



## **WACE Sample Examination**

### **Business Information Booklet**

## **BUSINESS MANAGEMENT & ENTERPRISE**

**To be distributed to candidates four weeks prior to the first written WACE examination.**

### **Notice to candidates:**

You will be given one copy of this business information booklet for use during your preparation for the examination, which you may annotate as you wish, but which you will NOT be allowed to take in to the examination room.

You will be provided with a clean copy of the information booklet, along with the question booklet, for use in the examination.

You may carry out your own research into this business, **BUT MAY NOT ASK THE COMPANY ITSELF FOR FURTHER INFORMATION.**

Examination questions which are related to the business featured in this information booklet will be clearly marked as such, and should be answered by combining your theoretical knowledge with the knowledge and insights you have gained about this business and the way it operates.



# Business Management & Enterprise

## Sample WACE Examination Business Information Booklet

featuring



Key website: [www.crazyjohns.com](http://www.crazyjohns.com)

The Curriculum Council would like to acknowledge the contribution of John Ilhan and Jim Kouts from Crazy John's in the collation of the contents of this business information booklet.



---

## **Background to the company**

---

Crazy John's is a modern day corporate phenomenon. For a company that is less than 20 years old, it has developed an identity and customer loyalty across the whole of Australia the envy of most other retailers in Australia. The success of Crazy John's is testament to the power of investing in a brand and constantly staying true to its key values. In Crazy John's case that means always offering value for money, excellent service and a fun and enjoyable retail experience supported by helpful staff.

The company's founder, John Ilhan, is rarely out of the news and in 2007 the company completed its transformation from retailer to also now being a telecommunications provider in its own right when it launched its own mobile virtual network operator (MVNO), buying network capacity from a network operator. That means today when someone walks into a Crazy John's store they are not only buying a phone from the company, but also connecting to their virtual network. To become a major telecommunications supplier is a long journey from when Crazy John's opened its first store in Brunswick in Melbourne in 1991. Even then Crazy John's was offering customers something different with great deals. The stores soon spread across Melbourne and by 1998 there were fifteen Crazy John's stores in Victoria and the retailer was ranked in the top ten of Telstra's mobile dealers. Today, Crazy John's is the largest independent phone retailer in Australia with over 120 retail stores across Australia.

The name Crazy John's came about through people constantly telling John Ilhan his marketing ideas were so innovative they were "crazy" and the name just stuck. These ideas included being the first to sell a mobile phone for \$1 while competitors were charging \$200, giving away free accessories or holding midnight barbecues in the early days of operations.

In addition to its retail business, Crazy John's has a large Business Solutions Division that services over 5,000 business customers for all their mobile, fixed line, broadband and wireless data requirements. Crazy John's manages some corporate customers that have over 1000 mobile phone accounts. Business Solutions have offices in every capital city, and employ 70 people nationally servicing customers ranging from SME's to large corporates, such as Coles Myer, Red Cross and Ericsson just to name a few. During 2006, this arm of the business grew to over 100 staff with a strong focus on capturing more market share in the SME segment. Crazy John's Business Solutions Division is widely regarded as the number one independent total business service provider in the telecommunications industry.

Until July 2007, Crazy John's was an exclusive Telstra dealer, but Crazy John's decided that it wanted to take the next step in its development and launched its own MVNO so that customers not only got a good deal on their phone, but also their call connection rates as well, completing the circle of trust between retailer and customer.

Staff are the key to any retail experience, which is why in 2001 Crazy John's established a call centre within their South Melbourne office to provide a premium level of service to its customers. The call centre has played an integral part in providing after sales service to its existing customers and has recently begun direct sales. Crazy John's also established a national training college in 2005, to provide staff with industry leading skills in dealing with customers.

Crazy John's is also extending its reach by forming alliances with other retailers where there is a good synergy of product offerings to the customer. For instance, Crazy John's struck an alliance with Kodak Australia in 2005 has resulted in Crazy John's becoming co-located inside selected Kodak Express stores. Another alliance was struck with Melbourne IT in 2006 to provide customers with all their online and internet needs.



Crazy John's has been recognised for its achievements as the best in the industry, winning the "Mobile Phone Retailer of the Year Award" in 2004 and 2005. That award is the most prestigious in the telecommunications industry, voted by industry participants. Crazy John's has won a number of other awards in its history.

