

COMPANYCONNECTOR

A regular update of company news and views **Issue 16** | June 2008



Sale makes way for future growth

It's the home stretch now for Skellerup's restructuring process following the sale last month of four of the company's non-core business units; Roofing and Waterproofing, Conveyor and Mining, Containment, and Batavian Rubber, to the Nelson-based Tiri Group.

ALL EMPLOYEES OF THESE BUSINESSES HAVE BEEN EMPLOYED under similar terms and conditions with the new companies. There are also no plans in the immediate future for any change in premises and all existing facilities, including office space and storage, will remain unaltered in the short term under the new ownership.

The Tiri Group is an investment company owning various businesses in the industrial and engineering sector. The Group is no stranger to Skellerup as it is made up of companies bought during the Viking Pacific / Skellerup restructuring in the late 1990s.

Now owned by American businessman, Tom Sturgess, the Tiri Group has formed two new companies to run the Skellerup units. Under the sale agreement, three of the industrial businesses – Roofing and Waterproofing, Conveyor and Mining, Containment – and the warehouse at Otara will fall under the newly formed Viking Group, while the fourth unit, Batavian Rubber, will trade under Viking Pacific Ltd.

Skellerup has also set up a separate IT system within JDE to enable Viking Group Ltd to trade independently.

The company will also be providing ongoing support services including supply chain, HR, accounting and IT support for up to 12 months while Viking Group Ltd and Viking Pacific Ltd set up their own independent facilities.

All manufacturing facilities on the Woolston, Christchurch site remain with Skellerup Industries Ltd. The Butylclad roofing membrane (the only manufactured product impacted by the sale) will for now continue to be manufactured at Woolston, and sold to the Viking Group to meet sales demand for the product.



It's been a challenging 12 months but the sales agreement with Tiri Group has given us the impetus to move forward

with our commitment to becoming a niche marketer and manufacturer of technical polymer products. The restructuring process has been a double-edged sword for the company as, while it's positive in that we can now refocus on our future strategy, it's sad to see good people that have been with us for a long time moving on to new associations.

HOWEVER TECHNICAL POLYMERS ARE WHERE WE HAVE THE greatest competitive advantage, so the focus will be on strengthening our position as a global leader in this field. The Tiri Group sale puts us in a position where we can look at improving our asset base through strategic acquisitions.

Unfortunately, the restructuring has led to the closure of Skellerup's Industrial Business arm which means we say goodbye to Ian Borely whose role as Industrial Division General Manager has been disestablished.

Ian leaves the company at the end of July and he will be missed. He has made an outstanding contribution to the growth and development of the group and on behalf of the whole company I wish him and his family the best.

I'd like to acknowledge this has been a disruptive time and I appreciate the effort and loyalty shown by all during the past few months.

Donald Stewart
Managing Director

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STEVENS FILTERITE – Good deeds done in Mozambique

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AND MORE

HEALTH & SAFETY HAPPENINGS

UPDATE: THE APPROXIMATE DATES FOR THE NEXT round of KEA (Key Elements Assessment) schedules should be finalised soon. Health & Safety Advisor Andy Anderson will be in contact with the relevant business units as the schedules require completion. Due to a slight delay with the 2007 audits, the dates are about two months behind the initial timetable.

SAFEMATE AWARD

CONGRATULATIONS TO OUR LATEST SAFEMATE WINNER – Ray Spurway from Gulf Rubber Australia.

Ray is the driving force behind the company's Occupational Health and Safety policies, sitting on the OH&S committee for many years and, until recently, chairing the meetings. He has overseen and ensured the safety of employees, contractors and visitors to the Gulf Rubber premises which stretch over three adjoining buildings and a nearby warehouse.

Ray conducts monthly audits of the four buildings to check for, and report on, any safety issues. Gulf Rubber Australia Group Finance Manager, Trevor Hodgson, says Ray has worked tirelessly recommending safety improvements, pushing for approvals to proceed, and then organising and overseeing the implementation of the improvements.

