

Dexion in New Zealand

In 2006, Dexion made two significant acquisitions in the New Zealand market; Hamilton Perry Industries (HPI) and Capital Racking Systems. HPI had been one of Dexion's longest serving licensees, having manufactured Dexion products since the 1950's, and Capital Racking Systems was its main competitor.

Martyn Isbell, Executive General Manager International Business, and Mike Fokkens, General Manager for the Dexion NZ operation, explain the intricacies of merging the two businesses.

"The rivalry between North and South Islanders in NZ is much like that of Sydneysiders and Melbournians in Australia. So when we bought HPI, very much a South Island focused business, and its main competitor Capital Racking Systems from the North Island, merging the two businesses was always going to be challenging," said Isbell.

"Both companies were very different culturally. HPI was relatively conservative in its outlook, slow and deliberate in its decision making and, although it did have an Auckland branch, it was quite comfortable servicing its South Island customer base," he said.

"Capital, on the other hand, was a younger business, more aggressive and keen to make a name for itself. So bringing together two companies that have fierce rivalry and expecting them to quickly become the best of friends was always going to be interesting.

"Frankly, a number of tough management decisions needed to be made which, by their very nature, were never going to sit well with everyone. There have been a number of staff changes, but when looking at the business today and the changes that have been made, that's unsurprising," he said.

"It was apparent that we wouldn't need two manufacturing facilities to service the New Zealand market, so the South Island factory was closed and the North Island factory extended. This

placed a larger and more responsive factory close to the greatest concentration of NZ customers.

"We've relocated much of the South Island manufacturing equipment into the North Island facility, and we've relocated some key people from the South Island operation to the North Island. At the same time, we've implemented a new ERP system, so there's been a huge amount of change which has been embraced by the vast majority," said Isbell. "Mike Fokkens deserves great credit and recognition for managing this sensitive transition. He's done a fantastic job under incredibly difficult circumstances," he said.

"The integration of the businesses was always going to be a difficult process so we initially contracted a project manager to put some structure around what was required and then it was a case of working to the plan," said General Manager, Mike Fokkens.

"With the benefit of almost two years behind us, this major integration plan concluded in August, although a culture of continuous improvement is embedded in the new operation, and we are focused on systemising all facets of the business through our TPM program. This program is based on 'Lean Manufacturing' but focuses on improvement methodology across the entire business," he said.

"Despite all the upheaval the results from NZ were good for last year and we have high expectations that we will see considerable benefit and savings this year with the consolidation of two sites into one," said Fokkens.

"The New Zealand market is relatively mature, and with increased competition from China and other international players, we will have to work harder and smarter to maintain and grow our market share. The integrated systems business does provide some exciting opportunities, and new product developments will also open up new markets," he said, "but right now we are focusing on consolidating and improving our business processes."



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