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Full transcript of an interview with

DEAN SHERRY

on 18 October 1996, 25 July 1997

by Rob Linn

Recording available on CD

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TAPE 1 - SIDE A

SOLA HISTORY TAPE.

Interview with Dean Sherry at Bellevue Heights, South Australia, on 18th October, 1996.

Interviewer: Rob Linn.

Well, Dean, can you just give me a bit of an idea about where and when you were born, and your upbringing?

DS: Yes. I was born in Adelaide in July 1939. Lived in the city of Adelaide, in Wright Street. Went to school at a convent school in Grote Street for the first three years. Then went to Christian Brothers College from Years 4 through to what was now Year 10. After doing Year 10 I left school. I worked at the Gas Company for two and a half years, and after that - two and a half years there, my Dad worked out that that didn't have a future and Laubman & Pank probably did have a future and he basically rang up Laubman & Pank and made an appointment for me.

Really?

DS: Yes. I fronted up for the appointment. I think I was the only person that applied, and I got the job.

Well, what was your memory of Laubman & Pank in those days? What's it about 1954?

DS: 1958. Laubman & Pank was very dingy compared to today. It's light and bright now. It was a very dingy looking set of rooms. It had a mezzanine floor that went up from the staircase going up from the ground floor to this mezzanine floor where I was interviewed in David Pank's office. It was dark and very uninteresting.

In Gawler Place?

DS: In Gawler Place. 62 Gawler Place. And then when I first started working there, we worked on the mezzanine floor on the opposite side to where the Panks' offices were. You faced the wall. You faced the wall, and you had this glass dividing my office space, my desk space, from the next person's desk space. *(Laughter in voice)* Very uninteresting.

Did that continue for long in that fashion?

DS: It didn't change in the time I worked at Laubman & Pank.

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Really?

DS: Yes. See, my time at Laubman & Pank, it was '58, and in July of '60 I started doing some of SOLA's work. By the end of '62 I was totally out of Laubman & Pank.

Well, in terms of Laubman & Pank, what was your training to be?

DS: I was employed to become an accountant, as I was told very clearly by David Pank. They didn't want a clerk. He could get a dime a dozen, clerks. He could go out in Gawler Place and get them anytime. He wanted an accountant, and that was what I was employed to do. So I had to work and I studied accounting, part time, at night school.

Through the Institute of Technology?

DS: Yes.

Lyell Braddock there then?

DS: Lyell Braddock was there with the school, yes.

So, you would have had a good accounting education.

DS: Yes. In fact, there was some very good guys there. Some names I've forgotten now. But I remember there was a Harrison, and there was another guy that's dead now. He was quite young - blonde fellow. Anyway, he was

very good. And then we had some very dour guys. Dudley Saw(?). His name come up? He was pretty dour.

That was your training. But by 1960 SOLA was getting off the ground. Did you know much about the foundation of SOLA, Dean?

DS: Well, there's two parts of the foundation of SOLA that I know about. Firstly, there's the corporate body, SOLA, and that actually goes back to 1937. That's the company that ultimately became SOLA. It was formed in '37, and that was to handle the Ilford franchise in South Australia, and its name was Photographic Supplies Ltd. And then there was a point in time before SOLA actually did some physical work itself, it was used as a bit of a tax dodge, because in those days company income tax rates, the first £10,000 was, say, 25% tax. Beyond that it might have been 35% tax. But the Taxation Department didn't put one group of companies together and give you the benefit of the first 10,000 just between the group. Each individual company had the first 10,000. So, SOLA used to buy all the frames and lenses from Laubman & Pank, and sell them off to Laubman & Pank at a 15% mark-up, to save that extra bit of tax.

I'm with you, yes.

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DS: So SOLA was doing that through the 50's. Certainly was doing that, like in 1958, when I came along. Laubman & Pank has, somewhere along the line, decided to invest in the high - an Edwards(?) high vacuum coating machine to put a coating on lenses. That was on glass lenses. And SOLA used to invoice that work out because they started doing that Australia wide, to the counterparts of Laubman & Pank. Coles & Garrard, Gibb & Beeman in the other States, and also to optical wholesalers. Coles & Garrard in Melbourne, and Gibb & Beeman were the equivalents in New South Wales. They were customers for this Edwards(?) high vacuum coating process, and all of the optical wholesalers also. They were the suppliers to the smaller retail outlets.

Edwards high vacuum coating.

DS: Yes. And that was the first time SOLA, even though this is pre-1st July 1960, that was the first time SOLA was starting to do business with the optical community in Australia.

Oh, right. Now, I don't know if you'd remember this, Dean, but was that optical community quite conservative at the time?

DS: Oh, it probably is by today's standards. From my point of view, they were just names. I didn't know the optical community. I used to get these job cards in to invoice Gibb & Beeman, or invoice Coles & Garrard, or invoice Australian Optical Company, and that's what I did. I sent to invoices off and the money came in. So, at that point in time, I didn't know them.

So, come 1960, or July 1960, when SOLA's established, you were working with them but were actually still with Laubman & Pank?

DS: I was on Laubman & Pank's payroll. I was on Laubman & Pank's payroll until around October '62.

Right. That's just before the shift to Black Forest?

DS: Yes. When SOLA went to Black Forest, I went full time with SOLA.

Now, in those first days of SOLA, what can you remember that they were actually involved in?

DS: Plastic lenses. Plastic was never used in those days. It was a no-no, because of the implication(?) that plastic scratches. The CR39 lenses, it was always called CR39, or it might have been called a hard resin lens. That was the whole thrust behind moving to Black Forest. That was going to be the future. We had some handy little sidelines, like

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the continuation of Edwards high vacuum coating. That gave a little bit of cash flow. We also had agency for machinery from Ros Schultz.

Oh, yes.

DS: So he was designing optical equipment, and we would sell it, again, through the optical network, of the wholesale network or the retail network. So that gave us some handy cash flow but the whole thrust was going to be plastic lenses, and even from day one they were experimenting with - not getting many for sale, but with prescription lenses. Essentially it was plano(?) sun-glass lenses. That was going to be the thrust.

Now, who were the actual individuals behind SOLA?

DS: Now, I see it as sets of people. Firstly, without Pank and Schultz, SOLA wouldn't have happened, because they were the governing directors of Laubman & Pank. David Pank and Don Schultz. Without those two it wouldn't have happened. Without their vision and their preparedness to sacrifice today's dollar for the long term, it wouldn't have happened. And Don, among those - he was very much the driving force then because he was the technical guy. He was more the big R of R & D. He was the research type person, the mathematician, the physicist. So talking then of the team that did SOLA, there's obviously Noel Roscrow. He was the energy. He was the driving force, the Managing Director. Then you had Don Schultz, the big R of R & D. Then you had Ron Ewer, who was the big D of R & D. He could translate what Schultz was talking about and put it into action. So I think SOLA couldn't have happened without, firstly, the Pank and Schultz philosophy. And then it couldn't have happened without the Roscrow/Schultz/Ewer combination.

So Ewer was the person who actually brought into being the idea of SOLA?

DS: He was the guy that put on the white coat and went into the lab and did it. Schultz would come up and say, 'Look, we need to have glass moulds with this curvature on them because this material will shrink by 15% from liquid form to solid form, and these are the calculations'. So Ewer could then go away, get moulds made, and then put liquid inside of those moulds, held together by a gasket, cure it in an oven, and produce a lens. And then of course there was a network that then comes in after Ewer. You've got the likes of Rob Hamlyn, and the likes of Phil Squires, and of Glen Schultz, that worked in the casting process. You've got Roger Goodall(?). I think in those days Roger -
Is he still alive?

DS: Oh, yes, yes. Roger, he's just retired. He retired after me.

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Roger Goodall(?), I reckon he was doing the high vacuum work still then. He used to also do hearing aid repairs but I think he had moved on from that.

Then there were a couple of women involved?

DS: Yes. You've got Millie Whitby, and then beneath her there was -

Dianne Procter?

DS: Di Procter was Secretary to Roscrow.

Oh, is that right?

DS: Yes.

Of those women - well, Millie was there. I'm just trying to think of - have you got any names suggested there?

Bernie Thompson was another one.

DS: Oh, he's not one of the nine, I don't think.

He's one of the nine.

DS: I think memories have gone a bit skew-whiff there. He was working in quite a different area. It became part of SOLA. It was called a precision opticals department but it did defence work. Oh, he might have been one of the nine but I'd like to go back and have another look at those numbers of the nine.

Some of the other women I think came in not long after.

DS: Yes. They may have been not up - yes, that's probably right. Because I remember there was a girl called Sharon Temple, and a girl called Dawn Howes who married one of the optometrists from Laubman & Pank. A girl by the name of Brenda Brown who married one of the accountants at Laubman & Pank. But what particular point of time - whether they were there 1st July, I'm

not sure. They had to be there soon afterwards because they had to have the hands to do the work.

Yes? Of course.

DS: Mm.

