

PLAYING to Win

From building the world's largest producer of chilled pet foods to revitalising an iconic Australian confectionery brand, Tony Quinn is an entrepreneur in the truest sense of the word.

Images by Fullframe Photographics

There are a select few Australian CEOs who bear the entrepreneurial spirit we generally see in blue-chip innovators. Tony Quinn, Managing Director of V.I.P. Petfoods, is one of those entrepreneurs who has flown under the radar while building an expansive and profitable portfolio. He made his debut on the *BRW Rich List* in 2011 with his wife, Christina, having amassed an impressive \$219 million, which has since jumped to \$370 million in 2013—an impressive feat considering the couple spent \$25 million to revive the iconic Australian confectionery company Darrell Lea.

Tony is a self-made success story who has changed the retail and manufacturing landscape. “One thing that’s quite important in my journey is that I pay an extraordinary amount of tax. I have done things honestly and above

board—which is difficult, to be fair—to climb the mighty ladder. There are only a few people who have managed to achieve that ‘from nothing, to some value’ in one lifetime. A lot of people inherit a tradition, or money, or knowledge, or whatever they inherit. I am fortunate that my mum and dad are still alive, but I didn’t get money or anything from them except good, hard work ethics.

“I have to say that my dad is quite a creative person. And my mother is just a typical mother. Neither my mum nor my dad was brought up in a business environment, but they ran a business in Scotland, albeit it wasn’t hugely successful, but it was still a good learning experience for me. My dad was a very well-known dog trainer—dog whisperer, almost—and at 15 years old he was an obedience champion in the UK with an Alsatian dog. People would ask him later in life, ‘What did you feed the dog?’ thinking that there was something

in the food. He said, ‘I boil up some ox cheeks and rice, and that is what I feed him’. People would say, ‘Can I buy some from you?’ And that’s really how he got into making pet food.

“It wasn’t a business plan with a whole big strategy and market share and capitalisation and any of that kind of thing. It was just that he started making pet food for people other than for himself, and for 10 years he operated without a bank account. So it’s a great story. But he didn’t actually buy or acquire or invest; he basically just started with a spoon and a saucepan making dog food. And then, of course, that grew and he had to cope with growth. Because he hadn’t had any formal training or mentoring, it was a long and arduous journey for him, and I was part of that as a young fellow.”

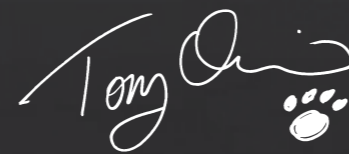
Growing up and watching his parents build a pet-food business from scratch, Tony vowed he >



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wouldn't do the same—until he was forced into the industry through a strange twist of fate. “I never, ever wanted to get into pet food, and it wasn't until I was forced into it in New Zealand that I got back into pet food. I had a rendering factory, and also we made French fries and things like that. From the rendering process, we used to have a product called ‘meat fractions’ that we sold to a pet food company in Auckland and we used to get 25 cents a kilo for it.

“One day, a new manager appeared at the pet-food outfit. He phoned me up and said, ‘Look, we can't pay you 25 cents; all we are going to pay you is 17 cents a kilo.’ And I said, ‘Mate, by the time we make it, pack it, freeze it, and freight it to Auckland, at 17 cents I am doing it for nothing. I may as well make my own pet food.’ And he said, ‘Oh, it's not so easy to make pet food; it's a bit difficult.’ I said, ‘I grew up in pet food; I know how difficult it is to make. But at that price I may as well make my own.’ And so that's

what happened: I started making our own pet food. I made it and Christina went out and sold it. We very quickly became a major supplier in New Zealand, and then we looked at the Australian market and decided to sell up in New Zealand and come over here.”

Since bringing the V.I.P. Petfoods brand to Australia, the company has grown in leaps and bounds, becoming the world's largest producer of chilled pet food. “Just recently, we have re-entered the American market. About eight years ago, we invested in the American market and within nine months earned triple our money back, and it was very successful; but private equity bought it and has since, in a word, messed it up. It's still going well, but not as well as it could.

“We are going back into Texas. We have aligned ourselves with a company called HEB, which is regarded as one of the best retailers in the US. The guys have



sent several shipments of pet food over there. We are in there, and we are very pleased with the results. And so next year, the plan is to build a facility in Texas. The biggest problem we have, to be perfectly frank, is that we have no idea how big to build it, because Texas has 40-odd million people there and they own the biggest dogs in America. So it is a bit of a conundrum we have >

“In a nutshell...amazing. We have been working with VIP since 1995, advising on the restructure of the group and assisting with around 10 acquisitions within the pet food business and associated supply chain. It's been a great ride!” - Karl Farmer, Director, Alford's



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got—that we actually don't know how big to be.

