



Soon after, Peter became the first of Robert and Janet Holmes a Court's four children to accept a public profile when he returned to Sydney after 15 years abroad to run AACo, a soon-to-be-floated, out-of-fashion rural company with 380,000 head of cattle and land holdings the size of Tasmania.

His connection was Futuris's then boss, Alan Newman, one of his father's closest lieutenants in the '80s, who needed the charismatic 32-year-old to help sell the float to a sharemarket wary of agricultural offerings.

With little in the way of animal husbandry experience, Holmes a Court boldly declared he would change the way AACo did business and more than double its herd size to more than a million head of cattle.

Despite a rocky debut, the float was well received. Russell Crowe, the actor and self-described cattle man, whom Holmes a Court met at a Los Angeles party, even bought shares.

Holmes a Court soon became regular fodder for gossip columns: attending Crowe's wedding; entertaining Rudy Giuliani at a Bowral barbecue in August; celebrating his 35th birthday at a black-tie party with the likes of David and Skye Leckie and John and Lucy Brogden.

"I find Peter and his wife Divonne a lot of fun," says Leckie. "I reckon he's got great charm. I reckon he'll go places".

Holmes a Court and his US-born wife have 4-year-old twin boys, George and Robert, and two-month-old twin girls, Elsa and Madison. They are in the middle of renovating a \$4 million Centennial Park home. It is for these family reasons Holmes a Court says he didn't think for long about knocking back a move to Brisbane. "Some of the articles written after this decision said I chose lifestyle over a job. I hope someone will give me another demanding job. I just chose not to uproot my family."

Holmes a Court plans to take February off and has employed a small advisory firm, Nitor Private, to field job offers. He plans to stay as a non-executive director and keep his 8 per cent shareholding in AACo.

But it is what Holmes a Court did at his first chance to earn his corporate stripes that has observers talking this week. At the centre of this is the "paddock to plate" strategy, which is a way of diversifying the company's earnings away from the sale of cattle, which are susceptible to lower prices and higher feed costs in times of drought.

These "value added" operations, such as pie shops, beef stores and specialist cuts of beef under its 1824 brand, accounted for less than 1 per cent of AACo's turnover before the float, around 10 per cent presently and, according to a Holmes a Court prediction on the ABC in August 2002, would reach 50 per cent in three years.

It is, however, not a universally admired strategy and AACo is no longer interested in the 50 per cent target.

"Retailing is very much a specialist business; the role of AACo is manufacturing," says John Carter, the chairman of the Australian Beef Association for the past six years. "Only a small percentage [less than 20 per cent] of your beast is going to feature in a restaurant," he says. "The vast majority goes into mince meat and the like - it's very easy to lose perspective on those few cuts of meat."

It is these types of comments that have dogged Holmes a Court. "We set out to take the company outside an area it was familiar with in a very modern way," he says. "Was everything we did successful? No. But if we were petrified of failure we would never have done some of the things that turned out to be fantastic.

"We did not spend a lot of money on this stuff and I stand by the large amount of wealth we have created for our shareholders."

But the criticism comes from within the company as well. An AACo source says directors were concerned the chief executive was too busy worrying about peripheral matters, leaving the Brisbane-based Mackay to managed the stations.

AACo's largest shareholder, however, does not agree. "We have clearly said the operational performance at AACo needed to be improved," says Futuris's boss, Les Wozniczka. "What you shouldn't do is read into that there was underperformance by Peter."

Wozniczka says that while "some of the value-added stuff has worked and some hasn't" he thinks "Peter did an excellent job during the float and AACo has basically met its earnings forecasts and paid its dividends".

"We talked about [Peter] commuting [to Brisbane] but ... you can't have a CEO on the hill and troops in the valley."

Operational issues are said to be the main source of any friction at AACo but missing out on a chance to buy its bigger rival, Stanbroke, has not helped.

AMP sold Stanbroke to a company called Nebo for \$490 million last year, even though AACo offered slightly more money. AMP says Nebo's was a better, more certain offer, while AACo has alleged in court action that the sale process was an "inside job".

There is, however, a feeling, shared by some in the AACo and AMP camps, that the seller believed Holmes a Court was the source of a series of press leaks during the tender process.

Holmes a Court says this argument misses the point. "Whether I am annoying, West Australian, had the wrong skin colour, had the wrong religion, they [AMP] had an absolute obligation to sell for the highest price to benefit its policy holders. I feel very comfortable that I stuck to the terms of the confidentiality agreement."

After Holmes a Court's resignation, Burton Taylor and Mackay gave interviews emphasising that AACo would be concentrating on the business of breeding, raising and selling cattle.

But both stress this is not a reaction to Holmes a Court's tenure. If there was a falling out, Burton Taylor asks, why would the former chief take up a non-executive director's position on the board and keep his shares?

"Will there be a change of emphasis in the business? The answer is probably yes," says Mackay. "But we won't pull back on some aspects of the previous strategy."

As an example, Mackay said AACo will continue to expand the 1824 beef brand, one of the innovations Holmes a Court personally came up with. "He's a very decent fellow, a very straight shooter," says Mackay. "Peter and I began this journey three-odd years ago. It has been an extraordinary journey."

*This story was found at: <http://www.smh.com.au/articles/2004/01/16/1073878030980.html>*