first ten from Bali in 1984.

“

We started our support for the conventions at the first overseas trip in 1984 to Bali and getting there was helped by the Capricorn promotion of buying cans of the Petro Chemical Products (PCP)," said David.

Going to the convention in those days was, according to David, "fairly cheap" and his first overseas trip, along with other members and suppliers, came courtesy of his PCP sales. In David's case it meant that he had earned no less than three 'free' tickets.

"When we went to Penang in 1985, similar travel benefits meant we had enough credits for an extension trip to Singapore," said David.

"The first few conventions had smaller groups than at later venues. They were more social and not restricted as to where we could go.

"The conventions had more people year by year, but I never missed a meeting that we held as part of the convention education and learning programme, which included many interesting and differing guest speakers.

"At the first convention, because it was a small group, it was fairly relaxed. Frank O'Connor and his wife Maria organised a progressive meal that everyone enjoyed, but probably remembered the evening more for the Indonesian eyes popping when he peeled off something like a million Rupiah for the meal.

"Those early convention years were good fun, we had rickshaw rides around Singapore and shopping trips. It was more casual in the early days, but as the conventions got bigger, more people attended and organised tours took over from the more relaxed sightseeing.

"There were always some great times and memories like in 1989, when our Singapore convention party took a short ferry trip to Batam Island.

"Unfortunately two of the party were mistaken as people on the Interpol most wanted list and Indonesian armed guards marched them away. Of course it was finally sorted out, but was pretty hair raising at the time."

David and Lyan Shephard took their young children to Bali and were like many members and supplier delegates who saw the conventions as a holiday and a family affair that they could combine with Capricorn networking and business input.

But conventions were certainly not the only way members and suppliers got together.

"I also went to the state golf days and the annual dinners as part of our involvement with the Society," said David.



*Capricorn Society has always kept their members abreast of what is happening within the Society and the industry with their monthly newsletters.*



"I am just a social golfer, but Capricorn always organised these events extremely well, as they did with the dinners and trade displays. Members of the Society went to the Capricorn dinners and annual meetings where the trade displays were set up."

David and wife Lyan spent their early Capricorn years attending the conventions. They then lived in the north-west of Western Australia; however, after moving to the south-west they concentrated more on the trade shows and annual dinners.

Members and suppliers became as one when it meant supporting the Capricorn family and its functions. Mike Gorey, from United Fuel Injection in Western Australia, was involved in conventions, golf days, trade shows and functions held over many years by the Co-operative.

For him there was nothing but "positives all round".

"The organisation that goes into all these Capricorn events is second to none. I have been to conventions in Vancouver and Phuket, and state golf days, and every last detail is extremely well organised and efficient," said Mike.

"I am a social golfer and the golf days are great fun. We are in the interesting position as a company of being both a Capricorn supplier and a member, and events such as these and the annual dinners and conventions provide the networking that is extremely important to us."



*David and Lyan (nee Beckett) Shephard signing in at the first Capricorn Society convention in Bali in 1984.*





*Capricorn Society surprised David Shephard at the 1985 convention in Penang with a cake for his birthday.*

Initially Capricorn had outside organisers running its conventions, but then it took charge of its own destiny. The conventions were always a big event, initially educational, but then becoming more lifestyle based, and aimed at building relationships with members, suppliers and management.

At the conventions, there are training components and keynote speakers ranging from racing car drivers Larry Perkins and Garth Tander, to the humorous body language guru Allan Pease. The topics are aimed mainly at what is happening in the industry at the time and how this affected the members.

But the conventions were only part of the Capricorn calendar, and way back from the early days of the Society, trade shows and promotional campaigns were held for the benefit of both members and suppliers.

Annual meetings became annual dinners and combining with trade evenings, boosted both numbers and interest in the progress of the Co-operative.

Whatever the functions organised by Capricorn, they always provided the perfect opportunity for interaction between members, suppliers and staff, with friendships being made, business done and notes compared.

Promotions, incentive schemes, travel vouchers and bonuses all helped attract convention delegates, both Society members and suppliers, with up to 500 going to some fun and attractive locations.

Capricorn now employs specialist in-house staff who arrange all the conventions, their organisation, speakers and locations as well as carrying out events management for golf days and other business and social get-togethers.

“The stories that come out of these will be remembered and retold and they could probably fill a book of their own,” said Mike.



# EMBRACING TECHNOLOGY

*In 2001, Capricorn Society won the 'Infrastructure' category of the prestigious 'Western Australian Information Technology and Telecommunication Awards' (WAITTA). General Manager at that time, Frank O'Connor, proudly holds the awards.*



*When Capricorn Society became a registered co-operative in June 1975, it was the same year that the first personal computer, the Altair 8080, was developed.*

*Little was known of it, and certainly nothing of the impact it would have on the lives of individuals and business.*

*Two years later, Apple led the way into the cementing of this new revolution when it went into mass production of the first personal computer.*



## EMBRACING TECHNOLOGY

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Computers now permeate every aspect of our lives, including work, education, storage and retrieval of information. Computers have produced a new technological language, and provided the base for the application with the biggest impact of all, the Internet. However, just 30 years ago in Western Australia that new age had yet to dawn.

As Capricorn, still unnamed and unregistered, worked through the first formative years at the start of the decade of the 1970s, pride of place in the office was the golf ball typewriter, itself a mini revolution some years before.

Tom Drinkwater, one of the original Group 11 members, later moved from his service station to become the Manager of the group when it opened its first premises — Stirling Street, Perth, Western Australia.

Frank O'Connor was Chairman, Tom Drinkwater continued to do the books, and a couple of ladies and telephones were the office backup.

As business slowly progressed, a true accounting system needed to be put in place. A non-integrated system was initiated, that meant if one arm of the business went wrong — and at that stage the areas of future growth were somewhat nebulous — everything would not have to be changed.

This was the time when the first tentative move into the computer age meant the use of a tickertape system and an outside computer bureau. The bureau received the input from Capricorn and delivered it back as statements for members and for suppliers. Personal computers were still basically unheard of.

Meanwhile, Frank O'Connor and another early member, Lindsay Taylor, and their wives were given AU\$1 an invoice to deliver invoices to members across the Perth metropolitan area and up into the distant hills suburbs. It was an incentive that did not provide a lasting solution!

'Frank O'Connor was Chairman, Tom Drinkwater continued to do the books, and a couple of ladies and telephones were the office backup.'

In the early 1980s, even Coventrys, who were to become one of Capricorn's foremost automotive suppliers, used their well oiled network and business operation to handle the Co-operative's invoices and statements, sent to them in bulk to be delivered.

The late 1980s began to see consolidation, a significant growth in the membership bar chart, and the start of the tentative move into modern technology came with the introduction of the first in-house computer system in 1989/90.

The then Group Accountant and Company Secretary, John Lancaster, was integral in instigating the changes and laying the groundwork for bringing that computerisation to Capricorn.

At that stage, there was an online printer and mostly dumb terminals, with member information mainly in the form of printouts. Suppliers sent their accounts in by tape or just on pieces of paper.

## EMBRACING TECHNOLOGY

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Karen Jones, later to become Group Accountant, who joined Capricorn in 1988 as an account supervisor remembers, "The setting up of a computer system was primarily to process supplier's data and have the ability to print out statements. Prior to that everything had been outsourced. We could not handle enquiries and were at the mercy of an outside bureau doing the work for us.