---

### **The man behind the company**

---

John Ilhan is a great salesman. He has a great empathy with people which started when he was serving alone behind the counter of his first store and that alignment with the customer continues today across the whole of the company. To understand Crazy John's is to understand John Ilhan's background. He grew up in the tight knit community around Broadmeadows in northern Melbourne, where strong family values instilled in him the importance of hard work and a desire to achieve. His parents worked shifts at the local Ford factory and he saw close up the sacrifices they made as a family.

From an early age he developed a strong love of soccer and he remains sports mad today. As a teenager he would walk the more than one hour to attend soccer training a few times a week and was not deterred by others being taller or stronger. Instead he worked hard on other aspects of the game and eventually rose up to the play in the then National Soccer League. It proved to John early in life what could be accomplished with determination.

At 15 years of age John Ilhan told his mother that he was going to have his own business, a Porsche and a house by the water.

At age 31 he was still single and living at home with his parents. He had not yet realised his dreams.

Less than ten years later, he is featured regularly in the Business Review Weekly Rich 200 list, with a personal fortune of over \$300 million. He lives with his wife, three daughters and a son in the bayside suburb of Brighton. John's positive attitude to life and work is summed up by this comment: "If you're really intense and you work hard enough and you believe in what you want, you can do anything. Anything is possible."

John began his business career in his early 20s with a simple yet effective business philosophy that earned him immediate and ongoing success – give the customer great service and they will be loyal in return. John doesn't shy away from saying he remains a salesman at heart, but someone who has a strong connection with what customers want.



His career started at Strathfield Car Radios in the late 1980s, where as a young man he soon rose up to become one of that company's top national salesmen. But John soon realised that he could offer customers more if he created his own retail outlet. Consequently, Crazy John's was established in 1991 with its first store opening in the northern Melbourne suburb of Brunswick.

John brought to the mobile phone market innovations never before seen. He understood that customers wanted great deals and good service. Crazy John's was the first to introduce \$1 phones, the idea of "buy one, get one free" and "cash back" incentives to customers. These initiatives revolutionised the mobile phone industry and competitors were forced to follow suit – significantly reducing the cost of mobile phones and therefore making communication more affordable to all Australians.

John is a strong believer in corporate social responsibility. From the beginning of its existence, Crazy John's has been a proud supporter of many charities across Australia. But it was in 2006 that John decided he wanted to make a major difference in one aspect of Australian life that is getting worse – food allergies.

Deleted: and

After discovering one of his daughters Jaida has a severe allergy to peanuts, John and his wife Patricia decided to form the Ilhan Food Allergy Foundation.



In May 2006, John Ilhan was particularly proud to personally launch the Foundation with an initial donation of \$1 million. The Foundation's aim is to support research to determine the causes of food allergies that affect one in 20 Australians and also educate the community in the benefits of safe and healthy allergy-free diets.

He is also a member of NAB's Community Advisory Council and contributes to other areas of the public debate as a member of the Premier's Business Advisory Council in Victoria.

In 2006 John was named as one of fifty Future Leaders of Australia at the Future Summit held in May. The Summit, an initiative of the Australian Davos Connection, recognises leaders who have the creativity and insight to pursue innovative and farsighted projects and have demonstrated a commitment to creating a better future for Australia. The patron of the Future Summit is the Honourable John Howard, the Prime Minister of Australia.

---

## **Company history**

---

John started Crazy John's as a one-store operation in 1991, with \$15,000 that he borrowed from his parents.

Initially, no one in the industry was willing to help him. John nearly closed the business due to lack of money, but was able to turn things around when he introduced second hand mobile telephones and pagers, bought on weekends from the Trading Post newspaper in Melbourne. Word was also spreading about John's excellent customer service.

The introduction of new competitors, such as Optus, helped break Telstra's dominance of the market. This resulted in dealers receiving \$15 for every mobile telephone they could connect to Telstra. In 1993, John changed the store name from Mobileworld to Crazy John's. Although competition increased over time, so too did the financial benefits dealers could receive by signing new customers. John decided to run a cash back programme in which he gave the dealer incentive money he received back to customers to build customer numbers and boost the cash flowing into the business. He also continued offering his innovative customer promotions to grow the business to over 120 stores. This approach of continuous, innovative strategies is deeply embedded in the business culture today.