Now, I don't know if you remember but at the time was this playing around with CR39 pretty high tech stuff really? Or had it been -

DS: For its day, it probably was. It had never been done before. Well, put it this way, it had been done in Europe by the French. Plastic lenses were around but certainly never

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been done here before. Probably for its day, it probably was, because they were dealing with the unknown, and a very volatile catalyst.

Yes, I heard about that.

DS: Yes. There's still scars down at University of Adelaide apparently from some of the explosions they had with playing around with the catalyst. So, yes, there were risks and physical risks, as well as the technical - there wasn't a lot of technical risk. It was either going to work or it didn't. But see, no-one had put their own personal stake on the line because we still had the backing of Laubman & Pank, and that I think was very important.

Laubman & Pank were very strong at that time, were they?

DS: Were, and still are, as far as I know. I think they - well, they certainly dominated South Australian retail optics. But certainly they had all the substance in the world, so that if SOLA took this next step forward and fell over, no-one was really going to be all that badly hurt. Later on in time it changed. It certainly in those earlier couple of years we had full support. Until we went to Black Forest, and that's when we had to buy a hell of a lot of equipment off of Laubman & Pank and we had to get bank loans in our own name and all that. See, we didn't even have bank loans in our own name.

Well, '62 and '63 when you moved to Black Forest, was it pretty dashed hard to get that type of finance?

DS: Not that hard. Again, because of the backing of Laubman & Pank and the common directors. I'm not sure, whether at that stage, it might have been our first introduction of personal guarantees. I'm not sure whether they -

Who financed you? Do you remember which institution it was?

DS: Yes. Bank of Adelaide. That's a story of its own, itself. The Bank of Adelaide. They were absolutely tremendous in their support of SOLA. We never put forward a deal that we didn't get.

Is that right?

DS: Yes. They never knocked us back for one thing.

So in other words they shared the faith and vision of the -

DS: They shared the faith and the vision, and I thought they were pretty entrepreneurial, especially when I look back on it because, you know, things were pretty - we were very - the quicker we grew, the quicker we ran out of money because we were

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not capital intensive, but we were working capital intensive. We tied up a huge amount of money in stock. Both raw materials, work in progress and finished goods. So, you know, and every time - if we had a period of time when the market dipped a bit, well, our cash flow started to dry up. So we weren't always a very good risk from a banking point of view. But may be they didn't know everything. But they stayed with us every inch of the way.

And I mean, did it continue through to when the Bank was taken over?

DS: Yes, yes. We were still banking with them until they were taken over. The only departure we ever had was when we moved to Lonsdale, we took out a Commonwealth Development Bank loan, and that was because it was about 1% cheaper than OD rates. Apart from that we had no other banking relationship in Australia, except with the Bank of Adelaide. And we tried to stay

with them afterwards, when they became the ANZ, but, oh, they put their interest rates up just so high, so totally uncompetitive, and expected us to stay, and we had to shop around and we moved.

Who did you go to then?

DS: Westpac.

So in those early days you got the support of, if you like, the Adelaide banking establishment, and you got some of the Adelaide corporate establishment backing it. Now, what happens to SOLA Optical, if you like, when it goes to Black Forest. What's going on there in that move? Is it growing very rapidly?

DS: Yes. There was pretty rapid growth that caused shiftwork to be introduced. The rapid growth was in the area of, firstly, the plano sun-glass lenses, and there was a big industry created for sheet, CR39 sheet, cast in 24 inches by 24 inches, and usually 3 mm thick. There might have been a couple of different other thicknesses but I think the average was about 3 mm thick. That was used as a protective visor on welding masks, and that was to stop the splatter because the splatter didn't penetrate the CR39. That grew pretty big. Clip-on sun-glasses were pretty big stuff. And all this time, this is helping foster through the growth of technology to get into prescription because that's going to be the future.

So that was always the aim, was it?

DS: Oh, yes, yes. It had to be the future but it was tremendously difficult to achieve. To get the moulds right, to get the curing process right, to get the gasketing right. And then you had the problem once you did get it, was convincing the consumers that it wasn't going to scratch.

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From your perspective, with the finances of the firm, was it a pretty trying time, Dean, in those early days?

DS: I think I'd describe it - it must be a bit like what child birth would be like. It's a pain that you forget when you've got over it. Yes, I always took the view -

in fact David Pank said something that I've never forgotten. He said, 'You can only solve problems. You can't solve worries'. And I always reduced it back to a problem. And actually it became a challenge to just come up with different ways. And there are innovative ways about how you can overcome a financial problem, apart from not paying your creditors. *(Laughter)* We found a few interesting and innovative ways to fix our problems. Yet I would say that's the biggest problem we had, is the availability of cash. But then, a lot of people, as you do your rounds, have got different perspectives on what that amounted to. People'd say, 'Look, I used to go home and worry about how we were going to pay the wages'. Now, that was never a problem because I always had enough in reserve to pay the wages, including management. Always had enough. So that was never a problem. But paying the tax bill, or paying our creditors, or paying for our key imports, yes. Could have been plenty of problems there. We always - I thought if we lost faith with our own workers, well, we've gone for all money. So we had to pay our wages.

Was there a strong worker emphasis right from the beginning?

DS: Yes. I believe it's always been people oriented. Yes, there was definitely a good rapport which we - all runs within the organisation. You had to have rapport because in the early days of Black Forest, you got manufacturing out here, blowing air hoses, cleaning their moulds with air hoses, and they're shrieking like that, and my office is over here, not separated by anything -

Oh, on South Road itself you mean?

DS: Yes. So there's South Road, and my office is against the wall, and then there's a passage way, and there's a production line there. They're working away. Then Roscrow's office is here, and Ewer's office is here. So, I mean, as soon as you walk out of your office, you were right in the middle of production. So you had this immediate physical rapport with people. And, oh, it was funny. You know, old fashioned ideas. In the Black Forest days, the Christmas break-up party, the women went into the women's change room and had a party, and the guys had a keg in the workshop. *(Laughter)* And this is what? 1963/4/5, when that was happening.

Is that right?

DS: Yes. Because 'didn't want people getting pissed and taking advantage of the girls or anything like that'.

Well, look, I mean, was there a sense of humour among the staff in those days?

DS: Oh, yes, yes. There was. I would describe it that we had a lot of fun jumping all of those hurdles together. Roscrow had a very good wit. He could be very, very funny. And I think if the boss is a funny guy, it permeates through. I mean, there were guys like Squires, quite humorous. And others, they're -

Squires is no longer living, is that right?

DS: Yes, he's alive.

Was he here too? In South Australia?

DS: Yes, yes. You should have been at our lunch last month.

Yes, I think I should have been.

DS: No, the only ones who are not with us -

Ron Ewer.

DS: Ron Ewer and Don Schultz.

I didn't realise it was that complete. That's good. So here we are, '62/'63 at Black Forest.

DS: Yes.

The things growing but is it growing just from Australian sales or South Australian sales, or what's beginning to happen?

DS: No, no. Certainly not South Australian. We had a fairly large export component right from day one.

Interstate or international?

DS: International. For instance, to give you - in 1966 we met(?) our first export award. So to have reached that level of confidence in exporting - you know, we were heavily into exporting right from day one. In fact, we always saw - Roscrow will probably tell you, that in the early days we kept the Australian market as something that was in the bank. We thought that if we could develop overseas, and not ignore the Australian market but just keep it there as something we could focus in later, but build ourselves overseas, develop overseas. You could always come back to the Australian market. I think that, you know, he was probably driven a few different ways. Firstly, you've got to know your

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international competition by being overseas, and secondly, if you make your name overseas, well, it's so much easier to come back and say, 'Look how well -'

Was there a lot of international competition?

DS: Yes, yes. The one that's still in existence now, which goes by various names. I used to originally know it as French - origin. I used to know it as Orma. Then it became Silor, and I think even in America it may be known a different name. They were the first ones into the business, and then there's a fair amount of American competition. There was American Optical Company. There's Coburn Optical Company from America. And there was nothing else in Europe. We licensed a company in Europe in 1962 - United Kingdom Optical B..... & L..... That actually didn't work. I don't think they had their hearts in it because they were really glass people, and it takes sometimes a lot for glass people to make the transition from their traditional glass to plastic. So, yes, there was competition, given that the market size is still pretty small, because glass is the traditional medium. I can't remember, by name, any others but I'm sure they're out there.

So this huge growth - I think from my reading of '64/'65, there's this huge growth, in sales. So that was primarily international at that point?

DS: Yes.

Do you remember anything about the purchase of Premier Optical in Melbourne?

DS: Oh, yes. I wrote the cheque. *(Laughter)*

Oh, right. What brought that about?

DS: We had a precision optical facility that was quite complementary to the precision optical facility that Premier had. But also we saw it as a vehicle of getting into supplying the Victorian market through a laboratory base. So what we did was, we maintained the Premier Optical identity for the type of work that it had traditionally done but we also set up a laboratory to supply the Victorian market. And we bought it from a guy by the name of Frank Pears. Yes, Noel Roscrow and I went over. They were various people went over at various stages - usually weekend trips and things like that - when they would work here Monday to Friday and go over there and renovate the premises on the weekend. I mean, back on Monday. And then Noel and I went over and we did the actual final negotiation and we paid £5,000 for it.