"John Lancaster was computer literate and very important to the programme of moving us into computerisation in our business operations. Once in-house, things progressed quickly."

Jo Parker, with vital IT experience, later to become IT Manager, joined the Society in 1992.

'The late 1980s began to see consolidation, a significant growth in the membership bar chart, and the start of the tentative move into modern technology.'

The Society started the electronic storage of archival documents and the word on everyone's lips in the Australian business environment was now the Internet.

The Co-operative progressed, moving into new premises in the Perth suburb of Burswood, having its own server, making email available for all staff and creating its first non-public website.

The new way of doing business had arrived and Capricorn saw how Internet business could enhance and leverage its existing strategies and business practice.

The Society saw enormous advantages in using the Internet for trading with members and suppliers, and decided to establish a website in order to encourage them to take up the electronic option.

Extensive planning, design and development took place for Capricorn's new Internet services on the worldwide web, and in March 1999 the Co-operative went fully online and operational throughout Australia and New Zealand at [www.capricorn.com.au](http://www.capricorn.com.au).

It was the start of a new era of online business service and trading benefits for Capricorn members, and was designed and developed by the Internet Business Corporation based in Western Australia.

It was another part of strengthening the philosophy of the Co-operative to provide a 'win-win' opportunity for suppliers and members by combining all purchases into one account, passing on lower prices and eliminating suppliers' exposure to bad debts.

That website development proved a remarkable achievement in its own right, winning the Infrastructure category of the prestigious Western Australian Information Technology and Telecommunication Awards in 2001.

It had set the foundations for future development and the opening up of more opportunities. In 2003 another website was developed by Alphawest that soon became operational and without external reliance that could be updated continually by in-house staff.

*Tracy Harris (nee Bartrop) is pictured here on her first day at Capricorn Society with the first electronic typewriter that Capricorn Society purchased, a long way from the original 'golf ball' typewriter that was purchased in the early '70s.*



*In the late '80s early '90s Capricorn Society made the move into the 'modern technology' of the time — computerisation.*





*After winning the WAITTA, Capricorn Society went on later that year to win the national award also in the 'Infrastructure' category. Then National Sales and Marketing Manager, Steve Barraclough (left), and General Manager, Frank O'Connor, display the award at the Capricorn stand at the Australian Automotive Trade Show.*

## EMBRACING TECHNOLOGY

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As Capricorn looks back on its 30 years of operation, it is looking ahead with the introduction of CAPLink, the result of many years of collaborative work across the entire Capricorn Society business spectrum.

This new Information Technology network is a high volume-messaging platform. It became part of the vision for streamlining the way the Co-operative connects with its supplier network and enables information to flow both ways more efficiently than ever before.

It is an ongoing journey that will touch all Capricorn suppliers, and in the years ahead deliver a technology network that will underpin and enhance the strong relationships that have been forged over those past 30 years — years in which the Society has delivered to its members a service that has seen the business grow to operate across Australia, New Zealand and the Republic of South Africa.

Since 1989, the Co-operative has actively embraced information technology and telecommunication advances, leaving behind the days of pen and paper based processes to become a digital business relying heavily on its IT expertise.

*'... in March 1999 the Co-operative went fully online and operational throughout Australia and New Zealand at [www.capricorn.com.au](http://www.capricorn.com.au).'*

Capricorn IT became an essential business unit underpinning all aspects of the Co-operative's operations and ensuring a high level of service was delivered to its members and suppliers.

Capricorn's focused and specialised team of IT staff with many years of knowledge of the Capricorn Society's unique processes are, like all Capricorn teams, dedicated to serving members, suppliers and the Society's co-operative culture.

Since its beginnings, Capricorn's leadership team has made, and continues to make, a significant investment in leading edge technology that has been leveraged to ensure its continuing growth and success in the global automotive marketplace.

As an essential part of the services provided by the Society, Capricorn IT developed the philosophy of investing in 'best of breed' technology for its comprehensive network based in its Burswood premises where it is protected by a temperature-controlled and monitored server room.

This commitment means the entire Capricorn offices and workstations are operational 24 hours a day, seven days a week.

Historically, Capricorn has come a long way in many respects — in membership, in turnover, in profit and dividend returns for its international membership — and high among the reasons for reaching these goals, was the willingness to embrace the present and the new technology to make its business operation truly one for the new millennium.

# DELIVERING EFFICIENCIES

INTERVIEW WITH JO PARKER



Jo Parker joined Capricorn Society in 1992 and would probably be the first to admit that then IT was about as foreign to them as ET. But things were changing. By 1999 Jo was made the IT Manager, the Internet was buzzing, the website was up and running and the new technology was the future.

Now responsible for a specialist-staffed department, Jo recalls how the Society embraced technology and the paperless office.

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In 1992 when I joined Capricorn after working in the banking industry, the fax, the photocopier, envelopes and the postal service were our stock in trade. We had a couple of PCs, three dumb terminals, and I would spend days at the end of each month physically printing and separating statements and remittance advices for our members and suppliers. It cost us time and staff efficiency.

That was how we communicated then, very much paper based and email didn't exist for us or our members. We also had up to five staff members using one telephone.

My role was to work proactively with suppliers to get them to send us more information electronically. Only three big suppliers, Amcap, Coventrys and Repco were doing so at that stage.

But we did have electronic notebooks for our remote field force and senior executives, an aggressive foray into the technological age, and we developed an offline version of our accounting system, a long way from today when we are looking at real time information flowing to and from offices on three continents.

We had been based in Welshpool and I was doing everything from systems administration to PC support, data entry and IT purchasing. We had plenty of storage space there and our paper-based system needed it.

We then moved to Burswood and had less storage space so we had to look at other methods of storing our archival documents. We decided not to go for microfiche, but went for a system that was an optical jukebox that had CD style equipment in it, very much like the way a musical jukebox worked, and the staff would sit at their PC and access these documents electronically.

It was a big step from pieces of paper, but a matter of having to, and that move to our Burswood offices was really the catalyst for technological change.

1995 not only saw electronic storage of archival documents, but there was the addition of personnel, accountants and sales staff. More personal computers were bought, and more telephones and people to man them.

By the late '90s the Internet was the name of the game when it came to doing business in the technological era. We set up a LAN (Local Area Network) and even provided email to our remote field force. We created our first non-public website developed by Vianet. A second version developed by IBC (Internet Business Corporation) followed in March 1999.

Since we began electronic storage of archival documents we have been laying down the IT foundation for future growth. Our IT strategy is to select applications that stand out in their own competitive field and can integrate easily into our existing applications.

The last three years has seen the launching of a new website, our third, developed by Alphawest, and with a different focus. For IT that has also involved changing the internal culture so that IT is seen as a service to businesses.

*"It is a major step in our aim to continue to add extra technological services to underpin the main foundation of our business operation ..."*



*"It is Capricorn's aim  
to help our members in their  
businesses to ensure their  
future success."*

*Pino the Dolphin was caught chatting up the ladies  
(Jo Parker, Maria Boehme and Tracy Harris) at Capricorn's  
P&O Fairstar convention in 1994.*

We are heading down the path of IT being a focus for service management — service delivery and support — and monitoring and measuring that.

At present we do over 400,000 summary transactions. These are non-detailed and show invoice dates and amounts, and 85 per cent of them are produced electronically.

