

SLOWDOWN SURVIVAL GUIDE



IF WE BELIEVE everything we read, then it is all doom and gloom. The economic slowdown has brought the world to a grinding halt, our beloved and beleaguered Australian automotive industry is on its knees and there are more hard times ahead.

But hang on a minute. Is this really the case?



It is true that we are in the middle of a global financial crisis and many jobs and businesses are fighting for survival.

But we should not lose sight of the fact that some businesses are not struggling. Actually, the opposite is true.

Despite everything, there are many Australian automotive companies who are doing rather well, thank you very much.

They are well run and well maintained. They have good business models and an edge over their competitors.

They serve as a reminder to us all that if you have a good product and a good set-up, then you can continue to be profitable, whatever the circumstances.

Yes, there is a lot of bad news about, but we must not let this completely cloud our thoughts.

We must recognise that behind the corrugated fences, or in the industrial units, or in the thousands of workshops around the nation, there continues to be successful Australian companies with successful ideas.

Here is a snapshot of some of them and their tips to surviving the slowdown.

WA

Think Big

Steven Apedaile
Executive Director (Corporate), Automotive Technology Group, Perth, Western Australia

After \$21 million and five years' research and development, ATG developed the Sprintex Supercharger. They have recently signed an exclusive deal with a Chinese distribution company. ATG also designs and manufactures Vee Two spare and performance parts for Ducati, Harley-Davidson and Honda motorcycles.

For us, Australia is a small market. We think globally. We have a global product. We source suppliers globally. We have components brought from around the world.

You have to grasp the nettle. If you don't take risks, you will just stagnate. You can conserve cash by doing nothing, but you won't meet your business forecast.

Right now we are concentrating on high margin-low volume aftermarket products to get our product out into the automotive industry. In the long term, we'll be looking at Original Equipment Manufacturers (OEM). That will involve more costs and energy for a much lower margin, but if you want to be a serious player in the world, you have to be supplying the OEMs.

The market perception of the automotive industry is that it is a lame duck. We don't agree with that at all. For the right company, with the right product and the right drive, there is potential there.

You can't sit on your hands and do nothing; you have to get out there and do it.



"If you pull your advertising, you'll pull your volume"

Errol Stewart
Jackson Motor Company,
Launceston, Tasmania

TAS

Think Positive

Errol Stewart
Managing Director, Jackson Motor Company, Launceston, Tasmania

JMC is an award-winning new and used car dealership selling Audi, VW, Ford, Kia, and Suzuki and Isuzu. The five showrooms employ 170 staff.

You can't say it isn't going to happen to us and yet, I don't think you can afford to go into your shell. You still have to chance your arm and take some calculated risks. It is important to keep trading and we always believe there will be a market out there next week, next month and next year.

We are not scared to spend money to try and generate business. We have very strong marketing budgets. We have cut our press advertising down, but we have increased our investment in the electronic media. If you pull your advertising, you'll pull your volume.

During these turbulent times, I have become more hands-on and stepped back into the control of the day-to-day operating matters. There has been some cost cutting to reduce any fat and I have been honest with the workforce and told them that income has come off quite markedly. We might go through 2009 without any profit, but we are financially stable and can survive if that is the case.



VIC

Think Global

Rex Vandenberg
Managing Director, Injectronics, Hallam, Victoria

Injectronics is Australia's leading supplier of remanufactured automotive electronic components. Inducted into the 2008 Victorian Manufacturers' Hall of Fame, the business also provides solutions and technical equipment to other remanufacturers around the world.

From adversity comes opportunity. It is a case of adapting and reassessing and working out if there is a better way of doing things.

It is so important to remain positive in these times. In the recession of the '90s, we experienced rapid growth and we expect the same to happen now.

We have a niche business and our products are something that cars have to have. We are proactive and consider ourselves to be global leaders when it comes to systems and technological development.

We are in a good position, slowdown or not. A new part might cost \$300, but a remanufactured part might be \$180-200, so particularly, when money is tight, people are going to go for the remanufacture.

Also, in tough times, major manufacturers trim their inventories and stop supplying some components. We have stocks for Australian, Asian and European vehicles and so manufacturers, repairers and individuals start turning to us for their supplies.

We are up on orders by 10 percent on this time last year. We are already seeing growth and we think the trend is going to continue. 