“This chilled pet food dynamic is new to America and it's got some massive double-, triple-digit growth currently. It's very difficult to say where the hell you're going to be. In Australia, as an example, I built five factories in nine years and that was to cope with the growth in Australia. If you extrapolate that out to Texas where there is twice the population, and then just across the border there are another 100 million people, and if you go a little bit further beyond that there are another 200 million people—How big do you make it? is the big question. Not one to bottle a heap of money and spend other people's money, we're trying to do it in-house. We will easily do it and there is enough share in America for 20 players, but I think we are going to be the biggest, best, and fastest. Remember, it's just a game and it is not about money.”

Tony's unparalleled success has helped him fuel one of his great passions: motorsports. “It stems way back from when I was a young fellow in Scotland and I used to race cars for the Fords in Scotland. I used to do quite well, but not well enough to make a living. When I couldn't afford to do it, I walked away from it and, 20-odd years later, I got back into it. We enjoy it as a business because it's almost like a bit of a niche marketing thing for us. It's not a crowded space for a brand of pet food.

“We actually run it as a marketing program. It's not really a personal pursuit, although we do mix in a little bit of personal interest; but, you know, we are also quite good at it, which helps. I think if you are going to do anything, whether it's yacht racing or whatever you are doing, you have got to be up the front; you have to be good to get the television recognition and just the overall recognition that you are a winner.”

“It comes down to the mere fact that you want to compete, you are not scared to compete, and you want to win. I think they're usually the critical elements that you need to lead other people.”

- Tony Quinn



Tony's achievements in business are rivalled by his success on the race track. He's won several key race meets including the Targa Tasmania and the Dubai 24-hour GT race. His competitive nature is a defining characteristic of his leadership approach. “It comes down to the mere fact that you want to compete, you are not scared to compete, and you want to win. I think they're usually the critical elements that you need to lead other people. People have got to believe in your ability and your direction. If you are a bit of a

winner or at least highly competitive, that just makes you a better person and perhaps a better leader too. Plus you understand the highs and lows of the game.”

The passion for racing has been handed down the family line, with Tony's son Klark racing for the V.I.P. Petfoods team. “Because we have such a tradition and quite a bit of equity in V.I.P. Petfoods, with the black car with yellow paw prints, we continue on with that. Klark's won the Australian GT Championship twice, two championships in a row. But I fear that this year he will shift to Darrell Lea, so I think we will see a little bit of Darrell Lea in the future.”

Klark helped his father rebuild the Darrell Lea brand while combining the company's renaissance with the family's love of motorsports. “When we go to the V8 round, we have a couple of merchandisers there that hand out samples. And last year, we were handing out samples of the Natures Goodness

pet food and also were handing out samples of Darrell Lea. This year, we have a major launch of some new Darrell Lea products, and just to let people see the story.

“Darrell Lea is world famous, and in fact invented soft eating liquorice globally. But it is world famous for its liquorice and chocolate, so what we're doing this year is combining the two strengths of chocolate and liquorice. A lot of people think liquorice is a black, salty confection, even though there is modern liquorice with fruit flavours and things like that. So I think we are onto a pretty good thing and there is going to be a major focus on Darrell Lea this year.”

Revitalising Darrell Lea was a prompt process for the Quinn lads, as the company was very much a part of Tony's growth plan for his empire. “When you buy something out of receivership, you do have an advantage of being able to

restructure everything in one hit. We weren't ruthless, but we were quick and decisive. We went from 700 SKUs to around 160, and went from 400-odd staff to 85. After the turnover, we got rid of half the sales but immediately started making some profit.

“If you're in business, that's the word you need to focus on—profit. There are many people in business who struggle and talk about marketing and strategy and all of those things, but the main word everybody should talk about is profit: how you are going to achieve it and how you are going to better it each time.”

One of the key strategies implemented was the closure of Darrell Lea's retail stores, which were struggling and outdated. “Selling a \$5-bag of lollies was fine when the rent in Westfield Shopping Centre was \$1,000 a week; you are still selling the \$5-bag of lollies, but now the rent is \$5,000 a week, so that just >