With the new CAPLINK software our goal is 100 per cent. We will know where our sales are at on a day-by-day basis because it will deliver real-time authorisation of member transactions.

It is a major step in our aim to continue to add extra technological services to underpin the main foundation of our business operation and will create greater efficiency for everyone with the gain being that the members' statements will always be correct.

Now with a staff of nine, the main role of the specialist IT area is to assist the business units in delivering the corporate strategy.



*Jo Parker (back, right), Capricorn Society IT Manager, is pictured here with Tracy Harris, then Convention Organiser/Newsletter Editor (back, left), Jenny Jacobson (daughter of former Capricorn Director, Max Jacobson) (front, left) and Maria Boehme, Share Registry Supervisor (front, right), at the Gala Dinner at the Capricorn Society P&O Fairstar convention in 1994.*



Our work in IT impacts on staff, members and suppliers, and when launching the latest website in 2003, we also made it less reliant on external input.

Staff can now add to and change items so it is never stale, and while the website does not yet have ordering on-line, many of our suppliers have electronic catalogues.

The major focus now in 2004, is to identify what is needed in the field by Capricorn staff to operate quickly, efficiently and with the necessary information at their disposal.

Information technology has touched all those working within our rapidly expanding organisation from the office staff to the Board of Directors, who all have notebook computers and have said goodbye to waiting for airbags to be collected with the information they needed.

The Director's Board papers are sent electronically saving time and cost, and meetings by video-conferencing are no longer a thing of the future, but just another part of carrying out their duties for the Society. Technology is something the Board members have embraced.

Capricorn Society is well and truly into the electronic age. Dumb terminals are no more, and the tonnes of paper have rapidly been disappearing, probably blowing in the wind at our old Welshpool premises, to be replaced by the quiet hum in 'The Bunker' as I call our server room.

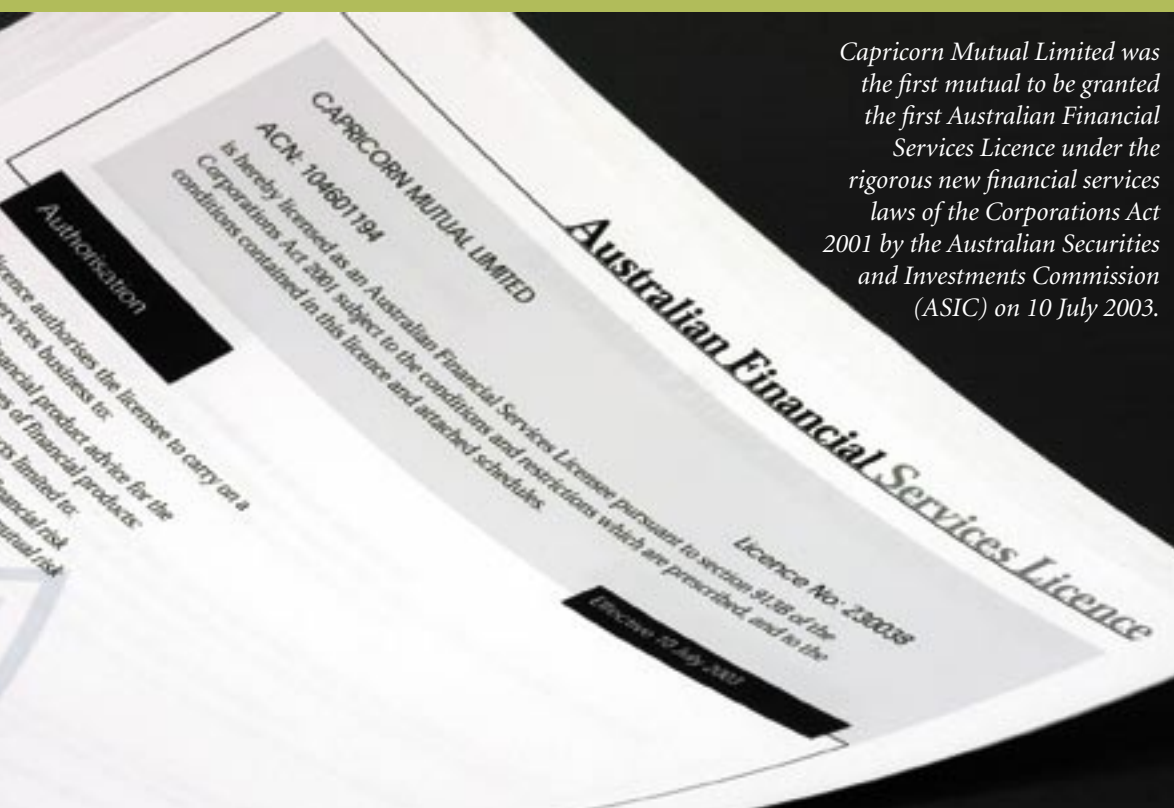
The server room is a hi-tech addition to the renovations in the Burswood office that can work without outside power and operates 24 hours a day, seven days a week.

There may be some members and suppliers who are yet to embrace the technology, but there is a new generation of younger owners ready to get the most out of the new electronic age and applications to help their businesses.

It is Capricorn's aim to help our members in their businesses to ensure their future success.



# FOR THE MUTUAL BENEFIT



*Capricorn Mutual Limited was the first mutual to be granted the first Australian Financial Services Licence under the rigorous new financial services laws of the Corporations Act 2001 by the Australian Securities and Investments Commission (ASIC) on 10 July 2003.*

*The whole aim, basis and philosophy of Capricorn Society has been to represent and promote the interests of its members, from the few to the many thousands, ever since its inception.*

*Over the years the Co-operative has had its finger firmly on the pulse of its members' needs and expectations, particularly in the area of the vast range of suppliers and the wide and diversified services that they provide.*



## FOR THE MUTUAL BENEFIT

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In the beginning, these services naturally had a major trade focus, that is the parts and products needed by the service station and mechanical workshop members of the Society to carry out their day-to-day business.

While automotive industry supplies remain central to the members' needs, Capricorn suppliers now also include business consultants and computer sales professionals, food products and mobile telephones, health insurance and clothing companies.

It is all about Capricorn recognising the service benefits that the members need or want the Co-operative to provide, and also giving members a choice in relation to who they deal with in running their businesses. That means, where possible, providing members with more than one supplier in each product and service range.

As the Society reached its first 25 years of operation and looked at the final days of the Twentieth Century, there was one major and important area of business operating provision where that choice was not available through Capricorn Society — insurance.

For Capricorn Society members, insurance and the annually escalating premiums was fast becoming the cause of one of their major business and financial problems.

Members continued to voice their concern to the Co-operative about the cost of business and personal insurance cover, and the problems of obtaining some forms of insurance, such as professional indemnity.

Capricorn knew that it needed to find another way around the dilemma and in pursuing solutions was told about a long-established and internationally known company, Charles Taylor Consulting Plc, that had specialised in the setting up of mutuals for over 150 years.

The Capricorn Society Board knew that mutuals had been successfully in operation around the world in many different forms for a long time, and had a proud and continuing history. In fact, many of today's largest insurance companies started down the road as a mutual.

'Members continued to voice their concern to the Co-operative about the cost of business and personal insurance cover ...'

