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SWEEPING in Change

MacDonald Johnston has transformed its operations and procedures and consolidated its business to ensure it remains competitive in both Australian and global markets.

Images by Estelle Judah Photography

A period of consolidation and transformation has radically shifted the brand and operations of MacDonald Johnston. As Australia's leading designer, manufacturer, and distributor of refuse collection and compaction equipment and street sweepers, MacDonald Johnston has utilised a vast array of efficiency improvements to cement its market-leading position.

David Waldron, Managing Director of MacDonald Johnston, spoke to *The CEO Magazine* about the company's steady and savvy evolution.

***The CEO Magazine:* After another year of successful results, how are you planning to further consolidate the business and make it globally competitive?**

David: Yes, we've managed to pull off another record year in 2013, despite a very tough marketplace. We've got a good bunch of people and they've worked extremely hard.

In August of this year, I'll have been at MacDonald Johnston for 10 years, and if you look back it has clearly been a journey of three stages. The first two or three years were about stopping the losses the

company was experiencing when I joined and providing our employees with hope and a vision. The company was haemorrhaging at the time, and I focused on re-instilling confidence in our employees and customers that MacDonald Johnston was going to survive. The first stage was about getting our cashflow issues sorted by lowering inventory levels, bringing our labour and materials costs under control, and improving product quality so that we could put a stop to our losses.

The next stage was all about turning the business around and giving it a future. To start, we rebranded the organisation. We were MacDonald Johnston Engineering Company Pty Ltd, but we wanted to get away from such an engineering-centric focus and more towards being a total-solutions provider for our customers. We shortened the name to MacDonald Johnston Pty Ltd and we tried to take the engineering emphasis out of the business, despite the fact that we're still a manufacturing company, but it was more about our employees focusing on providing end-to-end solutions for our customers.

Over those few years, we embarked on a very transformative journey. We have set up or redeveloped new facilities in just about every state so that we have the ability to support our customers nationally. We

completely restructured, re-configured our manufacturing processes, and cleaned up every facility to improve safety, our culture and image, and efficiency. We then took the Melbourne retail section of the business that was consolidated into the manufacturing sector and built a stand-alone facility in Clayton to house our retail branch and national warehouse. This investment reinvigorated the after-sales side of our business, and the growth from this new facility has been outstanding.

Most importantly, we began to really focus on getting close to our customers and taking the time to listen more closely than we had in the past. We listen to our customers and then work hard to address their problems or find solutions that will benefit their operations.

On top of all of this, we also launched a complete, new range of machines from 2006 through to 2011, which has contributed to a significant increase in our market share. From 2005, we've had increasing profitability and top-line growth despite a reduced market size.

Stage three of our journey, which has been over the past 18 months, has really been around business consolidation and enhanced leadership development to enable >

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the business to grow with a more global orientation.

How have you transformed the company culturally?

The single thing that's given us some real momentum recently is that we've been able to bring the first and second levels of senior management together, which is our top 24 people, in a much more constructive way than we did in the past. We've attacked it in a couple of ways.

We had a formal training program in place last year which covered different modules, like self-awareness, managing conflict in the workplace, and building stronger teams. We made it a life-training situation in that we put together several business projects that impacted the entire business, and we broke the management team into working teams of four or five people from different departments. It may have been an engineering-orientated project, but they could also have finance or sales people in the team.

We gave these teams the responsibility of working out the project objectives, setting the milestones and targets, and mentoring and overseeing the project's delivery. At the same time, they had formal theoretical training on a monthly basis using an external consultant. We also provided some internal mentoring sessions with a range of senior executives, including our CFO and myself. For example, I ran a session on time management and strategy development and implementation.

With this three-pronged and practical approach to management development and project delivery, the teams really started to bond and the performance of the business lifted substantially. Through this process, we identified that we had to let go of some people who didn't fit culturally, but once the team settled down they really started to look at the business as a whole rather than by department, and the results improved in every aspect of the business.

We saw the engagement levels lift tremendously, and the dialogue between departments lifted as well. We've worked really hard on building a cohesive team, and I'm very pleased and proud to say that that team is really pulling together. It sounds too simple to be true; however, it works. When you have your people working together as a team, the results just keep coming.

I believe, in many cases, companies can overcomplicate the environment in which they operate and don't see the wood for the trees. We have deliberately kept things simple—provide your employees with a vision and motivate them to be engaged in the business, develop innovative products, be close to your customers, and back your products up from an after-sales perspective. With this consistent and strong approach, MacDonald Johnston has been transformed from potentially being another casualty of manufacturing in Australia to an industry leader.

You've also focused on building your product portfolio. What did that involve?

I suppose what we realised, from a design point of view, was that we were building too many variations in the past. What we do now is have a more standardised base model product offering that can be expanded on for the customer's specific requirements. We have also built in considerable flexibility from both a product and a manufacturing perspective, so we can effectively build 80 per cent of the machine without even knowing who the final customer is and then customise the machine once an order is finalised. This flexibility has enabled us to quickly adapt to the very rapidly changing marketplace.

With the tough manufacturing environment in Australia, what's your vision for MacDonald Johnston?

There's no doubt that manufacturing has become tough in this country, but I think too many people are exiting too



quickly. If we're not careful, we're going to lose all of the manufacturing expertise we have gathered over generations because there will be no industry left in Australia. I know the issues at hand are not always simple and that each company has its own challenges; however, I strongly believe manufacturing can survive in Australia, but it takes innovation, communication, vision, and above all courage.

It is a complex issue and everybody's going to have a different view, but I think we're an example of a company that is still making a success of manufacturing in Australia—and it wasn't that long ago that it looked like we were going to be finished. With strong communication, good long-term vision, investment in your people, innovative product development, and taking the waste out of your manufacturing processes, you can succeed. Is it easy? No, it is not—but if you get all of these things right, and you are willing to give it a go, you can succeed! •

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