

# Window of Opportunity

As both a major retailer network and an Australian manufacturer, Kresta Holdings Limited has overcome some early obstacles to become a household name for window furnishings and treatments.

Images by David Phillips, Protophraphy



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**K**resta Holdings Limited (KHL) is an ASX-listed company responsible for a host of different brands in the retail, manufacturing, and wholesale of window furnishings. The company has two national brands—Kresta Blinds and Vista Window Coverings—in its stable, together with three well-known regional brands: Décor2Go, with five stores in Western Australia; Ace of Shades, which is a small boutique awnings business based out of Victoria; and Curtain Wonderland, a large retailer with stores in Queensland, New South Wales, and Victoria. There's also the company's manufacturing and wholesale arm, Mardo.

CEO of Kresta Holdings Jules Di Bartolomeo sat down to discuss the organisation's manufacturing and retail operations and explained how he took the struggling group from lacklustre to reclaiming its place at the top of the market.

**The CEO Magazine:** How have you been managing the manufacturing arm and retail operations at Kresta?

**Jules:** Kresta commenced manufacturing and retail operations over 40 years ago, and both activities continue to work quite well for us today. Retaining a level of manufacturing in Australia allows for more innovation than if we were only outsourcing or just in retail. We find the manufacturing actually

keeps us quite sharp in relation to product improvement and innovation. If you only look to bring in overseas products, which a lot of our competitors do, then you're very much tailored to copying what's out there rather than innovating.

Local production is likely to remain high, given the high agenda status of sustainability. Governments will start to legislate

on this soon, and suppliers will need to only use sustainable sources. Wages in China and Indonesia are all on the rise, so there is a case to keep a local focus. At the same time, it's important to diversify your risks while continually being aware of the factors at play in those hubs and being prepared and able to change your approach should the need arise. At the moment, we >



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- Jules Di Bartolomeo





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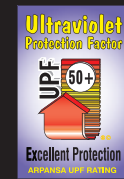
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manufacture in Jakarta, China, Taiwan, and Australia, but that could change.

KHL's household brands Kresta, Vista, and Curtain Wonderland remain core parts of the business, the first focusing on a high-quality-yet-affordable positioning, with the other two providing more price-pointed offers for non-competing products. On arrival, I made the significant move of founding a product development committee of 12 or 14 people across all brands and from all parts of the business, complemented by subcommittees that make submissions based on what consumers are saying. The aim is to create robust product offers and good disciplines around the product life cycle.

**You came into the company during a difficult period following a lacklustre annual report. What changes is the business implementing to ensure future success?**

I joined KHL on 20 August 2012, and the first three or four months felt more like six or eight. There was a lot to do and things weren't working well, which underpinned the poorer performance in the previous few years. The organisation went through an unusual phase and lost sight of its product mix and pricing disciplines. There had been no price increases for a couple of years and, with KHL brands forming to be the largest player in its industry, it was important that it maintained a sustainable pricing position. I put some science into the pricing and appropriately increased prices across all products and brands.

As far as product mix goes, Kresta was known for its product innovation, but had commenced offering too many 'me too'

*"Wilson Fabrics is a proud supplier of Kresta. We provide leading design capabilities through our Australian-made blind fabrics. We work with Kresta, customising their approach to fit the unique needs of their customers. They make doing business easier and professional."* - Chris Sencek, General Manager, Wilson Fabrics

"My goal has been to get out there and know everything we're doing well and where we can improve. We have some fantastic people across this organisation, some who have been with the company for years."

- Jules Di Bartolomeo

products, so product differentiation was disappearing.

Kresta's decision to offshore much of its product had also left a question mark over its manufacturing plant in Malaga, Western Australia, which continued to lose money for the business even as production left Australia's shores. I renewed the company's focus on the plant with a view to optimising its capabilities, implementing lean manufacturing training in order to ensure that process flows across equipment, staffing, componentry, and fabric are fully enhanced. We now focus our onshore production on the core products we do well. Rollers, verticals, and panels turn over quickly and account for around 50 per cent of sales.

I also moved to implement automation in the organisation's distribution centres—via introducing scanning capabilities—and worked with our people to remove the silos within KHL's brands. For example, before I arrived, Kresta wasn't using Curtain Wonderland product and vice versa; those group synergies are now being optimised.



**How have your staff reacted to you being such a hands-on CEO?**

My goal has been to get out there and know everything we're doing well and where we can improve. We have some fantastic people across this organisation, some who have been with the company for years.

There was a real appetite for someone to come in and provide clear direction. One of the things I really believe in is that, if you're leading, you have to have empathy with the retailers at the forefront of the business, which is why I have made a point of visiting showrooms since I joined the company. It's critical to regularly see and talk to them and to understand their needs and issues. I see my job as giving them oxygen to ensure they can do what they do best.

**What challenges do you anticipate in the year ahead?**

One might quickly point to the tough trading conditions, but one of our greatest challenges will be to maintain a focus on growing and attracting talent. I am keen to optimise the company's inherent worth, much of which resides in its most important resource. My philosophy is very much about people. At the end of the day, we have nearly 800 employees and they're very important; they have families and mortgages. We want to appeal to the best. We want to put the industry up there. •