Was that big money in those days?

DS: Oh, yes. Well, I'm just trying to work out. I'd have been earning - to relate it back to '65. I reckon I was on 3,000 a year as a qualified accountant - £3,000. So that's one and a half times my annual salary.

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It wasn't a huge concern, was it?

DS: No. It only had about - with Frank Pears himself, it had about two or three operators. Then again, it was in this Edwards(?) high vacuum coating field. It had a lot of that coating equipment, and also a lot of glass working equipment. Specialised skills. And of course, one of the guys just stayed long enough for us to pay out his long service leave and he shot through and set up on his own. That happens, yes. I've forgotten his name.

Well, we will forget it.

But that move to Melbourne was actually driven by need to expand perhaps in the future to the Australian market then? To have a local laboratory?

DS: What's the question again?

Was that move into Melbourne was prompted by the fact that you wanted a foothold in Melbourne for that local laboratory market?

DS: Yes. We wanted to service - we service both the wholesale market and the retail market from that laboratory, yes. See, Melbourne was pretty big, and getting into laboratories - again, Roscrow might have a different - a more purposeful view of it in which to force CR39 into the industry. To just keep knocking on doors and making it available, and saying, 'Look what's available. You only have to ring up'. We were Exhibition Street, 357 Exhibition Street, at that stage. Just around the corner from everybody. And I think that was part of it, to just force that issue. Just say, 'Look, give us a try. We're here, and we'll re-work your jobs and (*couldn't decipher word*) it back to you'. You can give that on the spot service, which you couldn't do from Adelaide.

TAPE 1 - SIDE B

We have just been talking about the purchase of Premier Optical in Melbourne.

Well, OK, so we're beginning to move international, Dean. Now what was actually going on as you moved international? Was Noel Roscrow having to go out, basically, was he? Or who else was going out?

DS: During the 60's it was principally Noel. He was going out. He was doing all of that work. If the work entailed the transfer of technology, eg. the licensing thing we did in the UK in 1962, that involved Ron Ewer. Ron travelled with Noel on that. And then there were probably other operations where a transfer of technology was required and there would be people other than Noel that would travel, but principally it was Noel. Whereas

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travel became a fairly regular feature as we move into the 70's but in the 60's it was possibly Noel that did it.

Say Noel Roscrow goes overseas, what does he actually bring back? What type of things did he bring back? Was he fudging some things or what was he doing? How did he bring orders back? I mean, was it orders for real product or imaginary product, or -

DS: Well, the orders he brought back were for real product. I mean, there was a lot of, if you like, bull shit going on. He would go out and tell the industry that we were going to have a particular range of semi finished blanks by August. He didn't mention which year. *(Laughter in voice)* And then all of a sudden you could get the orders come in. People would express interest in buying the product, which wasn't even on the drawing board at that stage. So there was a little bit of that. But no, he was pretty hard-nosed. We were all were hard-nosed. You had to have real orders of stuff that we could deliver for which we could get paid.

Yes, I'm with you. So did that need(?) a pretty frugal too - the operations?

DS: Oh, yes, yes. It was a very frugal, tightly run ship. It was a very tight ship. You know, it was part of the culture that remained right up until the days that Pilkington arrived and took it over. It was run very frugally.

Did he(?) have all these elements of Adelaide, if you like. You needed real orders -

DS: Yes.

because they had to keep the cash flow up.

DS: Yes.

So there was, if you like, some of the leading edge stuff that wasn't quite there but you were offering it in whatever form, and there's future hope in that. But all behind, it's a very lean operation

DS: Very lean.

And a sense of humour, sorry.

DS: Yes, yes. That was there. The other thing, it was very lean and frugal but it was very good in another respect, particularly given what happened, you

know, about 20 years later in the Australian climate. From the day one, every employee was eligible for superannuation, company funded as well as self contributing, and I've always thought that that was about 20 years - if every company did that, you wouldn't have had the Federal people legislating that you've got to have compulsory superannuation.

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Was there a share purchase arrangement with staff as well?

DS: No, not at that point in time. In fact, even at a later point of time it didn't become a formalised share purchase plan but it was facilitated - encouraged and facilitated. Yes, we said that we want as many staff as possible to own shares. We gave out, a couple of times, some options but they were very limited. But what we did introduce - and we are now talking the 70's, and it's Lonsdale's time - we introduced a staff savings plan which offered an interest rate at above - higher than our overdraft rate. And that was to encourage people to invest, not in the company, but to invest and get a greater return whereby they could create their nest egg to buy shares as and when they became available. And that worked out very successfully.

As an example, when SOLA was sold to Pilkington, we had around 580 shareholders, of whom around 300 worked at the Lonsdale plant.

Really?

DS: Yes.

That's pretty salutary, isn't it?

DS: That's right. Yes, so to the extent that they were all in it - you know they all got their \$2.65 a share for however many shares they had, and so the benefit was spread wide and far.

Yes, I can see that.

Dean, just getting back to the late 60's again, with this international expansion going on, obviously CR39 is becoming more accepted in the industry. It would have to be because there's this growth going on. There was a move into Asia that some - one hint I got from my reading was that there were a few problems in Japan at one stage. Would that be right?

DS: Yes. I suppose there was probably more than a few problems in Japan but getting ourselves established in Japan presented a number of different problems.

The first problem was the one that you may have been indicated to you, when we had an agent called T..... Old Tom apparently wasn't as - I never knew him - wasn't quite all he was cut out to be and, you know, had printed SOLA Japan Limited letterheads. You know, he was purporting to be SOLA Japan whereas in fact he was an agent. And that created a - well, I suppose that slowed down at the rate of us getting into the Japanese market. Because we were being fooled. Nothing was happening.

But then through a variety of sources, and I'm not quite sure exactly how it happened, but David Pank's involved and Noel Roscrow's involved. They meet this guy called Bob Pearson. An Australian, who went up to Japan in the occupational forces and stayed there. And Bob is a trader. He was the resident director, and a large shareholder, in the company called D..... and they were into cables. So Bob's there, and he's got this guy

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that works for him called Ben is his name's - Benny Satay. At the end of the day, the long and short of it is, they agreed to take over the SOLA business.

We found a very clever way through the advice of a local firm of solicitors of how to get ourselves registered in Japan. In those days it was impossible for a company to be incorporated in Japan - a foreign company. But the firm of solicitors which was, Clark, Brazell and all those, but its now Potter, - part of that. This guy, Bob Clark, who was later a director of SOLA holdings, he found that you could incorporate a company here and register branch in Japan. So we registered a branch in Japan, and that became the corporate vehicle out of which we operated. So, anyway, that was good, and we got ourselves up and going.

And then the next thing, selling sun-glass lenses into the local Japanese industry, which is based in a place called Fukui. Because, you know, you're making a fashion commodity to be sold, at retail, early summer, you had it at the wholesaler three months before that. You've got to have it at the manufacturer three months before that. And the manufacturer's buying all his raw materials in - you know, progressively. The only way that you could sell

lenses against any other competition, was to give them four months credit. Three or four months? No, no. I reckon it was six months credit. 180 days, yes.

So we said, 'Oh, yes, but OK, there's a way around that'. So we said that every time we sell from Australia to SOLA Japan, we'll draw a Bill of Exchange on SOLA Japan and we'll discount that at the Bank, and we'd arrange a discount facility with the Bank. We could do that. We thought we could give them 120 days. So effectively the two firms between them, SOLA Australia and SOLA Japan, were extending 60 days credit. Well, that was not unusual.

So we get to the Bank of Adelaide and everything's going beautifully. It's about the one time that we didn't get what we wanted out of the Bank of Adelaide.

There was a young guy there at that time, one of their bright stars, by the name of John S....., discovered that there was an Australian banking regulation that prohibited post-shipment finance to the Soviet bloc and to Japan. It was a regulation that was passed in 1947. So that put us - they just scrubbed it.

They said, 'You can't do it. You can't provide post shipment finance'.

So then, again, we had this huge hurdle of how to get over providing six months of credit but the local Japanese solved it. They found a way that they could discount their bills. In fact, there were no bills there, they were promissory notes. But they found that they could develop a discounting facility. So, yes, we got over that but, you know, I guess that -

So the Japanese problems were primarily ones of finance? Is that a simple way of putting it or -

DS: I suppose that's my bias because that's where I was, in the finance. We had the representation problem in the beginning, and then you got this financial problem. I

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suppose the next time problems occurred there was when we started some manufacturing there. And again, I think they went through the typical teething problems. You know, getting dust, or anything, into the atmosphere that could end up getting into the lens was the last thing you wanted.

