

By John Halkett

Despite running Australia's largest furniture manufacturing operation Glen Scott is a working boots and high-vis vest sort of manager.

In the furniture manufacturing big league



Sarajane Furniture is a furniture manufacturing business at Cowra in NSW's central west. The company is testimony to the fact that high throughput furniture manufacturing can still be done profitably in Australia if you get the basics right.

Sarajane had its beginnings in 1980 when on one of his trips to Sydney, owner Glen Scott noticed a pine outdoor setting in a furniture store and reckoned he could make a similar product at a cheaper price. He took along a sample product on his next trip to Sydney and walked away with an order.

Despite running Australia's largest furniture manufacturing operation Glen is a working boots and high-vis vest sort of manager. His early years as a builder and truck driver are still reflected in his no nonsense, hands-on approach to the multimillion business he now controls. It's on the factory floor and not the office where he directs the workforce of over a 100 in a state-of-the-art 55,000 square metre factory.

"Really it's my job to go around annoying people. I have an excellent management team in place - with team being the key word and everyone working as a team. Still, I need to know what is going on and to help solve production problems and bottle necks before they appear. This is a time critical business and I can't contribute to sorting out issues that cost us money sitting in the office," says Glen.

There is no doubt he runs a slick, understated, but impressive operation, especially when the conventional wisdom suggests that furniture manufacturing is something Australia used to do but is something now largely in the domain of the Chinese.

Today Sarajane's customer list spans Australia and includes the Fantastic Furniture chain that numbers close to 67 retail stores. Sarajane Furniture is certainly in the big league - in fact in a league of its own when it comes to furniture manufacturing. The company is an outstanding example of how to be a successful manufacturing business when similar operations across the country have closed down and shifted their manufacturing activity offshore.

Glen attributes part of his success to building relationships with suppliers and customers around honesty and loyalty, and to really good employees. He observes that many of his suppliers have been with the company for more than 25 years. "Price isn't important to us so much as service - we understand that everyone needs to make a dollar out of a business relationship. I don't forget people who have treated me decently in business over the years - or those who haven't!"

It certainly has not been all plain sailing for Sarajane Furniture. Apart from the tough production and cost disciplines, fire caused millions of dollars worth of damage to the factory in 2006. Glen rebuilt the business to become one of the largest employers in the Cowra district only to have fire strike again a year later causing \$4 million worth of damage. While production was severely disrupted, once again through hard work and dedicated staff, the business was able to return to full production in a relatively short period of time.

To give the Sarajane operation a bit more perspective, it is the largest non wholesale timber buyer in Australia, spending about \$900,000 a month on timber and timber products from domestic pine timber product producers. Also the payroll pumps more than \$10 million a year directly into the

Sarajane shows how high throughput furniture manufacturing can still be done profitably in Australia.

Glen Scott (left) discussing production issues with staff: "This is a time critical business and I can't contribute to sorting out issues that cost us money sitting in the office."



economy of Cowra and surrounding region. "Yes – we are a significant part of the local economy – not that the Council always seems to be that appreciative – we have our share of major battles with them over the years," says Glen.

Sarajane Furniture carries out the entire furniture manufacturing process, from optimising the production of components from timber supplied from Australian mills, including finger-jointing and laminating, through component manufacturing, assembly, finishing, spray coating to delivery in the company's own fleet of trucks anywhere in Australia.

It's not rocket science, but there are some simple things that need to be done well to succeed in furniture manufacturing in Australia.

In relation to woodworking machinery acquisition Glen says he has a really simple philosophy when it comes to what he expects from machinery suppliers. "Most machines are pretty good these days, but we only buy from three suppliers and we have more than a hundred pieces of fairly sophisticated machinery in operation on the factory floor. My essential, non-negotiable requirement is prompt, reliable, efficient after-sales support. If I am not satisfied with the service I get I go elsewhere," he says.

"Time is serious money here and while we run duplicate lines and systems and can adjust production flows if we get a breakdown, we need rapid service and we stick with those companies that, in my view, can deliver the level of competent support we need," says Glen.

Glen adds that a real challenge for Australian furniture makers having to compete against the rising tide of cheap imports is to become much more serious about technology, automation and efficiency.

"It's not rocket science, but there are some simple things that need to be done well to succeed in furniture manufacturing

here in Australia. Understanding the market and pricing and not taking on China at things they can do better than we can is a good starting point."

He adds that in relation to the Sarajane model, being really efficient in relation to labour is critical. "We are perhaps up to ten times more efficient than comparable manufacturing process in China. Plus adopting the best technology available in an integrated manufacturing process that is efficient and optimises the use of labour is a key part of the Sarajane recipe for the success we have been fortunate enough to enjoy."

Glen reinforces the importance of attention to detail, including production levels and to profit and loss analyses. "In addition you need a good understanding of the market place – no good if your cost of production is \$50 per item if the market only wants to pay \$40. You need to know that up front and be able to alter you costs of production and design to satisfy the market demand and price tolerance or you won't have a business."

At Sarajane Furniture Glen focuses on production and cost efficiencies right down to water use minimisation and recycling or selling what waste is generated. "It's simple, but you need to understand and control every aspect of the business."

In relation to the threat Chinese imports pose Glen says that for the type of furniture Sarajane Furniture produces: "We don't worry about China, in fact we have some real advantages over them. Where they have a six-to-eight week manufacturing and delivery cycle, we can have the finished product delivered to a retail outlet anywhere in Australia in two-to-three weeks," he says. "Of course we also need to be price competitive.

"Knowing what the market wants and is willing to pay, using the best technology coupled with tight control and minimising overheads are important parts of our success formula," Glen concludes.