---

## **Company principles**

---

The mobile phone market in Australia is highly competitive. It is also changing almost daily with the introduction of phones with high quality cameras and MP3 players that will also become broader telecommunications devices in the future. In such a dynamic and technologically driven environment, for a company to prosper it needs to have clear differentiation from its competitors. In Crazy John's case it has been able to successfully achieve that by having a stable and clearly articulated company principals. The Crazy John's successful retail culture is built upon:

- Delivering the best quality products and services on offer to customers at the best prices, while supporting a "brand that people trust."
- Actively recruiting energetic, self-motivated staff that are supported with intensive training, but are also accountable and rewarded for their performance. The company believes that its staff is the key to its success. Working with the hundreds of Crazy John's employees around Australia are a strong senior management team and a Board of Directors dedicated to the company performing at a consistently high level at all times.
- Encouraging an environment of open communication, the sharing of ideas and a belief in the high performance of the company.

- Never wavering from the company's true 'core values' of customer service, the best deals possible and innovative retail practices.

These values have helped Crazy John's constantly grow its business across Australia to provide a total communications solution to its customers. John's business strategy is to deliver better customer value than competitors in the market place. Crazy John's uses innovative ways to build an increasing, and loyal, customer base.

Crazy John's business values centre on two key questions:

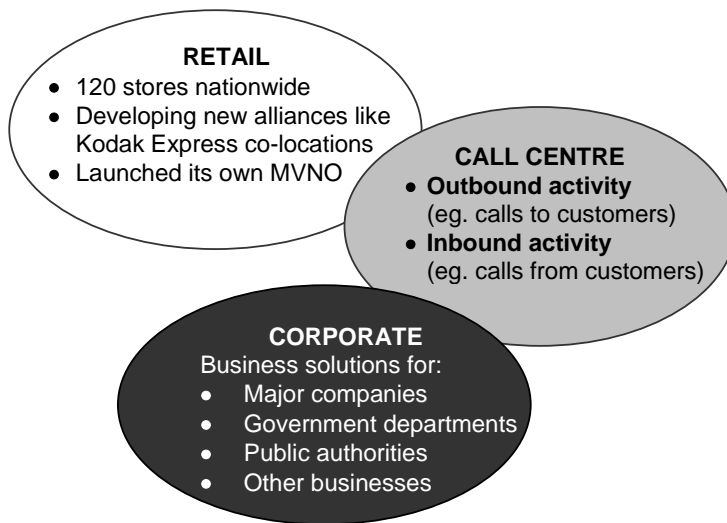


**How can we do business differently?**

**How can we do business better?**

When addressing these questions, John Ilhan requires everyone working in the business, including himself, to always remember to not become too complacent or arrogant as a result of success. Everyone must listen to customers, staff, organisations and the community, in order for Crazy John's to continue to prosper.

The business is organised around three interacting components:




---

## Competitive advantage

---

Everyone knows Crazy John's. Whether it is the Crazy John's mascot, the sponsorship of prominent sporting teams or high rating television shows like 'The Footy Show', Crazy John's has been able to effectively engage with the public. In a competitive marketplace, developing a unique selling point that differentiates your business from that of your competitors is a beneficial way to build a profitable and successful business. With a focus on good, friendly customer service at affordable prices, customers are more than happy to take advantage of Crazy John's approach to business. Crazy John's has also established alliances with key suppliers.

Today Crazy John's is helping businesses access the latest mobile, voice and data technology, through alliances with Telstra, Nokia, Sony Ericsson, Motorola and Samsung (among others).

Crazy John's has developed fun and 'out-there' marketing initiatives. An example of this approach is Crazy John's 'We love your mates!' promotion where customers are offered \$20



reduction on their phone bill for each mate referred to Crazy John's. The approach is reinforced by using the phrase 'If you love Crazy John's, why not tell your mates!' in merchandising material. In Western Australia in 2003, Crazy John's put in a bid for naming rights for Subiaco Oval. The offer was front page news in the Western Australian newspapers for a week – providing further evidence of the power of free publicity. Although the offer was rejected, it dramatically raised the profile of Crazy John's in Perth.

The unique business name, Crazy John's, originated when John and a friend were discussing the company name of his first store, Mobileworld. A customer walked over and said "I just walked into your shop enquiring about a phone; you give away hundreds of dollars worth of accessories; you guys are crazy!"

Deleted: .

John decided to adopt the name 'Crazy John's' as the business name and paid \$20 to have a caricature drawn. This character is still used in company promotions.

In 2003, the Crazy John's mascot also grabbed headlines as the successful bidder for an apartment on Channel 9's 'The Block'. All rent received on this property is donated to charity.