I think one day this Satay, who was a bit of a real driving force - very interesting character but a real hard task master - he made one of his guys, who was a

karate expert, just wear his loin cloth into work, and no-one else was there, so that there was a minimum amount of fluff from clothing. He made him do a day's work to see whether that minimised the introduction of fluff, or dust, or anything else, into the lens. That sort of things happen in Japan.

So there is then this move to Lonsdale. Now, what necessitated that, Dean? Was it just simply the working conditions?

DS: Oh, and size, yes. We occupied two buildings at Black Forest, and the venting at the building at 649 South Road - that's the one that's on the eastern side - the venting there was just terrible and people were - you know, because of the fumes and everything, they just had streams of tears coming out of their eyes, and really, today, you would not be allowed to operate. But we had to get out of there because we couldn't make it any better. But with a specially designed building, you could have your proper venting and all of that. And people had rash problems. You know, the material - those that handled it, you'd get a terrible rash. That ultimately got overcome but - so, yes, there's the two driving forces. One was just sheer size, and the other one was overcoming the health problems.

So your move to Lonsdale was facilitated with government assistance?

DS: Yes. Very good, very practicable government assistance. They built it on their land to our specifications, but they had one of their architects working very closely with a couple of our people. And, yes, they put it up and then we were able to pay rent. We paid rent to them and we had an opportunity, which we subsequently exercised - we had an option to purchase the building, and the option decreased in value each year as we paid each year's rent. It was actually a very interesting way of doing it because it was very, very tax effective. The Tax Department knew about it, and there was a famous court case called the Battery Makers Case, and that was the test case. The battery makers won. So we were able to exercise our option, and basically having written off all our rent as we went.

Now, what was this other story that went, about the time you went to Lonsdale, that SOLA actually made a case for - was it a tariff protection on CR39? That it was equivalent to glass, and they applied for a 20% tariff protection. Have you heard of that?

DS: Yes, yes. I was just thinking - yes, it probably was just after we went to Lonsdale. Roscrow was supposed to - he was coming back from overseas and he was supposed to make our presentation to the Tariff Board in Sydney on his return. Then we got wind of the fact that the Tariff Board was meeting a day earlier and Roscrow wasn't going to be there. And Bob Jose came into my office and he said, 'What are you doing?' And I said, 'What I always do'. And he said, 'Can you be on a plane by 11 o'clock?' I said, 'Yes, but why?' And he said, 'You've got to go to Sydney. We've got to present this case to the Tariff Board'. And I said, 'Alright'. And the case - I took it with me and I read it on the plane, and it was saying, yes, that CR39 was an equivalent product to glass because it does the same thing. It refracts and enhances eyesight. Bloody big document written by a bloke by John Dahl(?), who was - I suppose you'd call him a consultant on tariff matters, and also he's an import agent, and it was written principally by him. What I knew about him was what I read on the plane going over but, yes, that case was made to the Tariff Board.

Did you win it?

DS: Yes, I think we did get the relief we wanted. I don't think it was to stay in forever. I think there were some reductions. Oh, yes, we did win it, and of course it caused a lot of furore because of all of the - our customers are also importing glass lenses.

There would have been quite a stir.

DS: Yes, yes. That's right.

Well, OK. So we're into the 70's, Dean. Are there any changes made to the actual management of SOLA in the 70's? Is there sort of a reconstruction or anything that goes on -

DS: Well, go back to the - before we got to Lonsdale one of the most important changes that occurred was the introduction of Bob Jose. Bob had been a

consultant with PA Management Consultants and had done quite a bit of work with Laubman & Pank, going back, that I'm aware of, to the late 50's, and he'd served on the Board that covered - if you like, it was the umbrella board of SOLA and Laubman & Pank. There was a company called Optics Australia Pty Ltd. Bob was a consultant to that Board I think. I don't think he was a Board member, as such.

So, anyway, Bob came on board and he brought with him a lot of, you know, different ideas and thoughts and experiences. The big thing he did for a lot of us was - because the money he commanded meant that we all had to get a substantial shift in our salaries.

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(Laughter) So we thought that wasn't such a bad move. I remember what he came in at. He came in at \$12,000 and, you know, I think I was around 4 or 5, and Ewer was probably 6 or 7, and it all meant that it was just a total unevenness unless something got done. So we got a bit of a bump-up.

Right. So you shifted to Bellevue Heights. *(Laughter)*

DS: No.

I'm only joking.

DS: I'm not quite sure at what stage - what was it? '72 or 3. Yes, we were into Lonsdale by the time we buy this land.

Bob Jose, what did he bring? New management ideas in with him? What was his actual role?

DS: It was always a bit confusing, even at the time. He used to sign his letters called Executive Director, and Ron Ewer, and a bloke called Don Sara, who worked *(couldn't decipher word)* office, used to say, 'What's Executive Director mean? Aren't we directors? Aren't we executives?'

Don Sara still going?

DS: Yes. He lives up at Mount Barker I think. Yes, I saw Don Sara only - oh, Anne and I were at dinner a month or two ago when we saw him. So, yes, he's still going.

TAPE 1 - SIDE A

SOLA HISTORY PROJECT.

Interview with Dean Sherry at Bellevue Heights on 25th July, 1997.

Interviewer: Rob Linn.

Dean, about ten months ago we were talking about virtually an overview of your part with SOLA, and just the last little while we've been thinking a bit more about some particular issues. I wonder first of all, what to you were some of the most significant things that happened at SOLA, in the first few years?

DS: Right, well, the most important thing I suppose in a sense was in 1960 when Laubman & Pank took the decision to separate SOLA away from it, and set it up as a separate company with its own separate pay-roll. And that was a launching pad. So that was significant in itself.

And you were still based then at Gawler Place?

DS: Yes. Everybody was situated in Gawler Place. SOLA was principally operating out of the second floor of 62 Gawler Place. It then took over part of the third floor, and then ultimately after about two years it was bursting at the seams. So hence the move out from Gawler Place, plus the fact that Gawler Place wasn't a - it was an old building and wasn't designed to sustain a manufacturing operation.

Dean, what had contributed to that decision? To move aside from Laubman & Pank as such.

DS: Well, I was a junior clerk then, so I wasn't part of the decision. But I would imagine that David Pank, being the visionary that he is, could see the potential that would've been explained to him by the likes of Noel Roscrow and Ron

Ewer. And of course, reinforced by Don Schultz, who was - that sort of thing was very much up his alley. Could see that this could present great potential and therefore it should be done. But if it had to be done, it had to be done away from Laubman & Pank because Laubman & Pank in those days were fierce enemies of ophthalmology, and also the optical dispensers such as OPSM.

Right.

DS: And then the likes of OPSM, if this project was going to succeed, were going to become major customers of SOLA. They would not become major customers of Laubman & Pank.

Yeah, I'm with you.

DS: Plus the fact, you know, Laubman & Pank, retail thrust. This operation was going to be a manufacturing, wholesaling, distribution thrust.

How did you feel when Noel asked you to be involved?

DS: He didn't. I remained on the Laubman & Pank staff until 1962.

Right.

DS: But I did, from day one, as part of my duties, I did the books and accounts. I wrote all the invoices. I paid all the - did all the accounts payable and wrote up the cash books. They were all manual.

So you were virtually SOLA but in fact you were employed by Laubman & Pank?

DS: I was employed by Laubman & Pank, and as part of my duties I did SOLA's work. I still did Laubman & Pank type work but it was the sort of thing - you know, I might've spent perhaps one or two hours a day on SOLA, and the rest of the time on Laubman & Pank.

Is that when you were still studying as well?

DS: Yes, I was studying part time.

And it was not until the end of 1962 that I became full time on SOLA's pay-roll. So, yes, to answer your first question, I certainly wasn't part of that original decision.

Yes, but you were involved.

DS: Oh, yes, yes. One of the little tragedies of things that are lost. You know, I used to have our first sales analysis - the first monthly sales analysis, July 1960. And that got lost in between Black Forest and Lonsdale.

Oh, yeah?

DS: Yes.

That's a pity, isn't it?

DS: Yes. I still remember parts of it.

Well, what'd be the next occurrence that sticks in your mind?

DS: Well, the move out of Gawler Place into the property at South Road, Black Forest, which SOLA purchased. That was done in 1962. That was financed by the good old Bank of Adelaide, who were a tremendous Bank to SOLA all the way through. And we got a term loan from the Bank of Adelaide. I forget the terms. I think it was a seven year term loan, from memory. And we repaid principal and interest on that all the way through, so that we ultimately owned the property.

When we first got there our tenants were Cravens, and Woolworths downstairs. *(Laughter in voice)* And bit by bit, they moved out and/or we didn't encourage them to renew their leases because we wanted to take over their area.

And then 1965, we then took possession of the top floor of an identical building exactly opposite. The current address is 649 South Road (the one that we owned) and 650 South Road (the one that we rented).

Right.

DS: And then on a personal note, in 1965 - early 1965 - I'd just qualified by then, and SOLA took the decision to engage PA Management Consultants to introduce a system of standard direct costing.

Right.

