

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

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Headland Machinery Proprietary Limited

5.1 SUMMARY

Headland Machinery has a good reputation throughout Australia due to their long presence in the Australian market. The company's position in the manufacturing industry together with their overseas partners ensures that Headland is constantly offering and servicing leading edge technology and products. The company has excelled in the sheet metal, fabrication and storage industries for over 30 years.

In 2006, Headland turned into the precision engineering industry for first time when it bought Wickman. At the time of the purchase, Wickman was doing poorly financially, and Headland perceived this as a good opportunity to penetrate new markets, invest in new machinery and gain new important Japanese suppliers. It is important to point out that the precision engineering is a small and well segmented market where industries such as aerospace, automotive and aviation form part. The new suppliers Headland acquired were Makino, Nakamura Tome and Toshiba. Makino is world leader in metal cutting and manufacturing technology, Toshiba world leader in the machine-tool industry. Both suppliers trade with CNC machining centers while Nakamura Tome offers only the best quality, accuracy and reliability in lathes. The three suppliers have an excellent reputation world wide, and they manufacture machinery with the best quality and technology. Thus, they are also the most expensive in the market.

Since the acquisition, Headland Machinery has not been able to position itself in the precision engineering industry due primarily to their lack of knowledge and experience in the industry. As mentioned before, the suppliers have a good reputation overseas, yet the company has not been able to make them succeed properly in the Australian market. The main reason is that Headland Machinery has not been able to sell the benefits and features of the machinery. Also, the company is competing in the same market where international manufacturers like Mori Seiki and Gildemeister are very well positioned and have set up their own agencies in Australia. In addition, the company does not have a proper data base built; therefore, they have not being able to reach the right market. Finally, Headland Machinery has reacted slowly to market trends. Since the last couple of years, the

trend in the industry has clearly shifted from CNC machining centers to lathes. Headland, at the early stages of the acquisition, gave much effort to promote Makino and Toshiba, while it has clearly shown that Nakamura Tome should be playing a major role.

At present, Headland has reacted actively towards the problem. The company and its suppliers (focused mainly on promoting Nakamura Tome, thus lathes) will be advertised through different mass media; magazines (back cover of Manufacturer's Monthly), monthly editorials in online sources (FEN and FERRET), Australian manufacturing organizations (AMTIL), trade exhibitions (AUSTECH) and re-designing their website to update information and include precision engineering for first time. Every source is essential because they help to build market recognition for the company, help position the suppliers and target a bigger audience. This last one will facilitate to receive more enquiries from Australia and overseas and as a result obtain more customers.

In order to make this possible, the marketing department worked simultaneously for the past six months with the company's top management. Today, most of activities planned by the marketing department for precision engineering had to be put on hold for two main reasons.

At the moment, the company is preparing AUSTECH; the most important trade exhibition in the country held in May. Therefore, Headland's effort and support at this moment is directed to select carefully the top suppliers (from sheet metal, storage, fabrication and precision engineering) and the machinery that will be exhibited. Due to the importance of this event and the high level of expenditure, it is vital to plan in advance the trade show.

Secondly, the activities planned in the marketing plan have been delayed due to the amount of work that Anthea Karalis, marketing supervisor, has at the moment. She is in charge of two areas in the company; marketing and information technology. Because Headland Machinery needs to improve its server system, she has been given the task to do it. She has been working almost full time on this project leaving barely any time to support and approve the activities in the precision engineering agenda.

In conclusion, precision engineering is a promising industry for Headland Machinery. However, given the lack of experience, the company still depends heavily on physical and financial support from its suppliers. In addition to this, the company needs a larger amount of expenditure in order to advertise in the proper media and create brand awareness as well as supplier association. In this type

of industry, the results are not seen immediately; it usually takes a year after the marketing sales plan has been established and followed. In the mean time the top management should not neglect, through other projects, the attention that is needed to succeed in this industry.



5.2 RECOMMENDATIONS

The present recommendations derive from the knowledge acquired during the elaboration of the current study and the experience obtained by the author during the internship in Headland Machinery Proprietary Limited.

The first recommendation is that Headland Machinery should turn into second hand machinery, in order to diversify its product range. As mentioned before, the current stock machinery is very expensive making it hard to sell. Currently, the United States is becoming an important player for mid-range machinery including second hand due to its good reputation and the fair price they offer in the market. Thus, Headland should consider a partnership with an American company in order to sell second hand machinery into the Australian market.

The second recommendation is based on the fact that the precision engineering industry is technology driven and reputation based. As a result, in an important exhibition like AUSTECH, a person from Makino, Nakamura Tome or Toshiba should be present in order to grant credibility to the customer and tighten the relationship between supplier and distributor.

The third recommendation that complements the previous point is that Headland ought to request a trained person from Nakamura Tome Japan to teach the sales team from the company how to sell the product properly.

The fourth recommendation is that Headland should spend more of the budget to advertising instead of relying heavily on the contribution of suppliers from other industries. For instance, with the magazine Manufacturer's Monthly most of the advertising is done by a supplier in sheet metal. Clearly, they have preference to advertise their own products as often as possible. Therefore, Headland should take advantage of



their partnership among the Japanese suppliers to pay between both the advertising. With proper and constant media diffusion, it is possible to create brand awareness and position the suppliers.

The sixth recommendation is regarding customer service. Because of the high capital expenditure required in the industry, a high level of relationship marketing is required. A high level of confidence in the customer and service support is required to ensure downtimes are minimised and that relationship marketing is continued throughout the life of the product, leading to repeat sales.

The seventh recommendation is to give demonstrations of the machinery to potential customers that are considering buying a machine. It is important to consider that the demonstrations should be given in Headland due to the machinery's heavy weight, the amount of space they take and the availability of the service engineers in the company.

The eighth recommendation that adds to the previous one is to give incentives to customers. For example, discount on cash payments or in advance, and put machinery on sale when they are outdated or the supplier will launch a new one.

The ninth recommendation regards the company structural organization. As mentioned in the conclusion, the marketing supervisor is also in charge of the information technology department. It is important to have both departments separate with two different supervisors. If each department has its own tasks, it is possible to achieve and follow a set up agenda.

Finally, the last recommendation concerns the interns in the company. Headland's Machinery workforce is mainly composed by interns instead of employees. Not only they save costs by not paying salaries, but most of the interns that work in the company do not have the proper technical knowledge of the industry because they do not have the corresponding studies. Even though the interns can learn the facts and technicalities of the industry with working experience, it takes time and delays the agenda. Therefore, Headland should employ most of its interns with at least a degree in engineering.