"Ray is always conscientious about safety," says GRA colleague Taun Dang. "If it looks dangerous he'll say something. He often goes around and checks to see if anything is unsafe and immediately fixes anything."

"Don't forget to keep the SafeMate nominations coming in," says Health and Safety Advisor Andy Anderson. "Safety is a key issue for all of us and it is inspiring to see people's commitment to keeping their work environment safe."



Ray Spurway from Gulf Rubber.

Ingenuity lifts MINC's game

Congratulations to the staff at MINC in Nebraska for their ingenuity in creating an ingenious lifting device for their factory.

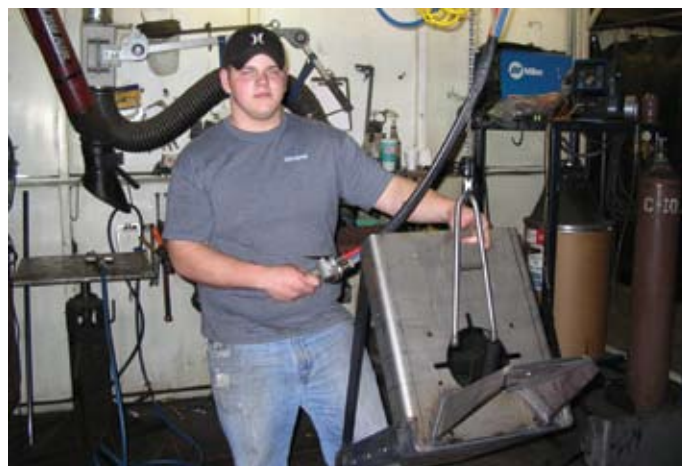
GENERAL MANAGER JERRY YOUNG SAYS THAT WITH THE company's move towards manufacturing larger and heavier equipment for customers, items can now weigh up to 100kg.

"Up to now we've had nothing to make it safer for our staff putting these items onto welding tables," says Jerry. "It has always required two people to do the job and the big, bulky items often require awkward lifting postures."

The solution has been to install overhead structures to support the weight and suspend air-powered hoists that lift the objects.

"The welders effortlessly attach a steel hook to the metal and gently lift it onto the table. Not only is the process much safer but it also saves time, allows the welder to remain in his booth, and lets other employees continue uninterrupted with their normal duties," says Jerry.

The MINC factory now has three of these hoists in place.



Cody Parker shows how easy it is to move heavy equipment with MINC's new lifting device.

Safety a top priority in China

Skellerup Jiangsu has introduced a KEA improvement plan as part of its OSH requirements.

GENERAL MANAGER MARTIN LI SAYS SEVERAL STEPS HAVE been undertaken to ensure safety remains a priority in the factory:

- An evacuation procedure has been improved on and practice drills are held regularly.
- Staff from the workshop have been elected to the OSH committee and have been asked to supply feedback from factory employees.
- There is a greater focus on health and safety procedures with regular meetings to study current OSH policy, discuss hazard controls and to obtain suggestions from other departments on how to improve safety.
- Safety walks by senior staff are carried out regularly to check on housekeeping, hazardous environments and compliance with work instructions.
- Training is to be introduced on the use of PPE (Personal Protection Equipment) and the safe handling of raw materials.

Martin says that over the next three months the factory will be concentrating on training in hazard identification and occupational health and safety.

50 years young and still a step ahead

It's a happy 50th birthday to Skellerup's Red Band Gumboots this year. The short-boot has become a firm favourite in rural New Zealand and there not many farming households where you won't find a pair outside the back door.

AS PART OF THE CELEBRATIONS, RED BANDS WILL FEATURE IN the Skellerup heat for the Rural Bachelor of the Year competition at National Fielddays at Mystery Creek. As we all know, ladies love a man with good rhythm, so this year the bachelors are going to be judged on their dancing skills – gumboot dancing!

They'll be taught a routine of the dance that originated in the gold mines of South Africa by Cape Townian George Bester who leads a gumboot dance troop out of Auckland. The bachelors will then be judged on their performances. Look out for the photos from Fielddays in the next Company Connector!