DS: And that became the forerunner of us, I believe, being able to price our product competitively for export markets, because we got to know our costs of manufacture very well. Prior to that we didn't have a costing system. And this became the basis of us being able to cost our products very accurately. And then when you needed to get into marginal costing exercises, if you wanted to get the business, well, you knew when you were making a contribution to overheads and when you weren't. And that was a tremendous tool for Noel Roscrow when he was away overseas. He used to have his standard costs with him and if things were getting tight in terms of negotiations, we knew how fine he could go before it wasn't worth going any further.

So was that the time when, if you like, Noel went up to Jacobs at Mount Barker with PA, and then you wrote up the sheets? Do you remember that? To introduce you to the sort of the whole idea of that direct accounting.

DS: I don't know much about his involvement in Jacobs. I think that was a - I'm not sure whether that was a learning exercise for Noel or whether he was helping Jacobs. I really don't know much about - I know he did it. But no, we came in - the day PA arrived, for the first hour, everybody was there, and then when the work started everybody shot through. *(Laughter)* And it was left with me with these two consultants, and we did it all. We worked it all the way through.

So the idea was to have a tool for an immediate answer to a cost problem? So if somebody said, 'How much is it costing us to produce that lens today?', you could actually say, 'Yes, well, this is -'

DS: Well, actually what we did, we had a standard cost for a lens. And what we were able to measure was our efficiency against that standard. We always were measuring against the standard. And that was a very good system and was probably still close to the system they would use today. Probably would be a lot of refinements.

But, you know, we would say - and this is where it was a very good tool because it went all the way down to the supervisors because for a given

process or a given product there'd be a certain amount of time allotted to it, at a certain rate of pay.

Yep.

DS: Now, if all of a sudden the time went out, we knew we were out in time. If we had to employ different types of people - train different ones - we were out in labour rates. Same with materials. You had a standard usage rate and a standard cost of purchase. Now if your purchasing wasn't as good, you knew. Because you threw up a purchasing variance.

Yeah.

DS: So it was a very integrated system, and all of this was reported back to the most appropriate levels in the company. So that the supervisors knew their standard costs for everything, and then they got their monthly - we'd even do weekly, but essentially the measuring one was the monthly manufacturing performance whereby they would know their labour, their material and their expense variances.

So it was a very exact mechanism really, wasn't it?

DS: It was. It was very sophisticated given that it was a manual system at that stage, and given that we were in pounds, shillings and pence.

Yeah.

DS: And we were a high volume producer of low unit value items. One of the things this led us to that - because as I said we introduced this in 1965. Well, I was doing these calculations on a slide rule. Now a slide rule is not all that accurate. *(Laughter in voice)* So I came forward with a suggestion, which we adopted. We converted our financial accounts to decimal currency a year before the event.

Oh, right.

DS: All of a sudden you could get a machine that could multiply.

That's right.

DS: And not only multiply, you could also get them to divide. Whereas, like, in the pounds, shillings and pence -

You've got your 12's, your 144's and your -

DS: Yes. And, you know, talking about manufacturing 100,000 lenses in a month, you know, and all the various - all those variances I talked about. Each of them had to be calculated. And on a slide rule. You know, you were leaving yourself a little bit open.

Well, had PA used this system elsewhere?

DS: Yes. The guy that introduced it - the principal guy that introduced it with us was a bloke by the name of Bob Grey. Bob was an engineer. And direct costing was developed by engineers, not by accountants.

Yes, I knew that.

DS: So Bob was an engineer, and he conveyed to me the concept of direct costing. And then I was a fresh-faced, young, newly graduated accountant, and I then provided the accounting side of it. Bob's method of accounting was very cumbersome but after I got used to the system after a couple of months I was able to improve it fairly dramatically. To make life easier because again, you know, it was all manual. And we just had to find a way. Otherwise, you know, the key to management accounting was getting the results out and into the hands of all the users of the information within seven days. Well, you know, it was just too cumbersome. So we just had to innovate, which we were able to do.

Well, there must have been a fair bit of innovation because I gather at least some years on you could almost get the results to people within a day or two of what was going on in the place.

DS: Yes, well, as the systems improved, there would be a daily production meeting and they would know that day at ten o'clock how they went yesterday.

Yes. Yes, that's what Noel was saying to me. That's why he said it was just so crucial within the overseas selling of stuff -

DS: Yes.

- that he could know the day after exactly where everything was.

DS: Yes.

Yes, that's right. So that's production, costings, availability of supplies. That's right, isn't it? All those different factors?

DS: Yes.

That would've been incredibly significant in the life of the organisation.

DS: Yes, well, I regard that as a bench-mark. It would've happened. If we were going to continue to grow, it would've happened. But it did happen, and it happened in '65, and it was at a time when we were making, you know, pretty sound progress in the overseas markets. Less so in Australia, but we were going quite well in the overseas markets. And you know, it was just crucial to have it.

Mm.

Well, what was the next step that you saw?

DS: Well, the next one I reckon - well, I've mentioned we crossed the road.

Yes.

DS: 1966, SOLA got its first export award. I reckon that was significant. It was significant in the sense that SOLA became known in its own right. Not as a little off-shoot of Laubman & Pank. It became known in its own right, and it attracted the attention of politicians.

Oh, right!

DS: And in my mind, that led to the opening of the door by the State Government for them to finance the building at Lonsdale. And soon after that - Dunstan was in power at the time and we were talking to them about how they would help us go into a building, because we had to get out of South Road. We were bursting at the seams. It wasn't properly ventilated, and there were a lot of health problems. And Dunstan's government, at that stage, were

inclined to go along the line of giving us a State Government guarantee for a Bank overdraft. And those talks were sort of continuing along.

And then Steele Hall got elected, and all of a sudden there was a whole change of heart. They said, 'No, what we would do for you is we would build the factory for the South Australian Housing Trust. You will lease it, and you will have an option then to purchase it'. And in fact it was a very good deal because it's a famous tax case. As you paid off your lease payments, for which were fully tax deductible, part of that reduced your option price.

Yes, right-o.

DS: And so that building - I think it was 1.2 million or something. By the time we exercised the option we only paid 600,000 for it.

True?

DS: Yair. And there was a famous tax case that went to the High Court. It was South Australian battery makers case. And that deal won out in the High Court in favour of the tax-payer of the Commissioner. And the secret to the deal was that you had your option to purchase in a separate subsidiary from that company which was the lessor, or the lessee.

Yes, right-o.

DS: So, anyway, that came off but - that ended up being a tremendous deal at the end of the day. Because they put up all the money for Lonsdale - for the bricks and mortar.

So you're saying that export award in effect brought the eyes of politicians on the company -

DS: That's right.

- and the fact that it was flying very fast, and going well, and in effect that loosened up the strings enough to get Lonsdale under way.

DS: Yes.

But its a fairly dramatic change from Dunstan's idea to the Steele Hall government's idea, wasn't it?

DS: It was, yes. Now, whether by that time people were realising that they needed - in this case - they obviously needed industry in various parts. Like, they really wanted us to go to Elizabeth but that was never going to be on because we all lived on the southern side of town. So one of the attractiveness from the Government to do this is that we were a major employer of female staff.

Right.

DS: And the only ones you had down there at that stage was the oil refinery and the old Chrysler - now Mitsubishi - employed males. So we were a natural fit there. You know, that we would be an employer of females. Prior to that, there was no employment for them down there.

Why did SOLA employ more females? Just the nature of the work, or what?

DS: Well, I think there's probably two reasons. In those days there was no equal pay. Women didn't get paid as much as men. But also, women were more dextrous at the type of work that was being done. It was picking up things, putting them together, putting a gasket around and then opening it, and picking a lens up, and putting it in a rack. They were considered to be more dextrous, and better at it. And they didn't seem to get bored doing it.

So you had no trouble getting employees at that stage?

DS: Oh, no. Even with the attached health problems, we had - when we were still at South Road, that building wasn't properly ventilated and the fumes that'd come off from the manufacturing process - the curing cycle - people'd have tears streaming out of their eyes. And you know, we actually got out of Black Forest about three months earlier than we should have just to fix that problem. But created another problem because when we went down to Lonsdale the floors hadn't cured. *(Laughter)* And had these big tarpaulins with gas heaters inside of them trying to cure the floors. And I think the floor down there, when they did lay the lino - linoleum type floor - it bubbled and probably still shows signs of that wear. *(Laughter)* But so, yes, we had those health problems, and we had the rash, which took a long, long time to fix. But despite that, there was no problem getting employees.

Did Lonsdale improve all those other -

DS: The rash - it did with ventilation, yes. And the rash did stay around for a while. And I can't remember what finally fixed the rash in terms of - I don't think there was any medication. I think we improved our handling and methods and techniques, so there was far less contact with the liquid monomer.

So there's this - we're going back to the export award, then down to Lonsdale. Now, what other major moves can you think of, Dean?

