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# Swimming UPSTREAM

Moving out from being a seasonal business and into new products has proven to be a good formula for Clark Rubber.

Images by Paolo Benini

**C**lark Rubber is one of those iconic Australian brands that almost everyone knows. From back in the 1960s and 70s, Australians could turn on their televisions and hear the Clark Rubber jingle, about how a Clark swimming pool was 'better than a beach in your own backyard'. These days, Clark Rubber has a diversified business selling pools (including pool servicing), rubber, and foam. It is also focusing on growth in new sectors to try to ensure the business is season-proof.

Current CEO Eddie MacDonald has been with the business for just over a year. Eddie started his career with BP after graduating from James Cook University with a Bachelor of Commerce. He has worked for a number of retail companies, including Harvey Norman, Super Amart, and

Colorado, as well as completing an MBA with the Melbourne Business School. With a long history in retail, particularly in the Australian market, he was a good choice for the role to take the company forward.

"Before Clark Rubber, I spent time running the furniture business at Harvey Norman New Zealand," Eddie says. "Before that, I was the CEO of Super Amart for over five years. Previously, I was the chief operating officer at Colorado Group, which was a publicly listed company. I think retail's a very dynamic and changing business, and you've got to make sure that your organisation is changing at least as fast as the external environment. You need to make sure that you're consistently on top of trends, that you're operating effectively, and that you're really focusing your operations on the consumer."

Eddie says that when he was offered the role of CEO at Clark Rubber, he was excited because the brand was so well known in Australia. The opportunity to head a company that not only was iconic but that had large potential for further growth, and an opportunity for him to leave his mark on, was too good to pass up. "The first thing is it's an iconic Australian retail brand," Eddie explains.

"I liked the product range, and I liked the 'big box retail' nature of the business. So that attracted me to it. I also thought that the company had a lot of growth potential. We've got about 65 franchised stores now, but we could build that to well over 100. I think the key to the growth is getting the right franchisees for new sites. What attracted me to it was the brand strength, the potential growth opportunity, and there were also a >

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lot of internal improvements that could be made.”

Right away Eddie started on making changes to enable further growth in the company, including both external and internal changes. One of his first acts as CEO was to help the organisation undergo a revamp of its culture to focus more on the external retail environment, particularly the customer. “Firstly, we spent a lot of work on cultural change, so really making people understand the need for change to cope with

the ever-changing retail environment. We certainly worked a lot on the cultural change of the organisation and changing the status quo.”

The cultural values, Eddie says, are focused on people. “One [value] is openness and transparency. One is to ensure people feel supported, valued, and respected. We have also adopted a fact-based, data-driven mentality, based around transparent KPIs and information on performance. We also recognise achievement and have fun. That pretty much sums it up, I think.”

One of the other key opportunities is to expand Clark Rubber’s product range into less seasonal categories. While the company has, for a number of years, retailed foam and rubber products, a large percentage of sales always came from the pools business. This created issues as the sale of pools is seasonal, with business ultimately dropping in winter. One of the initiatives to help combat this has been the company’s partnership with Sleepmaker to produce a new line of innerspring mattresses, which has been very successful.

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“We’re very heavily skewed, as a lot of retailers are, around summer and Christmas because of the nature of pools. Our foam, rubber, and mattress businesses are year-round businesses. So what we actually want to do is spend time growing those other aspects of our business, trying to smooth out some of the seasonality,” Eddie says.

Eddie has also been overseeing an ambitious new project for the company as part of the revamp, called Project Ginger. Project Ginger aims to have all Clark Rubber stores completely redesigned and remodelled within the next 12 months, changing the look and feel of the brand to be more modern.

“Our program of store refurbishments is a fairly major project where we’re getting new fit-outs and looks for all the stores,” Eddie explains. “That’s underway at the moment and will be finished in another 12 months. There’ll be a totally new store layout, new fit-outs. The stores will have a much more contemporary look and feel, and they’ll be easier to shop in.”

Being a franchised business, a project like Ginger, which requires coordination with franchisees, can be difficult. But Eddie says the franchisee model is a unique advantage that Clark Rubber has in the market because it allows an Australia-wide brand to be local and targeted in a way others can’t. “We’re the experts in foam, rubber, and pools. If you look at foam and rubber, we’re category killers; we’ve got a very wide range.