Crazy John's knows that a customer who has a bad experience with a Crazy John's employee is unlikely to return, and worse, will likely tell their friends and family. The old business adage, that 'If you like our service, tell your friends, and if you don't like it tell us,' is very applicable at Crazy John's. Complaints are handled at the outlet in the first instance, but if the customer feels the complaint is still not resolved they may use the central complaints resolution service called the Customer Care Centre on 1300 303 646. If you want to speak with someone about your Crazy John's experience, you may contact a Customer Relations Team member. Consistent high-quality service, a focus on quality management, is a component of the success of Crazy John's.

Deleted: .



Crazy John's offers excellent after-sales service and you don't even have to be a customer to benefit from some aspects of their customer support service. The website contains handy tips on a range of topics such as installing ring tones, using mobiles overseas, working mp3 music on your mobile.

Deleted: their

Crazy Talk is a monthly e-mail newsletter for customers which helps to fill the need for current information in a rapidly changing industry. Like many other successful businesses, Crazy John's regularly upgrades its website to better reflect the business and provide timely information.

---

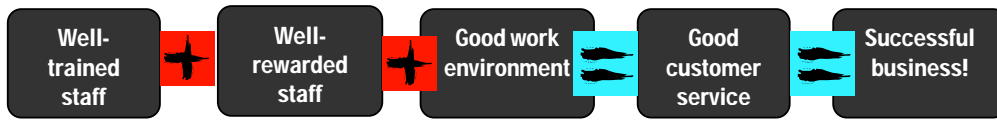
## Human resources

---

Crazy John's nationally employs more than 600 people and prides itself on comprehensively training its staff and providing clear career paths for motivated employees.

Staff are a major factor in the success of Crazy John's and therefore staff training and development is fundamental to Crazy John's human resource management. High quality, efficient and consistent service standards are expected in all Crazy John's outlets. Outlets may be the standard retail shop or a kiosk in a busy shopping mall.

The Crazy John's business model for staff relations is simple:



John Ilhan takes an informal approach to business and his dealings with staff. He hates working from a desk and prefers the sofa for holding meetings during the day. This approach makes employees more comfortable in their dealings with John and builds rapport in the organisation. Such an approach reflects the friendly and approachable nature of the company.

John Ilhan himself works hard and expects his employees to do the same. But he recognises it is a two-way street; he expects staff to work hard, but he also rewards those who are doing well. For example, he recently took 100 of his staff on an all-expenses paid Hawaiian holiday. The company's best sales staff flew out in April 2006 on a \$500,000 trip headed for the luxury Sheraton Hotel and Resort on Waikiki Beach for seven nights.

Ilhan considers the trips are great for teambuilding and bonding. "It allows us to get to know our people and they realise that we're only human, too. It shows another side to us."

The trips are just one of the ways that Crazy John's rewards staff who have performed well. In today's employment market with low unemployment and high staff turnover, it makes sense. The idea is to try to keep good people. John Ilhan believes if you don't look after them they leave.

Each week John Ilhan personally contacts the top Crazy John's salesperson across the country to congratulate them. He believes in the value of recognising talent and hard work in the organisation, having worked as hard as he has to get where he is today.

Pay rates for Crazy John's staff are above the industry average which also reflects Crazy John's commitment to attracting and keeping the best people. John believes it is fair that those who contribute to the success of Crazy John's should benefit from the proceeds.

Crazy John's believes that staff development is about more than just team building. It means training all staff to a high standard and ensuring that each employee reflects the Crazy John's ethos at work.

Crazy John's make sure that customers have a good experience in their dealings with the business by investing in training. In July 2005 the Crazy John's Training College was established – the first of its kind in Australia.



One of the main aims of the Training College is to bring new skills to staff and develop Crazy John's core values. The college provides theoretical and practical programs to support staff in their career, as well as offering a staff development plan to grow with Crazy John's. Staff from around the country are flown to the Training College in Melbourne for regular intensive training.

In 2004 and 2005 Crazy John's was voted Best Mobile Phone Retailer at the Australian Telecom Awards. John Ilhan knows that the key to his business success is to have good people working around and with him.

Crazy John's knows that a good working environment is also important. The business prides itself on having a fun, fast-paced and satisfying working environment, resulting in a staff turnover lower than industry average. Crazy John's realises the commitment and investment it has made to training and nurturing staff and will do what it can to avoid these staff leaving.

The Crazy John's business has grown from a culture that emphasises:

- The high quality of products and services on offer
- A high level of sales training and ongoing support
- The loyalty, discipline and dedication of staff to the success of the business.