Moving towards this concept as a long-term answer to the problems critically facing the growing membership, the Capricorn Board researched and investigated the workings and benefits of the mutual way of providing a specialised business service such as the one they were looking for.

The Society started doing its due diligence on the proposed foundation of a mutual, and Capricorn Mutual Limited was formed in 2003 to provide discretionary protection to its members.

Offering risk protection meant a whole range of different financial conditions and registration criteria. The Mutual firstly had to obtain its Australian Financial Services

## FOR THE MUTUAL BENEFIT

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licence, and to do that needed to demonstrate to the Australian Securities and Investments Commission that it met stringent requirements including financial ones.

One condition of the Mutual's Australian Financial Services licence was that the Mutual must always have adequate financial resources to discharge its future liabilities or make payments to the holders of its product.

For Capricorn Mutual, its product is the membership in the Mutual and the discretionary protections that it offers to its members. The mutual offers members the ability to select from a range of protections against the risks they encounter, not only during their business lives, but their personal ones as well.

To be a member of the Mutual members had to first be members of Capricorn Society. It was accepted that the risk profile of members could not prejudice the return of other members who ran tight risk-free businesses. This is why the Board has a discretion that it exercises in terms of who can join the Mutual, the protections that it offers a member and in the payment of claims. Because the Mutual is owned by its members, the members through its Board exercise the discretion in a way that encourages members to manage risks responsibly.

As with Capricorn Society itself, it is the members who own, control and operate Capricorn Mutual for their joint benefit through a Board of Directors.

The Mutual was established with three member directors and a chairman, who is not the same chairman as that of the Capricorn Society. This is to stop any potential conflict of interest.

There was also the addition of an independent non-executive professional director to the Board on which the Chief Executive Officer of Capricorn Society also sits.

Not an insurance company, but regulated as a financial services provider, Capricorn Mutual is a non-profit organisation designed to represent and promote the interests of its members just as the original Capricorn Society has done since it was formerly registered back in 1975.







*Capricorn Mutual is designed to represent and promote the interests of its members, like Nigel Garrett from Plaza Smash Repairs in Western Australia.*





*The inaugural Capricorn Mutual Limited Board of Directors. Left to right: Russell Green, Brian McGill, Wayne Negus (Chairman), Trent Bartlett (non-executive professional Director and CEO of Capricorn Society) and Peter Eastwood.*

## FOR THE MUTUAL BENEFIT

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The Mutual was set up to protect both business and personal risk from private households through to company premises, from public liability to professional risks.

It operates in every state of Australia as well as New Zealand, and is only available to members of Capricorn Society.

It is quickly becoming one of the most valued Capricorn services because it allows members to place their business and personal protections with one entity — an entity that they are part owner of.

The Mutual manages its own financial risks through an insurance policy in place with its wholly owned insurance company, Capricorn Insurance New Zealand Limited (CINZ).

Charles Taylor Consulting, the company originally approached when the idea of forming a Mutual was first mooted, was brought in to manage Capricorn Mutual's operations and provide financial services on its behalf.

'It is quickly becoming one of the most valued Capricorn services because it allows members to place their business and personal protections with one entity ...'

History shows that Capricorn, throughout its years of progress, whether in the area of membership, turnover or Society operating surplus and dividends, has always tried to control and manage its growth.

From the time the Co-operative became established in Western Australia, to its move into the eastern states, putting down its roots in New Zealand and the Republic of South Africa, and sponsoring the establishment of Capricorn Mutual, it always got one part of its business going and established before moving on to something else.

Each time it did this with the over-riding priority in mind, to serve the members of Capricorn Society and each time not only enhanced member benefits, but membership numbers.

Capricorn Mutual is one area where Capricorn Society was able to build on the co-operative ideals. Other financial services may follow in the future.

For the Co-operative, the Mutual was another important initiative that heralded a further step in its growth and diversification. In the years ahead, Capricorn may well develop its own financial services network for members in Australia and overseas. Its experiences with the Mutual have provided it with experience and knowledge that will be invaluable if it goes down that pathway.

# PROTECTING MEMBERS

INTERVIEW WITH WAYNE NEGUS



Wayne Negus joined Capricorn Society in 1980 and was elected to its Board of Directors in 1987, shortly before the Co-operative expanded into the other states of Australia.

Chairman of the Board for eight years from 1995 until 2003, in this interview he talks of those early days and of the Society's latest, as well as one of its most significant new services for members — Capricorn Mutual of which he is the current Board Chairman.

Interview



The whole reason Capricorn Society was formed was the belief that the only way a small business could survive was by becoming part of a larger group.

When I joined the Board in 1987, the initial service station industry base for membership was changing. There was already a natural progression to other automotive industry areas, and we knew we had to go east to get a better buying price as a national supplier.

It was a bold step that has also seen the expansion into New Zealand and the Republic of South Africa. Along with this, there have been many defining moments in Capricorn's history. In my opinion, among the most influential was the change of our auditors in 1999.

With this change came a review of Capricorn's systems and management. The review coincided with a new era of quality control where all of our systems and policies were formally recorded.

The next defining moment was the retirement of General Manager Frank O'Connor in July 2001. Frank left a void because his extensive knowledge of the industry and co-operative values was somewhat unique in the business world.

The challenge the directors faced was to find a person who could lead Capricorn into the future without changing the co-operative culture that had been fostered over many years.

Trent Bartlett joined the Society on 17 December 2001. Trent came from a retail background, and it is to his credit that he embraced the challenge of improving Capricorn without upsetting the co-operative culture.

The formation of Capricorn Mutual Limited, which commenced in August 2003, was very much a new involvement for the Society, not a geographical one, but one into a new area, that of financial services.

It eventuated because of the Capricorn philosophy — there should always be a choice of suppliers for members, not just a single option. At that time there was only one main insurance provider. Insurance companies usually work on the basis of giving their representatives commission on the business that they wrote, but Capricorn chose as its preferred supplier one of the few insurers that paid its representatives a salary and bonuses. Capricorn members benefited from this as their insurance premiums did not have the representative's commission component factored into it.

There were seven members on the Board of Capricorn Society at that time, and they were all in the industry, so they knew the problems facing Capricorn members. One of the biggest problems was the constant rising cost of insurance, the fact that it was so progressive and that it did not look like slowing down. We knew that Capricorn members had good claims records and using this we tried to negotiate a better deal on insurance premiums for our members. The insurer said that they could not provide any better deals on the insurance rates and they did not provide any information to show that members were receiving a preferential rate despite Capricorn giving them preferred supplier status.

The Board believed that Capricorn had to move forward and solve the problems facing members, and Trent Bartlett, the Capricorn Board of Directors and I did a great deal of work on the concept in a relatively short amount of time. We looked at different models and decided that the model that worked best with the concept of the co-operative



*"It is not  
an insurance  
company run on  
a profit basis,  
but a mutual run  
for the benefit of  
the members who  
own it."*

*After joining Capricorn Society as a member in 1980, Wayne Negus was elected to the Board of Directors in 1987. He is pictured here at his first Capricorn convention as a Director — Bali 1988.*

was that of a mutual. We looked at models here in Australia and overseas, and we sought out experts who had run mutuals. Due diligence was done in about 12 months, and in a very short time frame the Mutual was up and running. We also faced the challenge of the new financial services reforms being introduced into Australia at the same time and in keeping with Capricorn being a trendsetter, Capricorn Mutual became the first mutual in Australia to become an Australian Financial Services licensee for miscellaneous mutual risk products.

