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The Roots of SUCCESS

Two generations of Stewart family members have worked together to build SKOPE Industries Limited into the globally renowned company it is today.

Images by Estelle Judah Photography

When Robert Stewart first bought the company that would grow into SKOPE Industries Limited 45 years ago, it employed 25 people out of a small factory in Christchurch, New Zealand. Today, it boasts a family of 350 employees and is run by Managing Director Guy Stewart, Robert's son.

Under Robert and Guy's leadership, the company has flourished, building a global reputation for designing and manufacturing commercial refrigeration solutions. Over the years, the organisation has shifted and evolved, moving from its original focus—heating products—to complex commercial refrigeration.

The CEO Magazine recently spoke to Guy about SKOPE's deep family roots, its strong culture, and its unique place in the market.

The CEO Magazine: As a family company, how has SKOPE grown over the years?

Guy: The company was formed in the mid 1940s and my parents

bought it in the mid 1960s, so when people ask how long I've worked at the business, I either answer 'for life' or 'for more than 20 years'. As a child, it was my holiday job. After university, I joined the company, so I have been with the organisation for more than 20 years.

The genesis of it was sparked with my father's decision to buy the business, and with his brute skill and strength, he didn't die in the process. When I took the reins 13 years ago, I took over a company that was already established. I had already worked for it for around 10 years and it had a good base of operations already.

As a second generation, I view it as my responsibility to take what my parents created and build on it to make it better and more successful.

How have you developed the company over the past 13 years?

My father was an electrician by trade, and a designer and entrepreneur. He got to where he did in the business based on gut instinct and entrepreneurialism. I had formal training with a university degree. When you go to

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places like university, they teach you a set of rules that are supposed to make your business succeed.

I'm not an electrician or designer, and the jury's out on whether I'm an entrepreneur, so, for me, it was much more about taking that foundation and applying business logic to it. Where my father and I differ the most is that his solutions are all based on a product and my solutions are market-based. He'll always respond with, "If we make this, people will buy it," and my answer is always, "Let's find out what people want or where the market is going and then we'll look at designing something that's relevant for them."

We agree furiously on the end goal and furiously debate the process of getting from A to B. I've taken the view that we're running a business, and the fact that it's a family business is incidental.

We have a formal board of nine members, which is quite heavy for a company of our size. Four members are family, and we have five non-executive, non-shareholding members, which brings balance to that family weight. >



We run the company as professionally as we can. We get externally audited every year, even though there's no legal requirement. When the board goes into a huddle about the executive team, I'm kept out of the room because I'm the CEO and my job is to run the company.

What prompted the decision to have those strict, independent processes?

My father always had the company audited to make sure he knew what was going on. Having an external audit gave him an independent view of how the business was tracking and what its strengths were. Now, as owner and chairman, he gets an independent audit.

From a board perspective, the board became solidified when I took over. While he had advisory positions around him, it went from being clever guys who worked with him on an ad hoc

basis to being a formal governance structure. I think as you get older, your risk profile changes. He's gone from one of the most risk-attracting people I've ever met to now relinquishing control of the day-to-day operations to me and saying, "This is mine; don't screw it up. We're going to make sure we've got very clever people around us to ensure we run the company as best as we can."

How does your family culture influence the way you operate and communicate? Would you describe it as a family culture?

Absolutely. Ten years ago, two of the older or longer-term members of the board who have mentorship positions with me would drag me out of a board meeting, whack me round the back of the head, and tell me to stop behaving like a spoiled son and start behaving like a CEO, because my father and I argued as family and not as professionals.

There's no idiot's guide to running a company, and I had no idea what I was doing. I had the very strong governance structure set up around me. However, we still have a family flavour. My sister is on the board as the deputy chairman. My mother is also on the board. Each board member has their own strengths that they bring to the table.

I am very conscious of the fact that we are a family committed to being in Christchurch and Canterbury and committed to our local, domestic market, which is Australia and New Zealand. When I talk about our domestic markets, it's Australasia, and I never waver from that.

What prompted you to exit the heating market in 2012 and devote yourselves to commercial refrigeration?

The genesis of the company was in heating. In the 1940s, they started making domestic portable heaters. When my father bought it, the company made heaters and he wanted to diversify his seasonal risk, so he got into commercial refrigeration. It became his absolute passion, and, for many years, heating took a backseat.

When I took over, I said to the board that we couldn't be half-invested in heating; we're either in or out. We invested heavily in heating, and one of my key executives took over the responsibility of heating. We built it up to the point where it was healthy again and were about to invest a significant amount of money in it. The board turned around and said, "If you've only got that much money to invest across the company, would you invest in heating?" and I said no.

The problem was that the return in capital was much lower on the heating side than it was on the commercial refrigeration side. We had an analysis of our business and decided to exit heating. By releasing the capital and bringing the focus to refrigeration, we would do a better job in that area.



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How do you work with suppliers and strategic partners to deliver the best products?

Procurement is critical. Obviously, you need to be able to get the right price and warranty criteria so that you can pass that on to your customers; but from a strategic perspective, you have to ensure that your suppliers and supply chain are strong enough not to let you down.

Your longevity with suppliers is important, but you've got to make sure that you challenge that process regularly to ensure that they are challenging themselves.

As a leader, what is your vision for SKOPE?

I want SKOPE to survive well into the future. In the marketplace, we have the strongest brand by miles. Market researchers have told us that our brand outstrips any other brand in our market. I want our position to be matched by that aspiration of the market. They love our brand and I want them to support our brand.



I want to build the business up so that it's the dominant brand in our market and customers can have absolute confidence that when they buy a product from SKOPE, it's superior to anyone else's, and that they understand clearly what they're getting and why they're getting it. They understand that while our products may be a bit more expensive than our competitors, they are buying value. The premium that they are paying is a real premium for value.

I want to grow our business so that we're able to return enough money to the organisation to enable us to continue to grow and invest in our research and development, in our employees, and in our market. ●

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