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Strength in STEEL

After two decades of operations, Best Bar Reinforcements has cemented its spot as a leading player in the steel reinforcement industry.

Images courtesy of Best Bar Reinforcements

In 1995, brothers Grant and Bradley Johnston and their father Steve recognised a need in the Australian marketplace for an importer and processor of reinforced steel. At that time, there were just two key players in the space, BHP and ARC Smorgon, both of which had steel mills in the country but had become somewhat complacent due to their stature and the lack of competition. The siblings established Best Bar Reinforcements and started to import products from overseas before cutting and bending it to the requirements of the customer. Its operations grew from there, and today the business is a leader in its field, delivering a diverse range of reinforcement solutions to the civil, commercial, and residential construction industries. Grant and Bradley continue to

manage the operations as managing director and group operations manager respectively.

“We started off doing smaller homes and structures to build up the business, and it was going along quite nicely,” Grant says. “We then got the opportunity in 1997 to work on the Northbridge Tunnel in Western Australia, which was a very large project consisting of about 26,000 tonnes of reinforcing steel. We were invited to tender the project, the reason being that the company at the time, which happened to be the Baulderstone and Clough joint venture, was not too happy with the pricing of the two major players in the marketplace. They felt that there was an opportunity for better pricing, so they invited us to put a price on the project. To be honest, we never thought that

we would have any chance of winning it.”

On the back of that assignment, in 1999 the company felt pressure from the duopoly dominating the sector and reacted by expanding into Melbourne, Victoria. Grant says that it quickly became evident that without a strong backing from a steel mill, things were going to be tough.

Conveniently, the Singapore mill NatSteel was moving into Australia at the time and opened up an operation in Sydney, New South Wales. It was looking for a suitable acquisition and subsequently went into a 50–50 partnership with Best Bar. “We ended up selling down to around 30 per cent and we expanded the business all over Australia,” Grant recalls. “That gave us the opportunity to put new >



equipment in, modernise the business, and grow it further.”

In 2005, the Tata Group in India took over NatSteel and by default became partners of Best Bar. “That was fantastic,” Grant says. “It gave us access to all sorts of things that we never had access to before because it is such a massive company. It is probably one of the best companies I have ever dealt with, and to this day we have a lot of respect for those guys. They brought their philosophies and their way of doing business, and we could relate to it as it is very similar to our family philosophies around ethics and giving back to the community. It was a really good fit.”

When the GFC hit, the market took a turn for the worse, which made operations tough. Tata Group divested out of Australia and the Johnston brothers bought back 100 per cent of the business, including the NatSteel component in Sydney.

“We have been running it as a family company since and have very strong systems and processes in place, which is great,” Grant says. “Like most manufacturing industries in Australia, we are under huge pressure. Our labour costs are so high, and one of the biggest problems we face in Australia is that the labour force is a fixed cost. People treat it as a variable cost, but it just isn’t. If you have to scale down, then you have a huge amount of redundancies to pay, so our labour force in Australia is just not as flexible as the markets are. This becomes a bit of a problem for a lot of companies.

“What we have had to do is invest heavily in mechanisation, and we have also had to develop our own operating systems internally from an IT perspective. That’s been highly successful for us, and we have been able to tailor that to our customers’ demand and also to become more efficient internally. We have gone to paperless systems, and we have taken a lot of administration costs out over the



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- Grant Johnston

past four years. That’s been a really big focus for us.”

Best Bar has developed a revolutionary online portal called ReoNet, which gives relevant stakeholders access to the company’s enterprise resource planning (ERP) system. The innovation is a first in the industry within Australia and was developed in house by the Best Bar team.

“We have tailored our operating system really with the customer in mind,” Grant explains. “A lot of operating systems focus internally first and on what’s best for the company, but you have got to be careful that you are actually designing and developing for your customers’ needs, not wasting money.

“As a family company, those values are really strong for us, so we have my brother’s children and my children all working in the business. What we are really trying to do is leverage off the youth that’s coming through. One of the things I love is that we have this core group of young people that are driving our IT and business improvement, and that energy is just fantastic. What we are getting

out of that is really good ideas. And that same team is delivering on ReoNet—a product we have developed which enables our customers to take full control of their steel supplies to the site.

“It gives total visibility of what’s happening and where the steel is at any one time, as well as enabling customers to place orders. Our whole operating system, from a factory floor all the way through to payroll and then through to touching the customer, is all electronic and automatic.”

These days, Best Bar still imports steel from Singapore, and complements that by purchasing some of its products from the local mill, now a monopoly owned by OneSteel. Grant says the Singapore mill is state of the art and produces high-quality steel with low emissions. “We have continued that relationship, and we find that our customers want that choice,” he notes. “When you have a monopoly in any industry, what ends up happening is there is a complacency and arrogance that comes in. We find that our business doesn’t operate like that, and our customers enjoy dealing with us because of that.”



Best Bar is currently the number two player in the Australian reinforced steel industry and credits that to being highly flexible, agile, and running the company as if it is still a small operation even though it is not. “It’s something that’s harder to do the bigger you get, but it’s one of our core principles,” Grant explains. “We try to be reactive to our customers’ needs. My brother and I often go out on the factory floor and work on the machines for a day. We find that builds really strong loyalty with our people and our staff, and that flows on to our customers. We not only deliver very high service levels but we are also at the cutting edge in innovation from an IT perspective.”

While it has been somewhat of an arduous journey for the Best Bar crew, Grant says he and Bradley have learned an incredible amount and are thrilled with the success they have experienced. “We have been so fortunate to be involved with NatSteel and the Tata Group; those guys brought a huge amount of corporate to our business and made us a whole lot more professional. They brought in a lot of processes and procedures that we probably wouldn’t have in the business if it weren’t for them, and that’s been wonderful. Now that we own 100 per cent of the company again, we haven’t thrown those processes out; we have maintained them and kept all of the good stuff that comes with the big corporates.”

In the years to come, a strong emphasis will continue to be placed on young employees and on getting the most from their energy and enthusiasm. And the involvement of women will also be further encouraged—Best Bar puts females into key roles because it recognises the new dynamic it brings and that this propels success. “I think those are the two things going forward, in the next 20 years, that are going to make us a hell of a lot different from our competitors. We are really focusing on that and on how we can improve on those two areas.” •

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