Capricorn members who join the mutual now have a real alternative to insurance. The Mutual offers discretionary covers for both business and personal protections. It is not an insurance company run on a profit basis, but a mutual run for the benefit of the members who own it. Already the Mutual's presence in the market is causing at least one insurer to reconsider its insurance premiums to members. Whichever way you look at it, the members are receiving a valuable service and it was all made possible because of Capricorn Society.

As with anything members need or are using currently, there is no reason why the Co-operative cannot supply it.

In earlier years, we went fairly strongly into superannuation even when it was not compulsory, but it was not our core business. The management's time was distracted trying to run superannuation, so the Board decided to hand the responsibilities to the Motor Trade Association's Super Fund. In hindsight I suppose, if we had known how big superannuation would become, we might have concentrated more on superannuation. We learnt from the experiences with services like Automobile and Industrial Finance and Motor Charge that provided benefits to Capricorn members but which were sold by the Motor Trade Association (MTA).



The difference between Capricorn Mutual and these other industry services is that Capricorn members own the Mutual. Any decision to sell off the Mutual in the future will have to come from the members.

Capricorn Mutual is the start of Capricorn's planned growth into other areas of financial services. The Capricorn Board regularly has think tanks. Way back at one of these think tanks the idea for Capricorn finance was raised — even mortgage protection or any form of finance that members might need.

Capricorn is always looking at ways of making things better for members and because the members of the Board are in the business, they know that basically anything they need in their own businesses is what other members also need.

It is an advantage of having member directors on the Board of the Mutual because that way the Mutual can keep up-to-date with the problems there are in the industry, and what we have to face in our own businesses, the members are facing in theirs, to a greater or lesser extent.

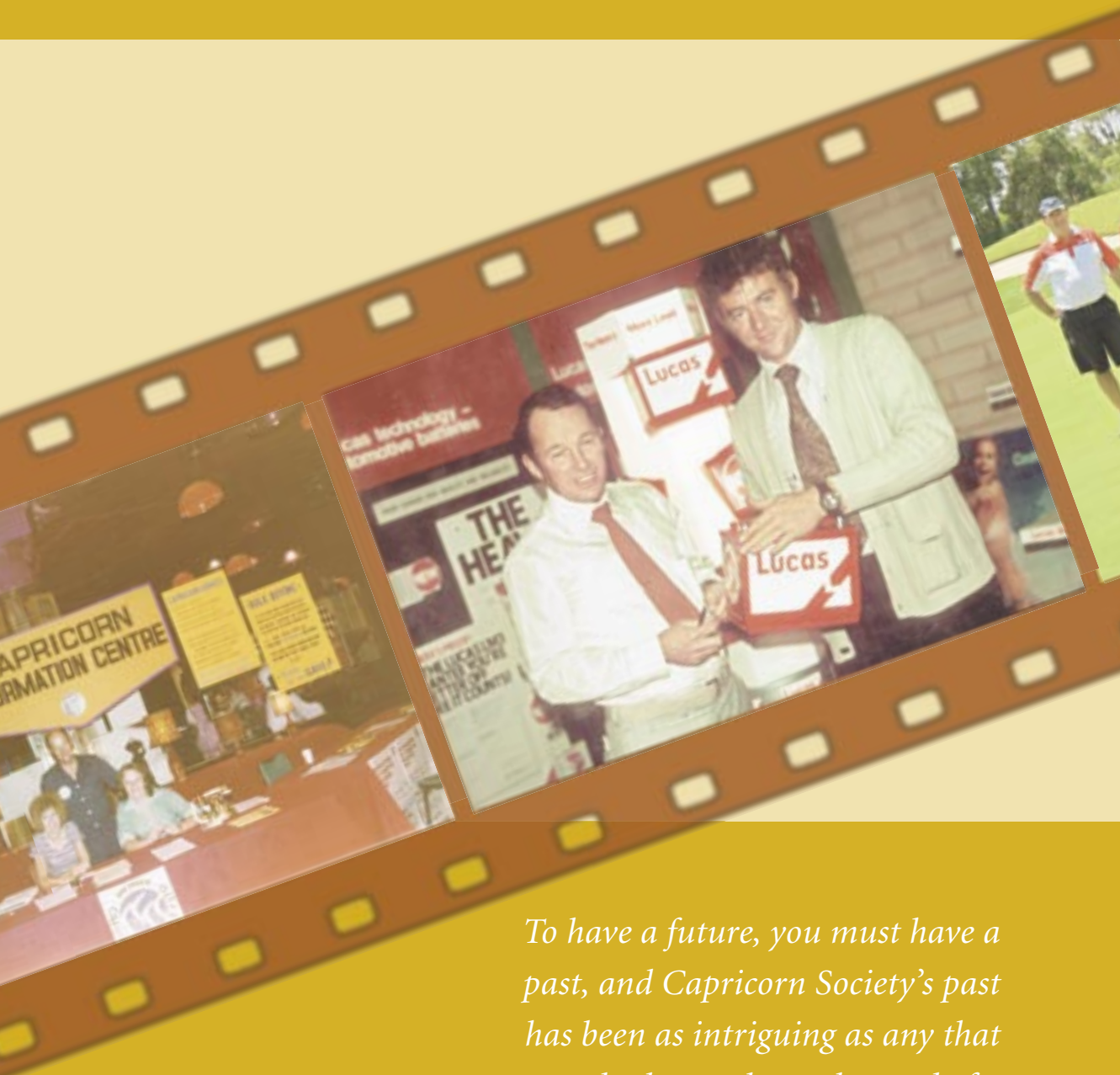
That is something you also find when talking to members in the other states. You tend to think all the problems you have are unique until you start talking to them and find the problems are exactly the same in Australia and overseas.

Capricorn Mutual is in its formative phase, but by offering a wide range of business and personal risk protections, it has provided not just a solution to a major area of concern for members, but is now one of the many major initiatives in member services made possible by Capricorn Society. ”



*In 1995 Wayne Negus became Chairman of the Capricorn Society Board until 2003 when he became Chairman of the Capricorn Mutual Board. He is pictured here (second right) doing the congo with Frank O'Connor (right), former Capricorn Society Chairman and General Manager.*

# A BRIGHT FUTURE



*To have a future, you must have a past, and Capricorn Society's past has been as intriguing as any that had gone down the road of a co-operative business agenda.*





## A B R I G H T F U T U R E

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In 1970, when the 12 Golden Fleece service station owners banded together, their future was one of survival and it was a future they would have to grind out of rock.

There were no starry eyes or thoughts of pots of gold at the end of the rainbow, just a true Aussie belief in a fair go, and a future to trade free of the iron grip of the oil companies.

By the end of 1974, a slightly larger membership met for the first time to proceed with registering Capricorn as a co-operative. But looking to the future then meant never looking too far into the distance. Their businesses were always being played out in the present, and with the dawning of the 1980s, Capricorn's very existence was hanging by a thread.

June 1981 became decision time on the future of Capricorn Society. To wind it up or to continue on?

'Capricorn Society hit the new millennium at pace, the future assured, the hope turned into certainty and success, the dream a reality.'

The correct business decision, according to some then involved, would have been to close-up and walk away from 11 years of unrewarding toil, but their hearts ruled and the Board of Directors looked forward.