DS: Ah, around 1968, the Federal Government introduced the Industrial Research and Development Grants Act, whereby they would subsidise R & D expenditure provided you met certain criteria. Like, you had to have a special person - specially qualified person - leading the R & D team, and the type of work had to be design of new or different products, or improvement in the design of different products - new products - and that sort of thing. And that gave us an additional cash flow line. Cash flow was the thing that we needed more than we needed anything.

And prior to that, the Government did have two exporting centres in which were of tremendous value to us. They had the Export Market Development Allowance Award and the Export Expansion Grants Act. You know, effectively it was a rebate of pay-roll tax, and we were able to exploit them very fully. Almost to the extent that incentives from the Government that were received in cash, were about the - represented almost the company's profit. If it hadn't been for that we would've been lucky to be breaking even. So the R & D staff that's down at Lonsdale now - which is something that's very substantial, and it's very exciting. You can go back to '68 because we didn't have a professionally qualified - that's a Degree qualified person - in our R & D team. At that point in time. And we didn't get one until 1972.

So you would've had the likes of Ron Ewer -

DS: Ron's a practical tradesman.

- and Phil Squires.

DS: Practical tradesmen. They all did the Optical Mechanics apprenticeship course. They were just practical trades people who lifted of course, you know, to a different level.

**Yes, my word. No doubt about that.
So '72 was the first -**

DS: Yes. That's when Rod Watkins joined. He was the first - oh, by then a bloke by the name of Roger Goodall got his Degree. Roger took eleven years to get his Degree. *(Laughter)* He was working full time and he did one subject a year sort of thing. But he had got his Degree at that stage.

And so their role was really to try and keep up with the sort of things that marketing I suppose were working out overseas.

DS: Well, yes. Because you had the forerunner of glass lenses, you knew what the market needed in plastic. You knew that there was a single vision, apart from the other plano lenses for sun-glasses. You knew that it was single vision. You knew that there were bifocals. And you knew there were trifocals. So you knew what to do but you had to work out how to do it, because of this terrible - well, constraint of the unknown. I guess that's what it's all about. Because the mathematics, again - Don Schultz did them when in later years a bit of Phil Squires - was a seven figure log book.

Yes. I heard all this. Incredible stuff.

DS: Yair. And the shrinkage factor. Around about 15% shrinkage factor. So it was all this tremendous trial and error, which was also fairly costly. You know, one of the reasons why even though we were going well, was one of the drains on - you know, financial drain but better to describe as a financial investment.

Oh, yes.

DS: Because, you know, we were getting there but it was hard.

So you're strong on R & D, and that's coming from export incentives basically. Is that what you're saying?

DS: Oh, well, the R & D incentives.

R & D incentives, sorry. Export incentives were a different thing altogether.

DS: Yes. The export incentives, there were two types. One was to encourage you to go out and create export markets. So every time Noel got on a plane, or anyone else got on a plane and went over to sell products, that was eligible expenditure. And you would get - in the early days it was an income tax deduction for it. So, you know, you reduced our tax bill, if we had a tax bill.

If you had one. (Laughter)

DS: Then the other one was reward for export achievement. So that once you got your level of exports up, you would get a rebate of pay-roll tax. And then once you used up your rebate of pay-roll tax, you could give a certificate to a supplier of component parts, and they could claim a rebate of pay-roll tax. But in the meantime you'll have made a deal with them to share it with you.

Right.

DS: And we made deals with - like, Laubman & Pank used to buy all of our catalyst in from America. Harris Scarfe's used to buy the monomer. There was one another one that nearly came off. Went to the Board of Review. Among other things we used to make binocular ophthalmoscopes.

Yes. I've heard this one. Is this John Dahl's(?) thing?

DS: Yes. That's another part of the story. I know the story you're on about. But the binocular ophthalmoscopes used to have a battery pack with them. So these battery packs would be charged up. (Laughter)

Yes. Keep going.

DS: And sold. And I put forward the argument, and I got ETSA to agree, because ETSA's General Manager was a bloke by the name of Merv Powell - he's a cousin of Alan Powell - and I put up the case that we could claim that we were exporting electricity, and therefore we could get an export certificate to

ETSA, and ETSA could claim a rebate of pay-roll tax, and then they were going to give us 70% of it back.

I tried it out on one taxation guy. He said, 'Yair, I reckon you're right there'. But then the guys that had to decide said, 'No'. So we went to the Board of Review, and we lost it at the Board of Review. But, you know, that's the sort of thing we do.

Now, was it that Board of Review that there were great scientific arguments about what electricity was and what batteries were.

DS: I think we argued wrongly but, anyway, we didn't win it. But that epitomises a bit of what SOLA is about. You know, if you could do a single thing that could have a substantial impact, you'd have a go. You'd definitely have a go.

Well, those certificate points must have been very useful.

DS: Oh, yes. Oh, it was very, very useful. I don't recall exact numbers now but, you know, I think we got - all of Laubman & Pank's pay-roll tax came back. And we used to work typically on a 30-70 split. The supplier company'd keep 30 and give 70 to us. Because they never had to fill in a piece of paper but we'd fill in for them. And they'd just have to sign it and send it off and they'd get their money back. It was a good scheme.

Good scheme.

DS: Yes.

And what else, Dean? You're thinking of these major achievements.

DS: '68, again, SOLA established its first overseas operation in Japan, in Osaka. And there was a clever bit of footwork done here. And in fact the guy that did it was Frank Borden, who had been Secretary of SOLA before me.

Oh, yes.

DS: And Frank was actually Secretary of Laubman & Pank. He's since died. But Frank, working I think with Bob Clark, worked out - see, in those days a company couldn't get registered in Japan. You just couldn't go and register a

company in Japan. They had the doors closed. But it was discovered that you could open a branch in Japan. So we established a company in Adelaide called SOLA Japan Pty Ltd, and SOLA Japan opened a branch in Osaka. And so that opened the door to have our own operation. So that was significant. That was our first step outside of Australia.

And there is an anecdote that you've probably picked up from Noel. That prior to '68, we were represented in Japan by a guy by the name of Tom (*sounds like, Nak-ee-are-boo*), and unbeknown to us, without going into the story which is mainly Noel's because he was there, but *Nak-ee-are-boo* had - we were already trading in Japan because he had letterheads SOLA Japan Limited. So he wasn't our agent. Well, he was technically our agent but the people out there thought he was SOLA Japan.

Oh, right!

DS: Yeah. And not only that, Tom ran into trouble because there was a big propensity to over-trade in the sun-glass business in Japan because the sun-glass manufacturers, who would buy your lenses, would only buy on 180 day promissory notes. So you've got to have the money. The more you sell, the more you run out of money. And Tom then started to try and borrow money from customers, in the name of SOLA Japan. Unbeknown to us. So anyway, that became known and Tom got the boot, and that's when we got cold. We knew we had to do something, and Bob Pearson was introduced to us. I think through the Trade Commissioner's Office or something like that. And then that started that ball rolling.

And Benny (*sounds like, Sar-toe*) was his side kick?

DS: Benny was his side-kick. They were basically partners in most things, and had been since the end of the War, when Benny was a kid.

TAPE 1 - SIDE B

Well, Dean, just to continue what you were saying before about - hang on. We were talking about 1968 - yes, 1968, it was still in the second part of what you were telling us.

DS: Yes, well, that was - we really had wrapped up about SOLA Japan.

Yes, SOLA Japan, that's right. That was wrapped up.

DS: And that was that first step of going overseas and being there in our own name, which of course was soon to become the forerunner of the things that really made SOLA tick.

Yes. Perhaps you'd like to talk about those in terms of the next major move.

DS: Well, in sequence I think you've got to say, 1970, SOLA moves to Lonsdale. Full stop. As significant events. And heartache was attached to that. We couldn't tint a lens successfully for five weeks because our water was coming out of a different reservoir and it wasn't compatible with the dye stuffs that we were using. So we got to a point where, you know, we were short of money but we'd stretched our creditors to five months as a consequence of all of this. So, yes, there was a lot of trauma, there was a lot of euphoria, but a lot of trauma about the move to Lonsdale.

I didn't know there was a problem. That would've been coming from Mount Bold I guess, was it?

DS: I suppose it was Mount Bold. That's the closest. Unless it was Happy Valley. I don't know.

Happy Valley, it could have been, yes. There was a difference. I didn't know that.

DS: Yes. And, no, there were huge problems in that. Plus the ordinary settling in problems of a brand new plant because we had, by and large throughout the whole place, brand new equipment. Most of it handmade because you couldn't go and buy anything off the shelf for our process because no-one else did it.

So who was doing that? Ross Schultz at that stage?

DS: Oh, no. Ross was more of a specialty manufacturer. Ross did design and manufacture machines for the working of optical components. That is, glass, and then later, plastic. But it was the sort of equipment that you'd use in a conventional optical wholesalers workshop. You know, grinding lenses to prescription. That was the principal type of equipment he made.

