

HD Horan & Bird, Longwarry Food Park, Bellamy's Organic vie for best regional mid-market **business** gong
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Running a **business** in regional Australia can be tough given smaller markets. Finding enough skilled local labour and other resources can also present challenges.

However, some regional **business** operators possess the vision, the dedication, leadership and commitment to expand not only into Australian capital cities, but overseas markets.

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Some firms may have started small, but have since grown into mid-sized businesses generating tens of **millions** of dollars in revenue, while providing employment opportunities and value-adding in regional Australia. This article examines three finalists in the category of Best Mid-market **Business** in regional Australia, as part of the BRW/GE Capital Momentum Mid-Market awards.

HORAN & BIRD

When John Horan wanted to expand his **energy** solutions **company** in 2008, he had to sell a rental property to pay for **solar** panels imported from **China**.

Horan, a founder of Horan & Bird, paid \$240,000 upfront to import 1000 **solar** panels that took five weeks to arrive in Melbourne, before they were trucked to the **company**'s headquarters in Townsville.

Horan **sold** another rental property to finance his second container of 1000 **solar** panels from **China** only months later.

Times have since changed for the better after Horan established a trusting relationship with **Chinese** supplier Trina **Solar**.

"Today, the **Chinese** manufacturer sends two containers of **solar** panels a week directly to Townsville and I have 90 days to pay," Horan says. "In any **business**, it's vital to build trust with suppliers to enable access to credit.

"My attitude in **business** is to tell the truth, do what we say we'll do and fix an issue when we have made a mistake. Without that attitude, any **business** is destined to fail, particularly in regional Australia where word-of-mouth travels pretty fast."

After starting as electrical contractors in a garage in 2004, Horan and **business** partner Scott Bird have grown to become the second biggest **solar company** in Queensland and the fifth largest in Australia. The **company** also designs and installs air conditioners, has 70 full time employees and generated revenue of about \$14 **million** and a profit of \$2.5 **million** in the 2013/14 financial year.

Horan & Bird's founders John Horan and Scott Bird.

In Queensland, Horan & Bird has expanded beyond Townsville to Brisbane, Burdekin, Cairns and Mackay. The **company** has 14,000 customers.

Horan says the **company** focuses on providing the best customer service possible as it generates repeat **business** and leads to new clients. He says **solar** panels are spread across about 2 **million** premises in Australia, so there's plenty of maintenance and cleaning work for his **company** to chase.

Horan says the **business** is exporting **solar** panels to the Cook Islands and New Zealand, and plans to develop markets in Fiji, Tonga and Vanuatu. "Australia's only a certain size, so every **business** should be looking for export opportunities," Horan says.

He says the advent of the electric car should provide his **company** with another revenue stream. He says the technology exists for an electric car battery to power a home for three nights via "smart" integration circuits with a property's switchboard. "When the electric car becomes more affordable, households won't need to be connected to the power grid," he says.

LONGWARRY FOOD PARK

Rakesh Aggarwal is a resilient businessman. Not only did a fire almost destroy his **dairy business** in 2012, the exporter overcame a challenging 2013 in response to a high Australian dollar, lower commodity prices and weak industry sentiment.

"We're a **company** that has literally risen from the ashes," Aggarwal says proudly of the **business**, which makes **milk** powder, fresh **milk**, long life (UHT) **milk** and cream **cheese**.

Laura McBain, CEO of Bellamy's Organic, outside Launceston, Tasmania. Photo: Mark Jesser

Despite the setbacks, Longwarry Food Park, located near Gippsland in south-east Victoria, still managed to generate revenue of \$67.835 **million** for the year ending June 30, 2013. After lifting production, cutting costs and generating greater plant efficiencies, Longwarry lifted revenue to \$93 **million** for the 12 months to June 30, 2014. Longwarry has 54 full-time employees.

Longwarry generates 80 per cent of revenue from exporting almost 20,000 metric tonnes of **dairy** products a year to Asia, the Middle East and North Africa. In Australia, it sells fresh **milk** to shops and major supermarkets.

Aggarwal says Austrade, Victorian government trade missions, his website and his attendance at overseas trade exhibitions helped build his overseas client base.

"I would encourage any **business** operator to take advantage of the external assistance available to develop in overseas markets," Aggarwal says. "The markets overseas are huge so there's good opportunities to grow. Australia is seen as clean and green, which is a great image when exporting **dairy** products. Overseas clients just don't doubt the clean and green image."

Aggarwal says attracting skilled labour is the major challenge of operating in country Victoria. As plant upgrades **lead** to greater automation, Aggarwal is looking to hire people with computer, accounting and export marketing skills in a finite employment market.

"In constantly upgrading our plant and equipment, some jobs become redundant while others are created," Aggarwal says. "For instance, we saved 1200 labour days a year by replacing boilers with technology. We constantly watch our operating costs."

BELLAMY'S ORGANIC

Founded in Launceston in 2004, Bellamy's produces certified organic baby formula and food. After posting double-digit revenue growth for the past six years, Bellamy's listed on the ASX on August 5, 2014. Shares in the initial public offering were issued for \$1 and the stock closed at \$1.35 on August 13.

Apart from selling products to Australian grocery stores, Bellamy's exports to **China**, Singapore, Malaysia, Vietnam and New Zealand. The **company** has lifted revenue from \$17 **million** in the 2012 financial year to an estimated \$48 **million** for the year to June 30, 2014. Profit in 2014 was an estimated \$2.6 **million**. Bellamy's employs 32 full-time staff.

Bellamy's marketing manager Ben Lovitt says innovative product design, sustainable organic supply chains, specialised distribution and a determination to succeed in a food industry niche are behind **company** growth.

"Organic foodstuffs are non-genetically modified and are produced without chemical pesticides, herbicides or fertilisers," Lovitt says. "We believe buyers of Bellamy's Organic products recognise our commitment to sourcing the highest quality ingredients."

Lovitt says product development is key to driving future growth. "We just released our organic ready-to-go **milk** drink range, the first Bellamy's product created specifically for ages 3-plus," he says. "We plan to grow sustainably without compromising the Bellamy's Organic quality offering."

Being based in regional Australia has enabled the **company** to develop strong **business** relationships. Launceston is big enough to draw on local talent and resources. The disadvantage, Lovitt says, is the extra plane leg to overseas markets. However, he says export markets are vital to **company** growth due to their size.

"We can't escape that domestic opportunity is limited by the number of children born or arriving in Australia each year," he says.

Finalists of the BRW and GE Capital Mid-Market Awards 2014 have been announced. Join us to celebrate the winners at our exclusive awards evening on Thursday August 28 at the MCA Sydney. Click here to **purchase** tickets.

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