“I think our franchise model allows the individual stores to be very close to their local markets and to be integrated into the community, which sets us apart. I think that’s a good, competitive advantage. It’s a fairly niche type of business. It’s got very strong brand recognition, and we have a national capability in the manufacture and selling of pools, and really there’s no-one out there who has that like us.” >

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“We view our relationships with our franchisees and suppliers as partnerships.”

- Eddie MacDonald

The success of the franchisees is also, according to Eddie, due to the close relationship the head office has with the stores. The company focuses very heavily on training and communication, not only with franchisees but with their suppliers. “That’s one of the value-adds that we provide to our franchisees,” says Eddie.

“We have a full-time, dedicated training coordinator, and we use a combination of external resources and internal resources to develop training for our staff and franchisees. That can range from pool-selling skills, selling skills in general, how to recruit staff, how to conduct local area marketing, how to read a finance statement, how to manage stock, those sorts of things. Our suppliers also offer training. I think the franchisees who embrace the training and development are definitely more successful than those who don’t.

“We have a tight group of suppliers that we work very closely with. We

view our relationships with our franchisees and suppliers as partnerships. We’re in it together, and we all have to be successful individually to be successful collectively. We give our suppliers regular updates on the performance of their stock in our business. We tell them if there are overstocks, if they’re out of stock, the stores that are going well, the stores that have opportunities for improvement. We ask them to help us to work with those stores to make them successful. So it’s very much a partnership with the suppliers,” states Eddie.

Despite the success Clark Rubber has seen in the past year, there have been a number of challenges involved in the revamp and cultural change that has been implemented—not only this, but keeping up with the work associated with opening new stores and ensuring that growth opportunities are not wasted.

“Getting the right management team in place was a challenge,”



Eddie says. “We’ve got some great people, but there were some key roles we had to fill. A challenge was certainly the culture change. I think the business has been so successful for so long, and that’s great, but we have to continue to innovate and change. Successful businesses can be a bit more difficult to change, and changing that culture to be more externally focused, especially on the needs of our customers, was challenging.

“The other challenge has just been finding new sites. We want to keep growing, so we need to get new franchisees in to grow our store network. We have sites in all states. I think we have good growth opportunities across the country.”

Clark Rubber is now using a new ERP system called Pronto to better manage the business, and Eddie says the results have been fantastic. “Getting KPIs and reporting right has been a big challenge. Pronto was implemented just before I started. We have since spent a lot of time bedding the system down, and also devising the KPIs and all the reports that we need to drive the business, including a data warehouse.”

As well as allowing Clark Rubber to have better reporting and KPI management, the Pronto system gave the company new data about sales, stock, and customers. This made it easier for Eddie to communicate with the stores and show them how they do compared to others, if they’re overstocking or understocking, and how this can be fixed.



“One of the things that we learned was that our stock management needs a lot of improvement, getting our out-of-stocks down, getting our aged stock down. We spent a lot of time working with the franchisees on stock management as a result of the information that we’re now getting out of Pronto. So there’s cultural change, stock management. We’re doing a lot of work on our online and customer relationship management side of the business.”

Eddie is also looking to new channels to further the growth he has envisioned for the company. The advent of online stores and social media means that all retail outlets are needing to evolve, and Eddie is confident Clark Rubber has what it takes. “There’s a lot of talk about the death of retail with the internet, but I think the internet is just another channel of distribution,” he says.

“I think the best retailers will be the ones that have both an online

website and bricks and mortar. I see Clark Rubber having a strong online offering in parallel with a bricks-and-mortar offering with great customer service. We give solutions to customers; they come into our stores with problems they need solutions to. It’s about finding solutions, it’s about giving great customer service, and it’s about having the products our customers want.

“We currently have a web store where we sell to customers. We’ve also just recruited a digital marketer. We want to really beef up our online store, and we are going to be doing a lot of social media type work as well. The other thing we want to do is have better customer relationship management. Our Pronto system has a CRM component that we’re working on at the moment. It’s things like getting to know our customers better, encouraging more repeat visitations, that sort of thing. We’ve been spending a lot of time on that as well. That’s enabled by the systems.”

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