The type of equipment we made were conveyor belts with pneumatics, and the things that you would open a set of moulds with. The things that you'd inject the monomer with. You know, all of these things were just homemade because you couldn't go out and buy them. Like, in the early days, we used to fill a mould with a syringe. And then it got more sophisticated as time passed. All of that was developed in-house. This was a big part of SOLA's technology and its ability to continue to develop its skills in manufacturing the equipment it needed.

Yes. Well, all the firms around the world using the plastic must have had the same problem.

DS: Oh, yes, but you know you never got to - I guess they may have had to handle their problems the same but, you know, you never got to - you mention about espionage and all that but I think except on one or two occasions, I don't think any of our people got into any other organisation. I'd be surprised if anyone got into SOLA. Like, you never know.

Yes. Noel was quite open about the fact that he could get into Armalite(?) and places like that because the Americans didn't think that a small Australian company would ever really do anything. He said Esalor(?) were a different matter. I think he got in there once.

DS: He did. I think he - he got into Esalor when he and Ron went overseas in 1962. The very first SOLA trip. And they went over there because we'd done a deal to sell the know-how to United Kingdom Optical - (*sounds like, Bowsh & Lom*) as it was in those days - and they were setting up a plant in Lurgan, Northern Ireland. And, yes, they went over there but I think they went into Esalor and flashed their Laubman & Pank business cards. And they were able to get in because SOLA wasn't known. It wasn't heard of in those days.

So are there any other things about the move to Lonsdale that were particularly pertinent to this?

DS: As I said, it was quite euphoric because, you know, all of a sudden we had very good working conditions compared to what we had. Like, from where I sat - I was in an air conditioned office. An office nearly as big as this room. And carpeted floors. Air conditioned. We had brand new phones. A proper telephone set up. Whereas at Black Forest we used to work under a corrugated iron roof, and the heat in the summer was immense. We had a concrete floor, and the cold in the winter was intense. *(Laughter)* So, you know, even - like, the office staff had such a change in working conditions but equally everything applied, you know, to people in the plant. The whole plant was air conditioned. That's as much to do with process related as people related. Nevertheless we were all able to enjoy air conditioning. So, yes, there - and I think there was a lot of good bonding done in that move. You know, that were probably one of those immeasurable things that, you know - because we all had to do our own move. We all did it and we did it, you know, recognising the other fellow's problems of what he was doing.

Dean, did that move to Lonsdale really give impetus to the overseas push, too, into the international markets?

DS: Oh, yes, in the sense that our production capability, not only was it increased and our ability to expand the range of products but also to make the product better. When I say, with a better quality level -

Yes, high quality.

DS: - because of, you know, better systems and so on. Yes, because, you know, hitherto SOLA was in a pretty flukey situation. You know, because we hadn't established ourselves as a major and we're still out there having to prove ourselves. But, you know, that step forward obviously had to happen, otherwise there was a chicken and egg. If we didn't make that move, we wouldn't have made the big impact.

Well, were there other major breakthroughs after the shift to Lonsdale that you can remember? Other sort of major situations that you think were key factors in SOLA's growth?

DS: Yes. Just chronologically, I'd like to come back to that one, Rob.

Yes, go on.

DS: Because the next major step in SOLA's history was in 1971. SOLA was separated for all time from Laubman & Pank. Hitherto, or around about '64, Laubman & Pank and SOLA - Laubman & Pank was there, SOLA was the subsidiary. Then they created a new parent called Optics Australia Pty Ltd there, and Laubman & Pank was there, and SOLA was there. Well, then because of the varying needs of Laubman & Pank and SOLA, it was decided to separate the two. So SOLA Holdings Ltd was created there and Laubman & Pank Holdings Pty Ltd was created, and the two were severed for all time. And on the first day, the shareholding in both companies, both the new companies were identical. On day two, SOLA had been doing a lot of ground work and invited in various shareholders, including staff, and from thereafter our shareholding became quite different, and SOLA was on its own. And also, didn't have the support of a big brother, which Laubman & Pank was.

So some of the Laubman & Pank people probably would've been quite relieved at this point.

DS: Yes. Now, there's a lot of myths around about this. But in those days, because of the tax laws that applied to Proprietary Limited companies, you had to make a distribution of any profit you make. You had to distribute. And if you didn't, you paid an undistributed profits tax.

Now, to the extent that whenever SOLA made profits - and by and large I think there was only one year in our history we didn't make a profit - per se a taxable profit. We paid our dividends through. And, yair, there are a few myths around. People say all the money got drained off towards SOLA. And I would argue the toss about that. Particularly given that when SOLA was first created, I recall the price which we paid for the equipment we took over was not particularly generous. So, you know, there were a few quid pro quos in there. Whilst it's a thirty year old argument - nearly a forty year old argument - but, you know, I just make the point that -

Worth the argument.

DS: Yair. So, anyway, SOLA is on its own, and that caused a few problems. I mean, for some people it was good. Like, all of us sudden I was made Secretary of the public company. I wasn't expecting that. You know, I just got called up into Roscrow's office, and there was Roscrow and David Pank and Bob Clark and Brian Bowler.

Oh, yes. Who'd been Laubman & Pank's Secretary. Is that right?

DS: No, he'd never been Secretary. He was never Secretary of Laubman & Pank.

Was he on the Board there?

DS: He was on the Board. He was on the Board of Optics Australia and then subsequent Laubman & Pank Holdings. And Brian was the Accountant at Laubman & Pank. That was essentially his job. And Brian, I have the highest regard for, and we're still very close friends.

But he's sitting there, and I thought, 'O-oh, what's going on here?' I thought everything was going along alright, you know. All of a sudden I've got these heavies - I'd only met Bob Clark once or twice - and then they told me what was happening. That I was going to be the Secretary. 'Shit, you know, that's pretty good'.

Thank you very much.

DS: Yes. So, yes. But in the Board - was made up as David as Chairman, Noel was Deputy Chairman, Bob Clark, Rob Ewer and that was it, initially. And there was a guy who'd been ex Laubman & Pank as an optometrist by the name of Don Sara who took on the management of building Lonsdale. And prior to that, he was involved in production management. He'd joined SOLA in the late 60's. You know, he wanted to do something different. He'd done management courses and so on. But he didn't get on the Board. That created a fair bit of trauma. Certainly as far as Sara was concerned because he didn't stay very long. He shot through and went back into optometry. Went to Potter & Park and stayed there.

It was around this time that we brought in, I think, the biggest part of the million dollars of equity from new shareholders, and that was our only injection of capital except for one year, somewhere in the system, we did a one for ten

rights issue, or something like that. One for ten issue. Didn't raise a huge amount of money but, you know, the big lick of money we ever got from share holders was then, and that was the only one.

So that's when some of these outsiders were coming in?

DS: Yes. OPSM came in. Norm (*sounds like, She-law*) - Poseidon - was in. And there was a story in itself. Because (*She-law*) wanted to put his own guy on the Board. A fellow by the name of Frank somebody or other. Frank was a bit of a pain in the neck, and he came down - and he was also a bit of a big head. But I mean, it was unanimous - we didn't want him. And he didn't get on. And then (*She-law*) had made a commitment to put \$200,000. Well, I think he took that back substantially to about 50,000 because he couldn't have his man on the Board.

OPSM would've been the biggest individual that came in. There were people like Bob Clark, who now is very - you know, when he was talking to David Pank the other day. He's very grateful for the opportunity he had at SOLA. I remember Bob Clark wrote a cheque like I couldn't believe he could write a cheque for. It was \$20,000. To buy shares. Oooh, you know, because every share I owned I borrowed every cent. I suppose I wrote a cheque but, you know, it wasn't really my dough. And Bob wrote this cheque. I thought, 'Gee, he must be very well off'. (*Laughter*)

So that was when people who, you know, became heavily involved after that, were able to buy in.

DS: Yair. And you know, the ultimate sequel to this was that, you know, when the sale to Pilkington did occur, we had over 500 shareholders of whom 280 were staff, and the majority of those were at Lonsdale. So there was some people that did quite well, and there was some people who didn't do any good at all because they kept their money in the Bank. And they screamed blue murder when it all came off. 'Why didn't you tell us? Why didn't you tell us?' You couldn't tell anybody.

Course you couldn't. Not with the stock exchange.

DS: That's right. We weren't even on the stock exchange. But, you know, from a straight out confidentiality thing, you know, these negotiations onward, you couldn't tell anybody.

I think you've all sort of told me that in the past, too, that all of you would've liked to have told. Or said more to people not to sell shares.

DS: I handled that about as well as it could be handled, I thought. Especially when it was getting close to the offer time. When the negotiations were on - we didn't know if they were going to come off, but once an offer was made - the offer was made around about September in '78 of 265 a share. And then our Annual Report was due out soon. And people used to ring me if they wanted to sell their shares.

There's one guy in particular, and this was another customer, by the name of John (*sounds like, Dotch*) from Protector Goggle, who were significant customers. John said, 'I'm buying a new house. I want to sell my shares'. And I said, 'Oh, look, John, best I can do is - why don't you wait for our Annual Report?' Because I knew it was only a couple of weeks to go. I knew the announcement date. And so anyone else, say, 'Can you just wait for the Annual Report?' And they did.