Crazy John's website says:

*Working for Crazy John's is a unique experience, combining a true entrepreneurial spirit with supportive managerial staff. Staff members at all levels are empowered to make decisions and be masters of their own destiny. Our sales team are some of the best trained and best compensated in the business. We recognise, value and reward loyal high performing team members for their contributions to Crazy John's success.*

*The company's continued growth and expansion means we are continually on the lookout for motivated and competent people to join our team. We are regularly seeking experienced staff and management for Retail, Call Centre, Corporate and Head Office positions.*

## Operational infrastructure

In addition to having great staff, Crazy John's looks after its customers with effective systems and infrastructure. This infrastructure includes a massive warehousing complex and a customer call centre dedicated to handling customer inquiries. In addition to being a retail leader Crazy John's also operates a Business & Government division specialising in providing businesses with total solutions for their mobile communication needs.

Formatted: Font: (Default)  
Times New Roman, Not Bold

Formatted: Border: Top: (No border), Bottom: (No border),  
Pattern: Clear

---

## Corporate Social Responsibility

---

Throughout its success Crazy John's has always given back to the community. It has been a long-term sponsor of sporting organisations such as AFL, NRL and soccer clubs in the former NSL as well as surf life saving at senior and junior levels.

Crazy Johns is a proud sponsor of many elite and community based sporting clubs and associations around Australia. With an innovative and fun approach to sponsorship and marketing activities, Crazy Johns has developed a strong and easily recognisable brand through its support of highly successful shows and sporting clubs such as the Collingwood Football Club and the Footy Show. With a commitment to grass roots development, Crazy Johns also actively supports a range of junior and community based sporting programs.

Crazy John's receives many worthwhile requests for sponsorship. With commitments to a variety of different programs already in place, they are unable to provide support for all sponsorship requests. However, they do welcome new opportunities and each individual proposal is considered. Applications can be made via the website.

To date, Crazy John's has donated over \$1.5 million to charities Australia-wide. These include:

**Ilhan Food Allergy Foundation** - After discovering one of their daughters Jaida has a severe allergy to peanuts, John Ilhan (founder and CEO of Crazy John's) and his wife Patricia decided to form the Ilhan Food Allergy Foundation. The Foundation's aim is to support research to determine the causes of food allergies that affect one in 20 Australians and also educate the community in the benefits of safe and healthy allergy free diets.

**Kids Under Cover** - Kids Under Cover is a Victorian not for profit organisation. Its focus is to raise funds to build homes for homeless and at risk young people within the community. In March 2004, Kids Under Cover expanded its current service to include a Scholarship Fund. This fund will be made available to young people in care who have the passion and drive to go on to further education.

**Winmar Cup and the Lighthouse Foundation** - Through the St Kilda Football Club Crazy John's is a supporter of The Winmar Cup. Named in honor of Nicky Winmar, one of the Saints™ most exciting former players, the Winmar Cup celebrates the contribution of indigenous Victorians to VFL and AFL football. To further promote and help indigenous Victorians, the Winmar Cup will be utilised to help promote and raise funds for the Lighthouse Foundation. The Lighthouse Foundation is an Australian, non-denominational, not-for-profit organisation, dedicated to empowering young indigenous people to take responsibility for their own lives. Crazy John's sponsorship of the Winmar Cup means funds have gone directly to this worthy cause.

**The Shane Warne Foundation** - Launched on 25 June, the focus of The Shane Warne Foundation is to raise money for seriously ill and underprivileged children and teenagers.

**Royal Children's Hospital – Neonatal Unit** - With assistance from Crazy John's, the Royal Children's Hospital Neonatal Unit is able to purchase 2 mechanical ventilators. These ventilators enable the hospital to provide complete artificial breathing to babies with severe lung disease or other conditions which prevent them from breathing.

**St Vincent de Paul Society** - Ozanam House Rehabilitation Scholarship Fund - To assist homeless people, especially those recovering from drug and alcohol addiction, Crazy John's contributes to the Ozanam House Rehabilitation Scholarship Fund. The purpose of the fund is to provide education and skills training so that people can re-enter the workforce and rebuild their lives.

**Murdoch Children's Research Institute** - MCRI conducts life-saving medical research into the many conditions that affect babies, children and adolescents - including cerebral palsy, cancer, heart disease, muscular dystrophy, diabetes, asthma, allergies, deafness, infectious diseases and depression.

**Muscular Dystrophy Association** - The commitment and support offered by John and Crazy John's is helping the MDA to Make a Difference in the Fight against Muscular Dystrophy.