In 1982, after progressively larger losses, there was a modest profit and a historic moment in itself — the paying of the first dividend.

Now there was a future, and from the mid-1980s until the end of the century, milestones were reached almost every year — expansion nationally and internationally; new premises; computerisation; membership records continually rewritten; and turnover, profit margins and dividends continuing on an upward curve.

Capricorn Society hit the new millennium at pace, the future assured, the hope turned into certainty and success, the dream a reality.

Much of what had been achieved in the few years since up to 2000, has been about setting the agenda for the future now that the Co-operative is established as one of fastest growing privately owned companies in Australia, and certainly the leader in the automotive industry.

By 2000 the dreams were now very different ones indeed, but they were not thought of as dreams, rather as business goals. Goals that would retain principles that the Society had adopted for 30 years, and that had been driven by pushing the services that added value for its members.

The Co-operative was ready for more innovation in servicing its members needs and aspirations.

The membership growth was exceeding all expectations, and with Capricorn operating in three countries, it was now a big business requiring a business structure, governance and full executive professionalism to reflect its status.

## A B R I G H T F U T U R E

Between 2000 and 2002, many who had been involved from the early days, in leading capacities on the Board of Directors and within management, left the Society, including Frank O'Connor, Bob Bloffwitch, Max Jacobsen and Lindsay Taylor.

It was a changing of the guard and time for a new commitment to the future, underlined by the appointment of the Co-operative's first Chief Executive Officer, Trent Bartlett.

His early words summed up the future path: "As the needs of our members change, we must also change to meet them."

It was also a new learning curve for a man who had not been involved before with the automotive industry, and it came at a time when globalisation and competitive consolidation forces threatened to influence market dynamics for many years ahead.

The Co-operative saw its role as a critical link in the automotive value chain between suppliers and members. The aim for the future was to increase market share in Australia, New Zealand and the Republic of South Africa while also seeking to provide wider services to industry partners and stakeholders that would ultimately generate more returns for the Capricorn members.

The years between 2001 and 2004, make up the last few years of this Capricorn history, but it is certain they will be looked back on, as the Society goes from strength to strength, as the years that molded the new future for them were a vital part of the progress still to come.

'The membership growth was exceeding all expectations, and with Capricorn operating in three countries, it was now a big business ...'

First there was the commissioning by the Board of Directors of an Enterprise Health Assessment that identified about 80 areas the Board should be focusing on. Then came the appointment of Trent Bartlett, the start of addressing the assessment and the focus of working to strategic plans.

Time was put into ensuring systems, operations and processes were more effective, efficient and better able to serve the membership.

The focus was that Capricorn Society was now a tri-nation business. It had to operate like one and continue to strive to better understand the business in every country in which it operated.

The Board's governance processes were set to become a continuing part of the future. More assistance was given in terms of structure, governance disciplines, board terms of reference and all things involved in typical big business corporate governance that had become so important in the future direction the Society would be taking.

In 2003, the first market research of members and suppliers was commissioned to try and explore whether the Capricorn reputation extended beyond automotive parts and accessories. Would members and suppliers trust the Society and would the business













be credible if it tried to associate Capricorn with financial services and products such as business and personal risk protection?

The overall response was 'yes' and it is the path the Society started to move down, setting up Capricorn Mutual Limited in 2003.

The Mutual was the first time Capricorn had put itself 'at risk' by setting up an entity to be a supplier to its members. Up until then, its relationship had almost been one of providing the introduction between the two parties, the members and their suppliers, and facilitating the transactions between them.

The Mutual was symbolically the first time that the Co-operative believed it could offer a better deal to its members by cutting out the middleman and doing it direct.

It took that course because it understood member's needs and that there were wider ways in which it could serve and protect them better.

'The Mutual was the first time Capricorn had put itself 'at risk' by being a supplier to its members.'

Up until then, the Board and management had never risked the Capricorn 'brand', but it was all aimed at a new level of business help for the members.

Also, Capricorn had stood behind the 3:6:12 Easy Access Credit for its members, and with the Mutual they were becoming a supplier and standing behind a product.

In 2004, the wider spectrum of financial services had very much become an issue on the Board's agenda as an area for the Co-operative to explore. It was a way to make up what Trent Bartlett saw as, "the missing link in meeting more of our members business needs."

In the future, information technology plays a continuing and even greater role. It allows Capricorn to add value for its members and suppliers by operating as an efficient interdependent link in its industry supply chain. It will ultimately help the Society secure more active member involvement in the running of the Co-operative.

As we close this chapter on the first 30 years of the Capricorn Society, everyone can look back at one of the unique Australian business success stories.

A story that from its humble beginnings in Perth, Western Australia will have many more chapters to be written, and before the decade is out, one that could well start with the words: "Capricorn Society today passed AU\$1 billion in turnover ..."

# LOOKING TO 2010

INTERVIEW WITH TRENT BARTLETT



In the last days of 2001, Adelaide born and bred Trent Bartlett, a man with no automotive experience, but extensive business background especially within the Australian retail industry, became the first Chief Executive Officer of Capricorn Society.

The former Aherns/David Jones and Coles Myer General Manager wasted no time in cementing the basis for a billion dollar global enterprise.

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Capricorn Society is focusing on trying to hit one billion dollars in turnover before 2010.

That is from the business as we know it today, not taking into account anything we might do outside our current core business or in additional countries.

While the Co-operative has a potential target of more than 14,000-15,000 members across Australia, New Zealand and the Republic of South Africa, I am not so concerned about membership figures, rather the spending of the members within the Co-operative.

I would be happier with 12,000 members doing a billion dollars than 14,000. For me, it is all about how much each member is putting through Capricorn — because they can see the benefits and it is their other business that they also own.

In my first two years I focused very much on putting in strong disciplines, business processes and management structural controls.

When I came on board, Capricorn had been so successful on a compounding basis year after year, but had had six months without a senior figurehead. I quickly assessed the Co-operative did not really have a solid operational and strategic base from which to properly take up the additional opportunities and challenges of further growth.

Just prior to my joining, the Board had commissioned an Enterprise Health Assessment that went through the business from beginning to end and identified about 80 areas it felt the Board should be focusing on and asking the Chief Executive Officer to address.

This gave me a brief on the framework for the future, and I got underway addressing the assessment and doing what I felt was necessary, which also meant helping the Board's governance processes.

I think the Co-operative business model is a fantastic one. For me, it is like having a meeting with shareholders every month. The Board is very focused on member issues, industry concerns and some are represented on Motor Trade Association Boards and sub-groups. All of this is very important feedback to me.

When you look at the Capricorn business now, apart from being an automotive parts buying group, we are opening up our offers to members in a wider sweep of financial services. We are expanding our credit provision model and are looking at other opportunities to provide our members with alternative solutions to their current financial services providers.

In relation to the performance of the Society, I am happy with the aggregate and overall growth, which is where we want it to be.

I still think New South Wales and Queensland, relative to the rest of Australia, need to do a catch-up in terms of market penetration. There is the potential, but we have to make sure we resource it appropriately.

In New South Wales there is a different dynamic in the supplier base. It is a more difficult market to penetrate. We are influential and well known in the other states, but in those two we still have yet to really break in.

The Australian Capital Territory, within the New South Wales zone, is doing very well, while the Northern Territory has been expensive to service and not really targeted yet for growth.

