

Rebuilding THE FAMILY HOME

Ten years after buying out the family company, Michael Renwick has turned Hotondo Homes around and is focusing on growing the business nationally.

Images by Joseph Feil

With more than 60 years of experience, and as one of the few building franchisors in the world, Hotondo Homes has certainly made its mark in the industry. A well-known national brand today, Hotondo Homes began life when the Renwick family started building houses in country New South Wales in 1953.

Still family run, the company is now owned and operated by Managing Director Michael Renwick, who bought the company from his father 10 years ago. Although Michael studied as an engineer at university, he began his career in the family business and has worked in building and construction ever since. "I never practised as an engineer," Michael says. "I just went back into the building industry and the family

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business. Nearly all my life has been in family business, from commercial through to domestic building, and I really worked my way up."

Since he bought the company, Michael has been trying to ensure that the company is in a position where it could continue if he left. He's set the foundations for a succession plan, and is now focusing on growing the company and increasing its reach. "I've put on a CEO, so my expectation of growth is higher. In a nutshell, that is what I am looking at. We spent 10 years laying good foundations in a building sense, and we need to capitalise on them. By setting up an advisory board and appointing a CEO, I can see this lasting a long time, whereas in the past it relied more on me."

Since taking over the company, Michael has implemented a new

strategy and has worked to turn the business around. He has a long-term vision for Hotondo Homes and is working to make that possible. The first change he made was to see to it that every builder in the Hotondo franchise was committed to the business and was profitable. "We have grown in terms of professionalism," Michael explains. "We had a lot more builders in our franchise system before, but we were unprofitable. Now we have fewer and we are far more successful. You have to be able to put good people on and retain them, and move on people who aren't good enough. I don't think that's unusual for any business, however it wasn't so easy for my father to do. He found it difficult to remove the bad ones and struggled to keep the good ones. I would say my success is a result of getting hold of the company and making those tough >



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decisions. We were then able to put in really good people.”

This, Michael says, is one of the biggest challenges for him as a managing director. Ensuring that a franchise is successful depends entirely on getting the right franchisees and staying connected

“Haymes Paint and Hotondo Homes are 100 per cent Australian family-owned businesses, working together to support Australian families to build their dream home. Our values are: Superior quality and strong relationships; Passion; Integrity; Respect; Innovation; Teamwork = SPIRIT.” - Matthew Haymes, National Sales Operations Manager, Haymes Paint

with them. “The first thing about franchises is selecting the right people upfront. You’re halfway there if you select the right people. It is always difficult in any franchise system to keep motivating the people who have been with you for longer periods of time. For all sorts of reasons, they get complacent; they’ve paid off the bills, whatever it might be, so a lot of franchises struggle after a few years. That is a constant in franchising: keeping them motivated is always a challenge. There’s a lot to that, so what you’ve got to do is continually remind them of what the future holds; rather than explain what has happened in the past, you’ve just got to deliver more and more and provide them with strong leadership.”

Michael’s job as a franchisor requires a lot of communication and people skills; he has to take care that each franchisee keeps to their word and is doing the right thing by suppliers and customers. Michael himself negotiates with

suppliers on behalf of all franchisees, and once a deal is struck he has to make certain that all parties stick to the deal. “As a franchisor, we’re merely the facilitator of the good buying price,” Michael says. “Unless the franchisees empower us to make that choice, it’s useless. If we negotiate a good deal and we put that good deal back to the builders and they say yes to it, we expect them to stick together. If you empower us, we can do anything, and that is what happens. Their relationship with their suppliers is very important because that credibility has got to be there, and they are the ones we deal with. They have seen our measurements, so they know that we are very good at managing our franchisees to comply.”

One of the things that sets Hotondo Homes apart from its competition is its ability to customise its plans depending on the customer’s needs. Many big building companies aren’t able to

do that, but Hotondo ensures that as much choice as possible is provided to the customer. “We can customise it in a way that the big builders simply can’t because it’s too time consuming and it just doesn’t fit into their system,” Michael says. “But we don’t want to be too flexible. Any franchise, in my opinion, works in parallel with the fast-food industry: you don’t get successful franchises working high-end restaurants, and it’s the same for us. What we do is: We say, ‘Choose one of these plans that you like, close to it,’ then we work with that and adjust that accordingly. We can option it in the way you like, but it is like writing something: it’s easier to edit than write from scratch.”

One of the reasons Hotondo can customise its plans is its unique position in the market. Hotondo is one of the only building franchises in the world, which gives it certain advantages in the industry. “We’re pioneers. In the building space, what has happened over the past 20 or so years is that a lot of big builders are becoming much bigger; a relatively small percentage of builders build the majority of the houses. While there are tens of thousands of licences, a lot of people struggle because the big companies have mastered the art of selling and marketing, and they have stretched themselves all over. What they have done is they have gone into country towns and eaten up the opposition, and the poor old country builder who was dependent on local work can’t do that anymore. Then along comes a franchise. A franchise offers the possibility for the country builder or a small builder to suddenly have a big brand with the systems so that they can match up with the large companies.”

Ultimately, the brand’s appeal to the customer, and the power that comes with being part of a franchise, makes becoming part of the Hotondo Homes family appealing to many people. Another aspect that is appealing for a franchisee is the ability to potentially sell the business to someone else if they want to change industries or



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retire—something not as easy for an independent builder. “If you get the system right, if you get the personnel right, then it is arguable that you could put someone else in to manage it and they could keep it going, or you could sell it. It’s not a coffee shop; this is a big business, ours. Again, that is something we try to deliver through our franchisees: knowing the vision and what is going to happen to it. Very rarely will it get handed on to the child. What we want to be able to do is have a business that could ultimately be sold.

“In the building industry, in the small building business if you walk out of the door today, you are responsible for those houses for another 10 years. Let’s assume you

finish a house today; if that foundation cracks, you could be responsible up to 10 years from now. You would be naïve to even think it won’t happen, but it does happen. Tomorrow, if there’s a door creaking, you have to go to fix it. Not many builders realise that one day they have to retire; they just think of this lifestyle on the way through, and the franchise offers them a possibility of setting up so that somebody could take it off them. Not many companies can do that. Unlike a coffee shop, you cannot just walk off and someone else has to worry about the coffee tomorrow. There are legal responsibilities for homeowner’s warranty. It is a problem in the building industry for someone exiting.”



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