



An Australian Government Initiative



## CASE STUDY:

### **BUSINESS REVIEW – Premier Plastics Campbellfield, Victoria**

*Premier Plastics Pty Ltd services two distinctive markets - custom plastic extrusion, which includes the manufacture of hoses, profiles and tubes, and the manufacture and installation of commercial and industrial flexible plastic doors. Established in 1991, the company employs 23 staff.*

Manager Ken Girdlestone's main motivation for joining the Business Review program was to understand what was available in support and government funding for the business.

"Our business has been profitable over the years, but it hasn't really returned the profits it should. I realised that you get a bit blinkered in your own business and having an outside perspective would be valuable, so we signed up for the program.

Our adviser, Paul Smarrelli, Business Adviser for Partner Organisation NORTH Link, gave us a lot of insight. He conducted a benchmarking exercise that measured us against similar companies of the same size worldwide. It was very useful and something that we wouldn't have done ourselves.

The review process wasn't intrusive. Paul visited us a number of times on site. The initial visit was to give us an overview and tell us what he required. The second was to collect data - we provided a fair amount of operating and financial information. Some of that was time consuming, as we outsource our financials to an accountant, but it wasn't difficult. His third visit was to give us some early recommendations that he felt we needed to implement quickly, before his final report was completed.

Paul had direct and recent experience in the manufacturing industry, so he could talk our language.



Hearing things from an outsider makes a real difference and Paul was excellent in his role.

I'm familiar with corporate processes, but Paul reminded us that we needed to focus strongly on our KPIs, especially in reviewing our expenses versus sales and staff numbers. The choices were to either grow fast or to bring our expenses back in line with our revenue and margin. As a result, we cut expenses immediately and in the short term we've increased our sales and profit, which is a great result. We'd hired more staff a couple of years ago when our sales grew, but had never cut them back when revenue reduced. In manufacturing, wages are our largest expense and it's difficult because we're competing with products from China that have low labour costs.

As a result of cutting back expenses, we had to restructure. Our shop floor supervisors were spending most of their time in the office, and now they're active on the shop floor. We also streamlined office processes, which reduced paperwork. This made things a lot easier.

In the future, we'll be keeping an eye on our KPIs and on maintaining expenses in line with our revenue. We'll also be looking at increasing staff training and further improving our customer service.

This was a very thorough review that's given us a lot of ideas for implementation. We're very happy that we took part."

*Premier Plastics was provided with a Business Review during 2008 by Enterprise Connect Partner Organisation NORTH Link and Business Adviser Paul Smarrelli.*