**The Salvation Army** - One of the more distinctive denominations of the Christian Church, The Salvation Army operates as both a church and a network of social services, stemming from its worship of God and its Christian values.

**Rotary Club of Brighton** - Rotary Australia is a provider of humanitarian services that helps build goodwill and peace in the world.

**Brainwave Australia** – funding medical equipment for the treatment of paediatric brain cancer and other neurological disorders.

**Foundation 49**, Melbourne's North

## Mobile Phone Recycling

Crazy John's supports Mobile Muster

- In Australia more than 90% or more than 16 million people own a mobile phone and exchange it on average every 18-24 months
- In 2005, 8 million mobile phones were sold into the Australian market
- It's estimated that Australians are hoarding in excess of over 16 million mobile phones and associated accessories in offices and homes



Mobile phones contain many precious and scarce resources that can be recovered

**Precious metals:** gold, silver, platinum,

**Base metals:** steel, lead, nickel, copper, cadmium

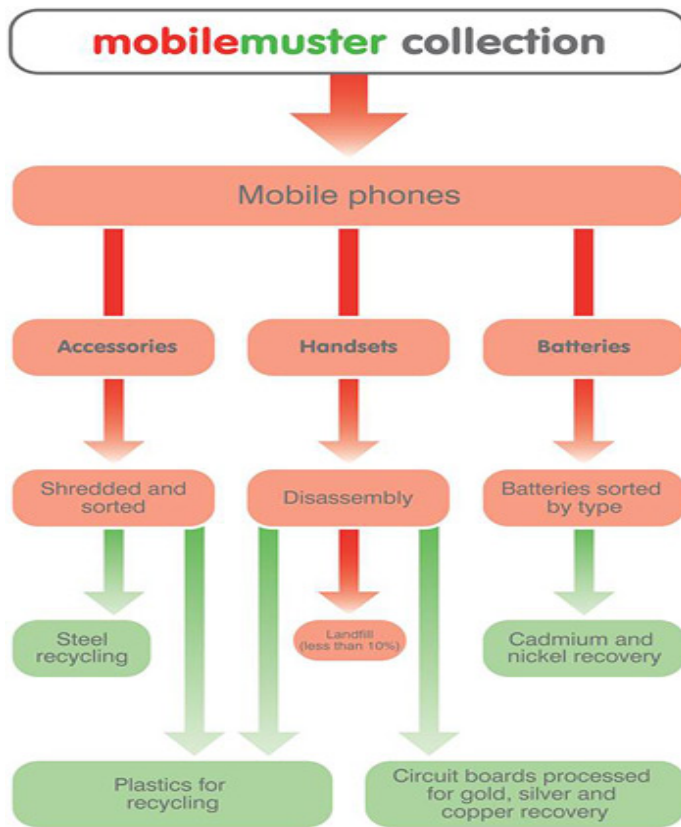
**Plastics**

Mobile phones and batteries contain heavy metals, which can have an adverse impact on the environment if disposed of to landfills

New generation mobile phones are designed to reduce environmental impacts

### What Happens to the phones?

- Over 90% of materials are recovered
- Become new products like fence-posts (plastics), jewellery, stainless steel



**How do customers get involved?**

Simply bring in their old handset to any Crazy John's store\* and they'll take your old phone and make sure it's recycled responsibly.

\*Some Kodak Express stores excepted

---

**Looking to the future**

Crazy John's has a very exciting future. In many ways it began a new phase in its history when it launched its MVNO in July 2007. That means it has moved from well beyond the realms of retailer to providing direct telecommunications services to customers. The strength of its brand is being sought by many other like-minded retail organisations such as Kodak and Melbourne IT. Crazy John's is also set to expand its retail and telecommunications know-how beyond Australia, with plans to expand into New Zealand. A key component for future success will continue to be the relationship between the organisation and its staff.

One thing is for certain John Ilhan will never stop coming up with innovative ideas. In 2006 he flagged a radical design to create a \$40 million office tower in the shape of a mobile phone on top of his Melbourne corporate headquarters. The proposed high-rise would qualify as the largest mobile phone in the world if ever built. This is the sort of can-do attitude that has made Crazy John's such a success story.

## ACKNOWLEDGEMENTS

**Pages 13–14:** Australian Mobile Telecommunications Association. (n.d.).  
[MobileMuster logo; MobileMuster collection graphic].  
Retrieved November, 2006, from  
<http://www.mobilemuster.com.au/>.