We've also been asking Kiwis around the country for some of their memorable Red Band moments and thought we would share some of these stories with you.



Helicopter pilot Jonathan Larrivee from Fiordland Helicopters takes a break at Supper Cove hut in Dusky Sound, Fiordland National Park. (photo: Steven Hall)



Steven Monaghan is so attached to his Red Band Gumboots his wife, Lindy, had a cake especially made for his 50th birthday that featured his favourite boots. Lindy says, "as you can tell by the cake, Steve's also fond of DB beer, the music of AC/DC and his recently deceased dog Chloe who went pretty much everywhere the Red Bands went."

STAFF PROFILE – Brian McFall

Brian McFall joined the Skellerup footwear team in 1958 just months before the first pair of Red Band Gumboots rolled off the production line. His first job was putting the aluminium lasts on the table for the canvas sand shoes. Today he is one of the company's longest serving employees and travels regularly to China to oversee quality control and staff training at the Jiangsu factory.

AT THE TIME BRIAN JOINED SKELLERUP, OVER 500 people were employed in its Woolston factory making around half of New Zealand's total footwear requirements.

"It was like living in a small town really," says Brian. "The atmosphere was great."

Within three years of joining the company he was offered a promotion to be trainee manager of the sewing room. He was about to accept, delighted at the thought of being in charge of a room full of women, when Skellerup offered him an alternative opportunity to become a trainee pattern cutter and designer.

Instrumental in developing the huge range of gumboots, sandshoes, jandals and other footwear produced in the Woolston factory, Brian went on to become Skellerup Footwear's Chief Designer, then Assistant General Manager. He also sat on the Skellerup Footwear board and was a fundamental part of the success of the new Skellerup factory in Jiangsu, China.

But his life is not all gumboots, Brian has a passion for speedway and has turned his hobby of filming race-cars into a business.

"I have a professional TV camera and full computerised editing suite where I make DVDs of the races I film," he says.

The 69 year-old self-confessed petrol-head used to have a programme on local TV called Thunder on the Glen and has made raceway advertisements for national television. He tried filming weddings but after doing 12 weddings of which 10 ended in divorce and one in murder he decided to stick to racing.

After 47 years of marriage, his wife, Lynn, remains just as supportive as ever. "She's my biggest critic but also my greatest fan," says Brian.



Brian McFall has created a footwear museum at Skellerup's Woolston factory. He has a pair of every design the factory has produced including the first to roll off the production lines and the last pair made in the Christchurch factory.

Designing for an even better future

Skellerup's Woolston factory in Christchurch hosted a visit from the Better by Design team from New Zealand Trade and Enterprise (NZTE) recently.

BETTER BY DESIGN IS A NEW ZEALAND GOVERNMENT initiative that aims to help leading exporters improve their design capability. Skellerup's Group General Manager Agri, Peter Jensen says the purpose of the audit is to identify areas that have significant potential for increased growth.

"Our aim isn't and shouldn't be to go to the market with the lowest priced products. We are aiming to use great design to give our products a sustainable competitive advantage in markets around the world."

"As part of the process we show the Better by Design audit team how we do things currently, and then work with them to create a resource plan with recommendations where we could be working more effectively," he says.

Peter says the audit is important for Skellerup because it opens up the company to new thinking and new ideas. "In a competitive global market, we must be prepared to be open to different ways of thinking about doing business. We need to understand that great design can be an integral part of our product development process - in simple terms we want our products to be the best available."



Peter Haythornthwaite (Equip Design Assessor) and Gary Gillians (Skellerup Business Analyst).

New home for Deks

December was a busy time for the team at Deks Industries in Bayswater, Victoria, Australia. On top of one of their busiest year end sales periods ever, the factory moved to new premises.

IT WAS A TRIUMPH IN LOGISTICAL PLANNING, SAYS GENERAL Manager Gordon Lea.

"We had over 300 tonnes of equipment and forty 40ft containers of warehousing and stock that had to be moved. We also had only one weekend in which to move all the telecommunications equipment."