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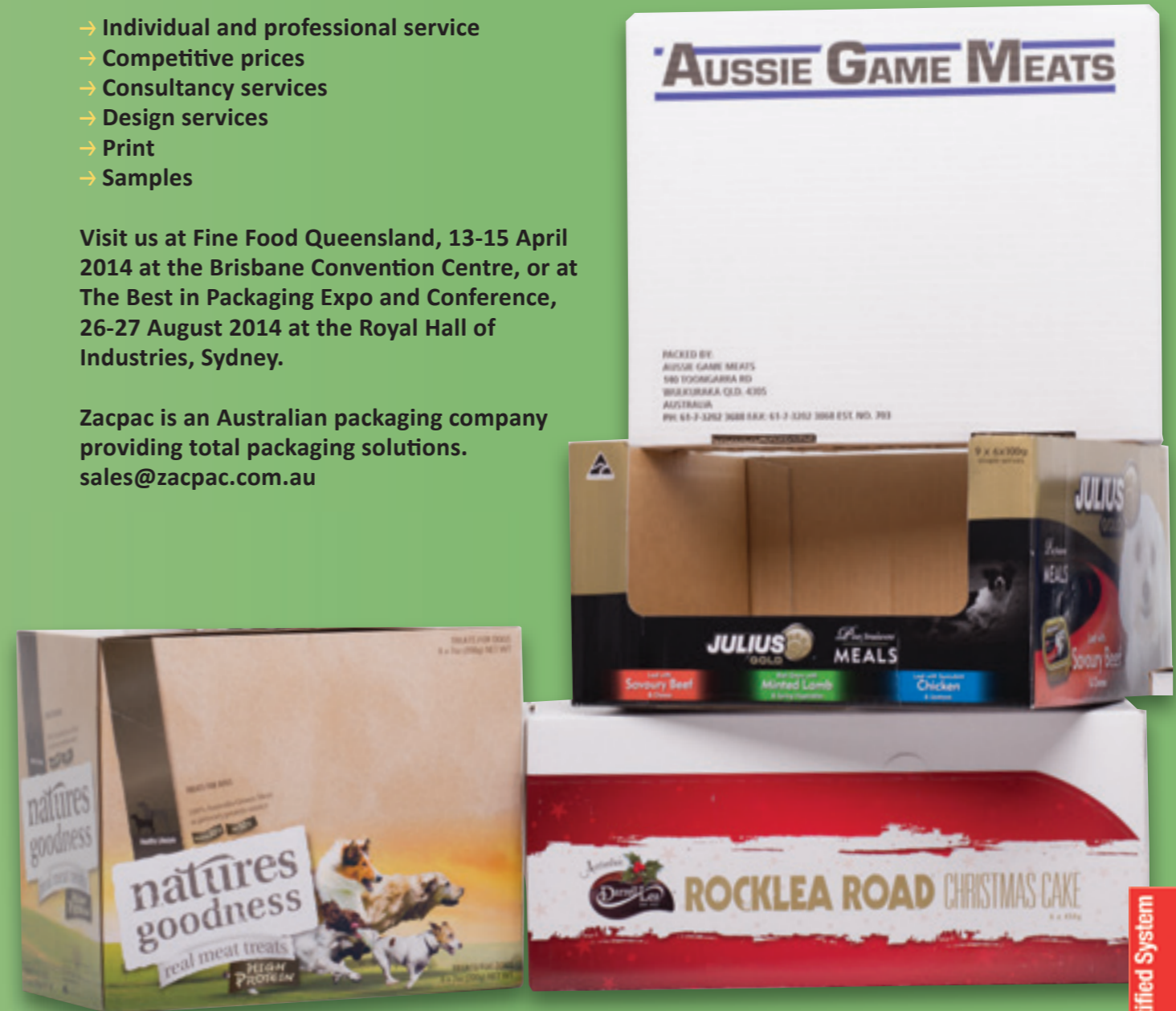


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doesn't work anymore. What we did was we presented the supermarkets with a range of products that were core to Darrell Lea, which were well received by the public. We offered them the product and, in return, we have made Darrell Lea more widely available now. Instead of just being available in the corner store, it's available everywhere. There are different ways for a brand to survive nowadays, but that's one of the ways that you can do it and that's what we've deployed.

"We have further expansion planned. I must say that all the retailers, whether it is a convenience store, a petrol station, or a supermarket, have embraced the Darrell Lea product. They have all enjoyed the volume and additional sales that it has created within the stores, so I think it's onward and upward with that."

*"Working with VIP Pet Foods is both inspiring and challenging as they set their standards and expectations very high which entices us to constantly improve to assist them reach their goals."
- John Zac, Managing Director, Zaccpac Australasia*



With Tony's history in pet foods and his family's involvement across his business portfolio, the lines between work and family often blur for the Quinns. "When we all get together outside of business, we do talk about business. We quite often touch on that. To be fair, we are a very competitive family, which is quite healthy, I have to tell you.

"However, it is hard for outsiders and it does make it a little bit more awkward for spouses to get involved. But time is a great positioner or healer, and if the spouse is up for it, they soon get involved and become a part of the field that's playing. Everybody has a role to play and I keep telling the kids not to count, because the feeling that most people have is that they start counting what other people have, particularly with siblings and spouses. You must never count what somebody else has because you will always find people who have more and you'll always find people who have less."