If you look at Western Australia and South Australia, they have a disproportionately higher membership and penetration. Victoria continues to be strong and growing at a great rate of knots. It is now our largest state and one we can use as a benchmark.

Tasmania comes within the Victorian zone and its one Liaison Officer, John Rundle, has a big following among the member base. Tasmania is a profitable business element and a good state for Capricorn.

Overseas, New Zealand has its own zone and is not seen as merely an extension of Australia's business. An important aspect is that co-operatives are well understood in that country and I am thrilled about the results over there. New Zealand is about halfway to where we think it could be and there are still good opportunities for growth.

A lot of our accounting systems and marketing systems are linked to zone configurations, with the other 'tri-nations' partner, the Republic of South Africa (RSA), also set up in its own zone.

We are happy with the rollout so far in the RSA and although we are yet to get to the point — an important threshold — of about 300-500 members, I see the overall future potential as very significant. Once South African members total 350, they will be able to nominate their own director and this will also help the Board and management to better understand the possibilities in that region.

*"I think the Co-operative business model is a fantastic one. For me, it is like having a meeting with shareholders every month."*

The Co-operative certainly has many opportunities in its international businesses and there are obvious opportunities for further expansion overseas, something we are keen to do. In terms of the degree of difficulty, we would concentrate on English speaking countries or where English is a main second language; where there are stable governments; and where there is a strong automotive heritage and an efficient industry supply chain.

The Society will need to be quite measured in whom it talks to and the alliances it strikes in terms of going into other countries, but there is scope beyond our current shores when we think the time is right.

The Board and I also believe in our opportunities to leverage our industry, to get deeper into the automotive industry where Capricorn actually means something. Our brand does not mean anything outside the automotive sector, so if we can leverage our industry we can also leverage our co-operative model in terms of how we take that and apply it to the benefit of our members.

We can also leverage the membership by selling more to them and trying to assist them more with their business needs outside just parts and accessories.

Capricorn's success is directly related to our members' success, so what we want to try and do is ensure the Capricorn system is the first choice for members in helping them with their business needs.

If what we supply can help members address those needs and be competitive, then we want to make sure we can provide that as cost effectively as possible; be it business advice, risk protection from Capricorn Mutual or other business needs.





If you look at the range of competencies we have as an organisation, the scope of what that business help can be is a wide one.

I think we can continue to work on how we help our members, not just in their businesses, but their personal lives. To help them achieve success in their life through their business is a holistic approach we should look at, which is very consistent with the European model of co-operatives.

In specific areas I believe we have the capacity to look at wider financial services that could be owned by our members. We will more regularly survey and research the members to understand their needs and their expectations of their Co-operative to help them.

Capricorn Society is constantly ranked highly among the top 500 private companies in Australia when *Business Review Weekly* publishes its annual figures. So do I think a AU\$1 billion turnover for Capricorn is achievable by 2010?

The answer is yes.



*Trent Bartlett was appointed Chief Executive Officer of Capricorn Society Limited at the end of 2001. He believes that the tri-nation co-operative is on track to hit one billion dollars (AUD) in turnover before 2010.*

# Appendix 1

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## CO-OPERATIVE PRINCIPLES

Although Capricorn Society has its own rules, it has always tried to stay true to the seven principles of co-operation common to the running of co-operatives.

1. **Voluntary Association and Open Membership.** Membership of a co-operative society shall be voluntary and available without artificial restriction or any social, political, racial or religious discrimination to all persons who can make use of its services and are willing to accept the responsibilities of membership.
2. **Democratic Control.** Co-operative societies are democratic organisations. Their affairs shall be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of Primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies.
3. **Limited Interest on Capital.** Share capital shall only receive a strictly limited rate of interest if any.
4. **Equitable Division of Surplus.** The economic results arising out of the operations of the society belong to the members of that society and shall be distributed in such a manner as would avoid one member gaining at the expense of another. This may be done by decisions of the members as follows: a) By provision for development of the business of the co-operative; b) By provision of common services; or c) By distribution among the members in proportion to their transaction with the society.
5. **Co-operative Education.** All Co-operative societies shall make provision for the education of their members, officers and employees and of the general public, in the principle and techniques of co-operation, both economic and democratic.
6. **Co-operation Among Co-operatives.** All co-operative organisations, in order to best serve the interests of their members and communities, shall actively co-operate in every practical way with other co-operatives at local, national and international levels.
7. **Concern for Community.** While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.

# Appendix 2

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## TIMELINE — THE DEFINING YEARS OF CAPRICORN SOCIETY

- 1970:** Golden Fleece service station proprietors meet at conference in South Perth, Western Australia.  
Group 11 formed.
- 1974:** A group of 17 like-minded service station operators meet and resolve to register the 'Capricorn Co-operative Limited'.  
Five directors appointed with Frank O'Connor as Chairman.
- 1975:** The first premises in Stirling Street, Perth, Western Australia.  
'Capricorn Society Limited' registered under the 1903 Co-operative and Provident Societies Act.  
21 members put in AU\$5,000 each for the Society working capital.
- 1977:** Bob Bloffwitch elected Board Chairman.
- 1979:** Move to premises in Hay Street, Perth, Western Australia.
- 1980:** Fire guts Hay Street premises.
- 1981:** Capricorn Board narrowly rejects move to wind up the Society.  
Frank O'Connor takes over as General Manager.
- 1982:** The Co-operative reports its first dividend.  
Premises bought in Abernethy Road, Belmont, Western Australia.
- 1984:** Abernethy Travel, a wholly-owned subsidiary of the Capricorn Society is formed.  
First Capricorn Convention in Bali.
- 1985:** Move to premises in Welshpool Road, Welshpool.
- 1986:** Capricorn launches its Superannuation Investment Trust.  
Capricorn wins tender to buy Barron Rent-a-Car and later changes trading name to Capricorn Rent-A-Car.
- 1987:** Capricorn begins its operations in New South Wales.
- 1988:** Membership passes the 500 mark.
- 1989:** South Australian launch at the Adelaide Hotel.  
First in-house computer system begins operation.
- 1990:** Rent-a-Car business sold.  
Victoria joins the Capricorn network.
- 1991:** Queensland and Tasmania join the Capricorn network.  
Membership passes 1,000. Turnover passes AU\$50 million.
- 1992:** Board decision to set up Panel and Paint Division.  
Launch of Panel and Paint Division with Bob Jenkinson appointed Manager.  
Appointment of National Sales and Marketing Manager, Steve Barraclough.