While the potential existed for disaster, Gordon says incredible teamwork enabled the move to go off without a hitch.

Deks was forced to relocate from its home for the last 35 years after the site's owners announced their intention to develop the area.

Luckily another site was found just two kilometres away which has meant very little disruption for staff.

Gordon says the biggest challenge the team faced was organising everything over Christmas and then finding out that the building they were moving into wasn't finished when it should have been.

"Luckily it was summer so not having glass in the windows wasn't too much of a problem."

Gordon says everybody deserves a round of praise for the huge effort made, especially Kamen Atanassov for planning the new factory

layout and keeping dual production going at both sites, Andy Meese for the telecommunication relocation, Sanath Kaluperuma for the relocation of the warehouse and Jason Hazard who decommissioned much of the outdated plant. John Donders was responsible for keeping an eye on the new factory to make sure everything got built or put in the right place.

"At times we were using two specialist moving cranes and had to position machinery often with only a few centimetres clearance between the roof and machines," says Gordon.

During December and January Deks was shuffling manufacturing between both sites and had to lift their manufacturing output. They managed to do so without missing a beat and still provide excellent customer service.

"All those weekly planning meetings really paid off," says Gordon.



Lifting the 24.5 tonne press which hadn't moved for the last 25 years.

Building bridges over pasture

Skellerup Footwear recently hosted a visit to New Zealand by several Japanese agricultural students as part of a business and study tour.

THE TOURS ARE ORGANISED BY ONE OF Skellerup's clients in Japan, Mr Eiji Kotani of FarmAge. Mr Kotani started the tours over ten years ago with the aim of introducing new farming concepts to Japanese farmers.

Skellerup Marketing Coordinator, Deborah Allan says the visitors range across a variety of agricultural fields but are all connected to the farming chain in some way.

"This year we had veterinarians as well as the sons of restaurant owners. Japanese farming systems follow American practices quite closely, housing grain-fed stock in barns. FarmAge is trying to introduce new concepts in Japan, educating the farmers on the benefits of New Zealand grazing systems".



FarmAge students come face to face with the Charolais cows on Brent Fisher's Silverstream Charolais studfarm at Ellesmere. The farm is one of the country's leading exporters of Charolais semen.

Firemen's boots pass safety test

Skellerup Footwear's new and improved Fire Chief boots have passed the stringent safety specifications required by the Australian and New Zealand markets.

THE STANDARD – AS/NZS 4821 (TYPE 3 – PROTECTIVE footwear for fire-fighters) is very detailed and has exacting requirements.

Research and Development Manager, Mike Christmas says the boots have to be resistant to strong chemicals, micro-organisms, flame and radiant heat. Third party compliance testing is carried out at the Leather & Shoe Research Association laboratories in Palmerston North.

"The heat resistance test is perhaps the most demanding of all. It requires a sample of the boot to be held in front of a series of special carbide heating rods at temperatures in excess of 1100°C for three minutes.

"Once the smoke has cleared the boot sample must show no signs of blistering or delamination and both the rubber and Kevlar fabric inner lining need to remain functional," he says.

Skellerup Jiangsu has been producing Fire Chief boots for nearly 15 months but scientists in the Christchurch laboratories have been working on the development of a second generation upper compound to further improve the performance of the boot.

"All footwear compound development is part of our progressive research work to ensure we keep at the forefront of technical boot development," says Mike.

US trip delivers wild weather and great sales

Dairy International Operations Manager Steve Priest and Business Development Manager Craig Pedley have brought back some very wild driving memories from a recent trip to the USA.

"WE WERE VISITING CUSTOMERS IN MADISON COUNTY IN THE mid-west when they just happened to have their worst winter for some years," says Steve. "The roads were very tricky to drive on and after one heart-stopping 360° spin we ended up in a snow bank on the opposite side of the road."

Fortunately nothing was damaged, except some wounded pride.

There was also a spectacular skid straight into the disabled car park in front of a motel.