And I'm still owed a few lunches out of that. (*Laughter*) They rang me back, 'Oh, I've got to take you to lunch'. (*Laughter*)

I mean, that was okay to handle it that way but prior to an offer being made and it being accepted -

You just couldn't say anything.

DS: No. If somebody came along and wanted to sell, you just had to do it like you would've done it the month before. That's all you could do.

So 1971 was fairly pivotal, you reckon, as a -

DS: Well, '71 - yes, that's where we're coming from. Yes, well, SOLA - I suppose came of age. It was on its own. And you know, prior to that, SOLA - well, the Optics Australia network, if we needed more overdraft, it would be handled through Optics Australia and the Bank would look at the security available from Laubman & Pank as well as from SOLA, and all that. But from

that time on, it was SOLA standing alone. And all of a sudden I was the guy that was doing the negotiations with the Bank. Prior to that, it would've been Brian Bowler, and used to be a bit of David Pank, and that sort of thing. So, you know, I became of age, as I'm sure other people in other positions in the company became of age, because we were it. The buck stopped with us.

Did it alter that sort of thing much? The borrowing and the overdrafts?

DS: Look, you know, it was never easy. I never took it easy. I never took it as a lay down (*sounds like, mez-air*) that we would be able to go to the Bank and ask for something, and get it, unless we put up a proper case. And I always did the homework, put up a case, and thereafter I've got to say the Bank of Adelaide were either very, very, very good or a bit dumb.

Was Dennis Gerschwitz there at the time?

DS: Yes. Dennis was there early on. And I don't mean the Bank of Adelaide were dumb. I really do.

I know what you mean. They were very good to you.

DS: They were excellent. You know, you could not say SOLA could've achieved what it did without their backing.

Yes, Gerschwitz was there earlier on as Manager of King William Street office. And, yes, we'd just switched to King William Street. Because we used to Bank at Gawler Place, next door to Laubman & Pank, until one day a guy there rang me up - because we were overdrawn. We very rarely were overdrawn. And it just happened that something went wrong with the work. And he blew hell out of me, and I thought, 'Bugger this. I'm not going to put up with this little pip squeak'. And I said to Alan Powell, 'I think we'd better move to Head Office so that we can talk to the decision makers'. And he said, 'Yep. I'll organise that'. And we did. And Gerschwitz was there.

And then - was another very good thing about the Bank of Adelaide, and also a good thing about Alan and his connections there. Because Alan was very much establishment, as was the Bank of Adelaide. When we were about to establish our Italian operation in '73, Gerschwitz was still there and we needed about, oh, well over a couple of hundred thousand dollars. And we needed to

raise it in Hong Kong because of the way we'd set our structure up. And Gerschwitz gave a Bank guarantee to the Hong Kong/Shanghai Bank. So we had to go to the Hong Kong/Shanghai Bank and say, 'Look, I've got a Bank guarantee. We want 250,000'.

And that was our share of getting into the Italian operation. So, yes - I don't think we did much after that. He went to London soon after.

Well, what was the next major play, Dean, in SOLA's life?

DS: 1972, Gough Whitlam was elected.

What effect did that have on things?

DS: Well, what he did when he had the kitchen Cabinet of two, with he and Barnard, they revalued the Australian dollar by 17-1/2%, and that was before Christmas of '72. And then later into the year, they cut tariffs on imports. And in September '73 they did a further revaluation of the Australian dollar of 9%. And in between all this, America's in trouble and Nixon devalues the US dollar by 10%, and posed an impost on imports. The net result of that was, for one Australian dollar, you got \$1.48US. Now, that's roughly - the Australian dollar became almost twice as valuable as what it is to now.

But on the other side, our product in America, or wherever we priced in US dollars, was just automatically - instead of having to pay \$1.11 they were having to pay \$1.48. So the impact of that - I mean, that just about puts you out of the door backwards. Plus those import tariffs that Nixon had put on. That led to the decision that we had to go off-shore. Firstly, to market and distribute, and secondly, to manufacture. And that's probably the most monumental thing of everything that happened. Because SOLA was going along pretty merrily. Although we did hold the view, which mainly was Noel's view, that the maximum plant size would be round about 500. And we hadn't reached it by that stage but we did subsequently.

But, you know, those decisions - so in 1972 we established SOLA Hong Kong. In July '72. Then by December '72 we established SOLA International Consolidated Ltd in Hong Kong. And that company was then going to become the off-shore parent company. So anything that we were to own, or establish, would be established through that company.

Yes.

DS: And that's why Alan Powell got that Bank guarantee for us to raise that money - it was in the name of SOLA International Consolidated Ltd - so we'd(?) have the money to then reinvest - not reinvest, invest - in the various off-shore operations. So that in '73 we did Italy. In '74 we did Brazil. In '75 we did - '76 we did US as a manufacturing operation. No, it might have been '75.

'75 was Singapore?

DS: '75 was Singapore. And you know, I can't find the date for Ireland. But I reckon that's around '75.

Yes. I'm pretty sure you're right. I've got that somewhere.

DS: In fact when we got - '73 Italy. '73 Brazil. '73 SOLA UK, but only as distribution at that stage.

'75 Singapore. '75 SOLA Optical USA manufacturing.

'78 SOLA Japan manufacturing. '78 - oh, we had this funny little company called (*sounds like, Em-go*) which was a licensing arrangement type thing. But, you know, all those happened in a relatively short period of time.

My word.

DS: And all of those were owned out of Hong Kong. So that - well, there was a safety catch in the sense that if things continued to get worse in Australia (and who was to know?), well, at least you had a pretty good nucleus that was outside of Australian control. And that stage it was outside of Australian control. These days, that may not stand up as being -

So did you see those 1972/3 moves as pretty disastrous, in terms of the company in Australia?

DS: Oh, yair. As an exporter. These things were disastrous because, you know, of the impact. Just currency revaluations in Australia and devaluations in America. The impact was just so huge. And you know, we're battling our guts out, and all of a sudden the Government at the stroke of a pen can just about put you out of business.

At that stage Frank Crean was Treasurer.

I remember.

DS: Yeah, right. Well, Frank comes down to see this wonderful Australian operation in SOLA, and he was accompanied by his wife, who always referred to him as the Treasurer. (*Laughter*) Which was rather cute. You know, yes, the Treasurer this, and the Treasurer that, and the other.

And we laid it on the line to Frank Crean. Of all the problems that had been created by the Government, and the impact it had on this company, and its ability to survive. Went through it chapter and verse, and Frank, in his wisdom, summed it up, 'Yes, there's no doubt about it. You boys have got problems'. He didn't care.

Then his successor as Treasurer - bloody Jim Cairns - he came down to see this wonderful company. (*coudn't decipher words*) short of dough. And he said, 'Oh, I can come up with some ideas to help you out of that. We've just got started the Australian Industry Development Corporation - AIDC. So we'll get them in touch with you and they'll sort you out'.

Yes, they'll sort us out! They came down and they were arranging - you know, this is the forerunner of what created a lot of problems for other Australians - foreign currency loans.

Yes.

NR: Foreign currency loans at about twice the going interest rate rather than less, and we carried the risk. And we said, 'No, go away. Not interested in that'. So we just battled on alone.

Yes?

DS: Mm.

Well, from that expansion overseas, Dean, was it a pretty smooth move then for SOLA in one sense - the expansion? Or was it pretty rugged as well?

DS: Oh, well, there were tremendous drains on the people resources because all of the skills resided in SOLA Lonsdale. So you had to move key people out. Oh, firstly, you would bring the key operators in for training, but inevitably you

had to move the key operators out. Sometimes even the process worker themselves would go. Like, when we set up Ireland, there were a couple of girls went for three months. You know, to teach them how to do it. But you know, there were drains on the people resources - actually financial drains. You know, it almost goes without saying, there were huge financial drains because of the investment to be made and getting the returns. And my role had changed a lot. Around about - I don't know. I can't remember. Must look at my CV. But I vacated the position of being in charge of accounting for the Lonsdale operation - the manufacturing operation. I became Group Financial Manager. And so my role was group accounting, group treasury, group financial management. But the key role there - I mean you had to do the accounting. You can't get away from it. But the key role there was the treasury function of controlling the money, where we had the money, and where to move it to the best advantage to each of the companies, depending on who needed it most. Because we had all these cash flow lines between the companies because they always were buying from Lonsdale, and they would be doing some trading between each other. If one lacked a product, the other didn't, and that sort of thing.

So you had to manoeuvre that fairly carefully?

DS: Yep. Yep. I used to get daily figures on every company's cash position. Plus their commitments, and plus their anticipated incomes. In other words, I'd get an up-to-date position every day plus a mini budget of what they expected to happen every day.

I think another thing is that - by-passing a bit. A monumental thing that happened, somewhere, was when Telex got introduced. Oh, do you reckon that made life easy!

Yair. Yair.