"It's a combination of quality, price, and service, but, whatever you promised, make sure that's what you deliver, on time and in full."

- Tony Quinn

With his various business interests, Tony recognises the important role suppliers play in successfully delivering quality products and services. "You have to treat people well if you want their support. It has to be a win-win; you can't keep punishing people price-wise or service-wise just to get the best out of them, because sooner or later people run out of blood. And I mean it when I say I don't really care how much I pay someone to do a job, because I believe if you pay the right person they will at the very least pay back 10 times their cost.

"If you pay someone a million dollars a year, if they're good they will return \$10 million a year. It's a bit like an hourly rate for a plumber; for \$80 an hour, you can get a plumber that's useless, or you can pay \$100 and he does it in half the time and it's done once. All of those stories and all of those platforms are the same no matter where you go. Everybody kind of deploys the same thing. And that's why, if we go back to the beginning of the conversation, I guess for me—without being blasé or daft—it is almost boring for me because I have the formula, I deploy the formula, and I enjoy the results of the formula. So, for me now, it is more about the game."

When deciding upon suppliers and partners for his business, Tony believes there is no better indicator than gut feeling and references. "Normally, what you find is if you get an association going with a good person or a good supplier, then it's easy to say, 'Who do you buy your paints from? Who do you buy your computers from?' or 'Who does your freight?' I think the old network thing still applies and that is why I have taught my guys here that the number one rule in business is to deliver.

"When you make a promise, you make sure that you deliver it. Obviously, it's a combination of quality, price, and service, but, whatever you promised, make sure that's what you deliver, on time and in full. If you promise >

"With a business partnership spanning more than twenty years, it has been a privilege to work with V.I.P Pet Foods and to be involved with a dynamic company developing innovative new manufacturing processes and products for the market." - John Seletto, Group Executive General Manager - Ingredients, Ingham



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Couper Lawyers congratulates Tony, Christina and the Quinn family on their successful business ventures and acquisitions. I have enjoyed providing legal services to them for over 10 years, including the recent acquisition of the Darrell Lea confectionery business.

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something of quality, good value, or a high price, or a brand with support, whatever you are promising, that's what you must deliver."

The future represents further growth and expansion for Tony's business interests. His companies represent the strength of Australian manufacturing, remaining resilient while many others in the industry have faltered or failed. "We have touched on pet food and the growth of pet food is in America.

The growth for Darrell Lea is domestic—and America too, believe it or not. And there are several other things that I am involved in that I take a lot of pride and pleasure in, but they're kind of by-the-by. Another thing for me that's cropping up more often than I thought is that there seems to be an insatiable demand for speakers at functions. Every week, I get asked to do something and, I must admit, I am beginning to think that I probably should participate."

Tony's remarkable journey is indicative of the rare entrepreneurial spark that has been instrumental in many self-made success stories, which is why he's been regularly asked to do motivational speaking, and also why a biography of Tony is set to hit bookshelves soon. "The story is the story, and that is it. There is nothing made up or fabricated and so it's almost, to me, a bit boring. But I think there are some people who can be inspired by the story.

"I mean, you have got to help yourself. Listening to somebody's story is not going to make a jot of difference, but if you can pick up something—a practical piece of experience or knowledge from an honest storyteller—then maybe your day gets better. But life is full of crap; I think a lot of people get wrapped up in crap and surround themselves with crap. It takes a brave person to step sideways and out of that and make an independent decision. I think if you can change one person's life,

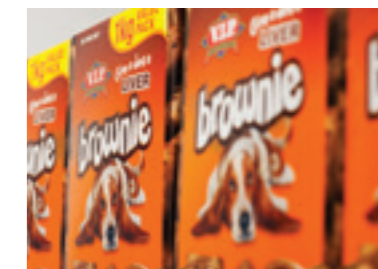
you have done a good job; if you can change more, you have probably been worthwhile."

Despite the amazing results and pressures of success, Tony still views business as a game—a game that he is determined to win. "It's all about how you play the game. You've got to be thinking six months ahead—where you want to be in six months—because you really have to be working on that now to arrive there in six months time. The train never stops, so you have got to keep on going. It's important for the life of the business to keep on going and that's all about innovation and growth. But that's all just words; you actually have to go and do it, which is the hard part."

Whether it's as managing director of a major organisation, patriarch to a highly competitive family, or as a successful race car driver, Tony has never been satisfied with his success, which is what fuels his incomparable drive. He has built



an awe-inspiring business portfolio that is being carried on the strength of his character. The legacy he's created has left an indelible mark on the Australian business landscape and he promises that the future will see more prosperity for his companies and his family. •



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