"Luckily the guy at reception said he wasn't expecting anyone in wheelchairs and let us park there for the night," says Steve.

Steve and Craig went from their below-zero sales trip in the mid-west to a balmy 20°C in California where they attended the Tullare Farm Show – the world's largest farming and agricultural equipment show.

"Our American subsidiary, Conewango had a presence there. Being at the show strengthens Conewango's sales and marketing through the California region.

"California is fast becoming one of the leading dairy producing areas in the US and Skellerup has already earned itself a reputation among these farmers for premium, high quality products," says Steve.



Roads were totally blocked by snow, in some places cars were stuck for up to 48 hours.

News in brief

Department heads named in shuffle

FOLLOWING THE TIRI GROUP SALE SKELLERUP HOLDINGS has restructured its business units into three groups – Skellerup Industries Group, Gulf Group and Footwear Group.



Peter Jensen

Skellerup Industries will be headed by Peter Jensen who retains his current responsibilities for Dairy (Dairy NZ, Dairy International, Ambic, Conewango and Stevens Filterite), Vacuum (Flomax, China and Minc, USA) and will have the additional responsibilities of Woolston manufacturing, Supply Chain, Skellerup Industries Finance and Administration and DEKS Pty Ltd (Australia).



Paul Randall

Paul Randall remains General Manager of the Footwear Group which will now include Ultralon Products NZ Ltd.

The Gulf Group which includes Gulf Rubber Australia (including the Flexiflo product range), Gulf Rubber NZ and Tumedei Spa (Italy) will be headed by Scott Thompson. Scott also picks up responsibility for Rubber Services Ltd (including the Rubber Products Business Unit) and Thorndon Rubber.



Scott Thompson

A number of Group functions will be moving to Skellerup Holdings Limited.

Guy Keogh was recently appointed Chief Financial Officer and will continue to be responsible for Group finances. Diane Evans takes on the role of Group Human Resources Manager. Other moves to Skellerup Holdings include Jonathon Reuben (IT), Julie Smith (Credit Control), Carol Craig

(Executive Secretary/PA), Barrie Clark (Financial Accountant) and Tony Jones (Group Accountant).

New Zealand visit for Jianguo GM

BIG BLUE SKIES AND BEAUTIFUL PARKS ARE MEMORIES that Jianguo factory General Manager Martin Li takes with him back to China. Martin made his first visit to New Zealand earlier this year. He was in Christchurch to meet the staff at Skellerup's Woolston factory and learn more about the Footwear Division. General Manager Footwear Paul Randall says the visit was



Paul Randall (left) shows Martin Li around Skellerup's Christchurch factory.

important as the two businesses work closely together. "It allows us to understand the business drivers from both a manufacturing and market perspective."

Martin enjoyed his visit and hopes to be back soon. "New Zealanders are very lucky, they have such beautiful parks with lots of space and no crowds," he says.

Mozambique adventure for Skellerup volunteer

AN "AMAZING" THREE MONTH WORKING HOLIDAY IN Mozambique in January has Con Vollebregt, a process worker at Stevens Filterite, already planning his next trip.

Con and his wife, Marion spent three months in northern Mozambique on a cashew farm as part of a volunteer work programme organised through their church. "Marion helped out in the house and with home schooling the youngest twin boys of the farm's managers, while I fixed things," says Con.

"The vehicles especially needed a lot of work as apart from one tar sealed road everything else is dirt tracks with huge potholes. The rains just wash the roads away."

It's the first time Con and Marion have been to Africa and Con says getting to know the people was the highlight of the trip.

The Vollebregts have brought home more than just memories. They have a dried snake skin of a Puff Adder that was killed by farmer workers while they were there and Con is sporting a small scar from a scorpion sting.

"It was in bed with us and didn't appreciate being rolled onto," says Con.

The warmth and generosity of the people however outweighed all the dramas and Con and Marion say they can't wait to go back.



Con and Marion take time to get to know farm employees, Pastor Castro, his wife Louisa and friend, Joanna.



The troublesome Land Rover.