- 1993:** Capricorn listed 51st in *Business Review Weekly* list of 100 fastest growing Australian private companies.  
Membership passes 2,000.
- 1994:** Ken Crew appointed Board Chairman.  
Membership reaches 3,000.  
Capricorn in top third of Australia's Top 500 private companies.  
Panel and Paint Division operating in all Australian states.
- 1995:** Capricorn Society buys 'Capricorn House' in Burswood Road, Victoria Park, Western Australia.  
Wayne Negus appointed Board Chairman.
- 1997:** Capricorn expands offshore into New Zealand.
- 1999:** The Society goes online at [www.capricorn.com.au](http://www.capricorn.com.au).  
Jo Parker appointed first IT Manager.
- 2000:** Capricorn is registered in the Republic of South Africa.  
First New Zealand Convention.  
The tragic death of former Chairman Ken Crew.  
John de Rosa becomes the first to hold 50,000 shares.
- 2001:** Capricorn legend Frank O'Connor retires.  
Appointment of the first Chief Executive Officer, Trent Bartlett.  
Capricorn wins the Infrastructure Category of the Western Australian Information Technology and Telecommunications Awards.  
Membership passes 6,000.
- 2002:** Bob Bloffwitch, Board Director and Chairman for 17 years, retires.
- 2003:** Capricorn Mutual Limited becomes operational and licensed as an Australian Financial Services licensee.  
Supplier base passes 1,200.  
First Australian Convention in Darwin.
- 2004:** Capricorn rolls out CAPlink technology to its supplier base as a platform for future business productivity and leverage.  
Membership passes 9,000.  
Capricorn listed 66<sup>th</sup> in *Business Review Weekly's* list of Australia's Top 500 Private Companies.
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# Appendix 3

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## ORIGINAL CAPRICORN SOCIETY SHAREHOLDERS

Original Capricorn Society Shareholders who purchased 5,000 Shares  
at the Board Meeting Held on 16 September 1975.

Robert and Margaret Bloffwitch

John and Olive Conrick

Mervyn and Sandra Dorney

Walter and Hannelore Drinkwater

Alan and Helen Evans

Ashley and Gloria Foster

Michael and Vera Gauci

Ian and Janice Graham

Peter and Lillian Graieg

David and Beryl Harding

Rodney and Maria Hatton

Raymond and Margaret Kenyon

Oliver and Lesley Lovelle

Harvey and Bernadette Mack

James, Sylvia, Ian Anderson and Corrie Maitland

Francis and Maria O'Connor

Joseph and Jean Parry

Keith and Gloria Sainsbury

Rodney and Irene Stevens

Peter, Alfred and Joyce Thompson

Brian and Raewyn Tulloch



# Appendix 4

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## **THE CAPRICORN BOARDS AND CHAIRMEN**

### **The First Capricorn Board — 1975**

Frank O'Connor (Chairman)

Barry Hatton (Director)

Ray Kenyon (Director)

Brian Tulloch (Director)

Tom Drinkwater (Director)

### **The Capricorn Board After 30 Years of Operation — 2004**

Brian McGill (Chairman, New South Wales)

Wayne Negus (Director, Western Australia)

Mark Phipps (Director, Western Australia)

Keith Hall (Director, Victoria/Tasmania)

Peter Robinson (Director, South Australia)

Ross Pickering (Director, Queensland)

Russell Green (Director, New Zealand)

### **Capricorn Chairmen**

1974-1977 — Francis ('Frank') O'Connor

1977-1994 — Robert ('Bob') Bloffwitch

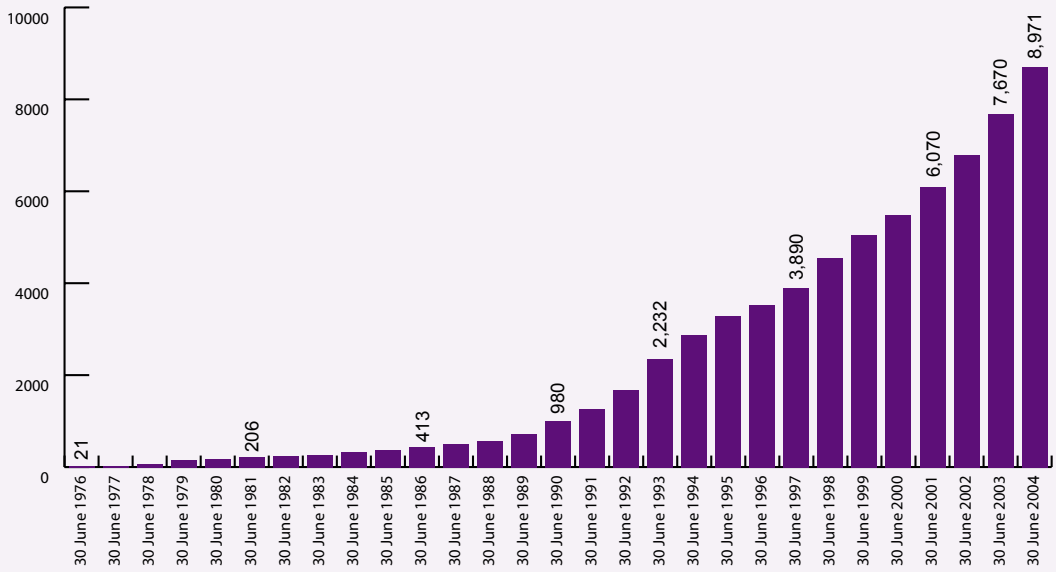
1994-1995 — Kenneth ('Ken') Crew

1995-2003 — Wayne Negus

2003- — Brian McGill

# Appendix 5

## MEMBERSHIP/SHAREHOLDER FIGURES OVER THE YEARS



# Appendix 6

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## LOCATIONS AND GUEST SPEAKERS AT THE CAPRICORN SOCIETY CONVENTIONS

October 1984 — Bali

Guest Speakers: Thomas R Fuda and Lindsay Moore

October 1985 — Penang

Guest Speaker: Steiner Wilson

November 1986 — Pattaya

Guest Speaker: Dr Gerry Faust

November 1987 — Bali

Guest Speaker: Peter Wilson

November 1988 — Bali

Guest Speaker: Bernard Kelly

November 1989 — Singapore

Guest Speaker: Ron Tacchi

September 1990 — Bali

Guest Speaker: Allan Pease

March 1992 — Bali

Guest Speaker: C W Metcalfe

March 1993 — Bali

Guest Speaker: Michael Gerber

February 1994 — South Pacific

Guest Speakers: Alan Bergman, Bob Harris and Ron Tacchi

March 1995 — Bali

Guest Speakers: Doug Malouf, Chris Newton and Larry Perkins

February 1996 — Hong Kong  
Guest Speakers: Allan Pease and Chris Newton

May 1997 — Mauritius  
Guest Speakers: Winston Marsh and Colin Bockman

March 1998 — Fiji  
Guest Speakers: Barry Urquhart and Mardi Dwyer

October 1998 — Bali  
Guest Speaker: Colin Pearce

May 1999 — Vancouver/Whistler  
Guest Speaker: Steve LeFever

May 2000 — Auckland  
Guest Speaker: Dr Michael Hewitt-Gleeson

May 2001 — Phuket  
Peter Ellyard — Futurist  
Guest Speakers: Colin Bockman and Keith Abraham

May 2002 — Queenstown  
Guest Speakers: Matt Church, Pam and David Mitchell, and Garth Tander

September 2003 — Darwin  
Guest Speakers: Matt Church and Graeme Alford

"The Capricorn Society system is a way of life for a business like mine, and I do not know anywhere in this country or internationally where there is a successful automotive industry co-operative like it."

*John De Rosa, owner of De Rosa Auto Repairs in Myaree, Western Australia.*

"... it was this 'one person, one vote' business philosophy that pushed us towards the co-operative structure."

*Frank O'Connor, former General Manager of Capricorn Society.*

"The Society is now a major account of ours and trading terms are attractive to us. We are involved because we want to be, not because we have to be."

*Ian Gardener, State Manager of Coventrys, Western Australia.*

*First 30 — A History of Capricorn Society*