

# The metal manufacturer giving back to its workforce

Sheet metal manufacturer Kavanagh Industries has created a profit share scheme to support its employee's futures. Managing director Aidan Kavanagh explains why its workforce's welfare has played an important part in sustaining the business' financial growth.

A manufacturer based in the suburb of Smithfield on the fringes of Sydney's outer west, Kavanagh Industries prides itself on the wellbeing of its workforce - from their physical health and fitness, to individual personal growth.

The company's managing director is Aidan Kavanagh, who has authored a pocket-sized guide full of worldly values, which his team are encouraged to bring to the daily running of the business.

His philosophy isn't driven solely by day-to-day deadlines, however.

The sheet metal manufacturer's site covers three locations across the production line and all feature live scoreboards, which show the company's productivity for all to see, in real-time.

On top of that, the business is geared towards supporting a sustainable workforce, which is rewarded as part of an employee profit share scheme, which splits 50 per cent of the company's revenue earnings above its quarterly targets.

To meet demand, Kavanagh insists on working with a small but reliable supply chain, for which the company has added value.

More recently, automation has become a big part of Kavanagh's production process, and this hasn't come at the expense of jobs.

On the contrary, the team around its machines is growing and has been aided by a mixture of personal



Kavanagh Industries attributes its growth to workforce retention.



Automating Kavanagh Industries' Sydney site has created more opportunity.

pride they take in their workplace – from simple cleanliness to its overall efficiency – and a confidence in Kavanagh Industries' financial security.

### Trusted trade partner

To sustain these values, Kavanagh explains why his company has sought a trade partner it can trust.

"When we started to automate, it allowed us to migrate our existing staff into different parts of the business," he said.

"Twenty-four years ago, we only had four people in the business, so the technology we have embraced has helped us grow and take on more work.

"Our staff work at a pace that is maintainable and I will always tell them that we aren't looking for them to work faster – we want them to work smarter and to increase that productivity."

For the past two decades, Kavanagh has placed that trust in St.George, an industry-focused bank, which speaks the language of its clients.

"We have got a really well-oiled machine in terms of our banking," Kavanagh continued, "and that relationship with St.George has given us the confidence to expand.

"We have never been knocked back on a loan or service, and it is really good for me to know that, when I have promised our team that we will invest in a new machine, I can ask for the financial backing to fund it without falling behind."

Kavanagh Industries has been in the business of manufacturing for nearly 50 years, but it has been during the last 25 years that the company has diversified beyond the production of world-class ductwork.

Off-site fabrication is the future for the business, Kavanagh says, and begins with employee retention and relevant training.

"If we were just a business that sold ductwork, we would never have the cheapest price in Sydney," he said. "So, we want to provide the best solution for our trade partners."

### Industry challenges

There are two challenges Kavanagh foresees if the company is to continue to grow.

The first is helping to sustain the development of the wider workforce to meet the evolution of faster and more complex factories like the one run by Kavanagh.

The other is ensuring the confidence and sustainability of the company's supply chain, which means understanding industry trends including its weaknesses and unpredictability.

"It can often be a worry when you know you are owed money for a service or a company you work with falls over," Kavanagh continued. "If we didn't have a bank like St.George behind us, we would feel vulnerable.

"Because the bank understands the industry we work in, it has a realistic understanding of areas such as profit margins, where other financial backers may not appreciate that it is a tough climate out there."

St.George is also in discussions with TAFE to help bridge the industry and its curriculum, further establishing itself as a bank that works for the manufacturer and one that listens to its needs.

"We want people trained specifically to what we are doing on the site and more, as we morph into offsite construction work," Kavanagh added.

On its Sydney site, Kavanagh Industries incorporate other manufacturers such as KS Metal Fabrication, Sublime Air Conditioning, and Tinmen SA, to name a few.

Its site is one of the best examples of collaboration in Australian manufacturing, according to Matthew Kelly, head of manufacturing and wholesale at St.George.

"Where Aidan has been able to bring in all of this new innovation, it has taken the business to a whole new modern level," Kelly said.

"Doing that, he has been able to grow the workforce, improve its turnover and profitability, and support his philosophy around the workplace sustainability and wellbeing of his staff."

And its staff remain the backbone on the business. While new analytical technology is giving its site's production direction and purpose, the onus doesn't fall only on the maintenance of the factory's machines - but also the wellbeing of its manual workers.



Managing director Aidan Kavanagh (left) demonstrates the site's technology with Matthew Kelly (centre) Andrew Hall (right) of St.George.

Kavanagh has placed his team in charge of the factory's maintenance and cleaning, including an in-house gym, and also invites in professional massage therapists to keep his employees' fitness in check.

Likewise, Andrew Hall, senior relationship manager for St.George, has been adding value to Kavanagh's philosophy, offering access to financial planners and home lending specialists for their employees, stemming from Kavanagh Industries' long-term relationship with St.George.

"We want to educate our client's workers, not only in manufacturing and the supply chain, but also in life - making sure that they are financially savvy as well as physically healthy," Hall said.

"The information we gather from the manufacturer and the understanding we have of their business, builds a true partnership based on honesty and trust.

"Our understanding of the manufacturing space gives us insight into the business and its workforce, giving Kavanagh Industries the confidence that we are going to stand by them."