

Deloitte/Management magazine Company of the Year

Fisher & Paykel Appliances

WORLD-BEATING INNOVATION

Innovation has long been a byword for a whiteware company that this year celebrated its 70th birthday with a batch of record results and well-leavened profits. Gains from both national and international market growth earned Fisher & Paykel Appliances record net profits after tax of \$85.3 million – an increase of 16.1 percent over the previous year.

Established by the late Sir Woolf Fisher and Maurice Paykel in 1934, the company started out selling fridges and then, washing machines. When import restrictions threatened the fledgling business in 1938, it responded by manufacturing products under license from major industry players. It was a bold, pre-emptive move that set the tone for a business that remains solutions oriented and future-focused.

At this year's annual shareholders' meeting, F&P Appliances chief executive John Bongard identified "style, integrity, care and innovation" as the attributes that define the company's character.

"Our founders established this character and it is being transferred around the world with increasing success."



The F&P name is already well known in Australia and the company also has distribution outlets in America, Canada, Europe, the UK and Singapore. To keep up-to-date with design trends and product innovation, the company maintains strong research and development teams both in New Zealand and Australia.

Its range of "smart" ware is backed by smart market strategies, such as last year's alliance with Whirlpool, the world's largest appliances maker and marketer. The relationship involves a range of cooperative activities between the two companies including sharing and co-development of product technology.

F&P Appliances, says chairman Gary Paykel, recognises that its "long-term economic prosperity ultimately depends on our ability to forge cooperative partnerships with a range of stakeholders".

While the past year has seen F&P chalk up record trading in New Zealand (annual unit sales hit 300,000 for the first time) and Australia (where total sales have now passed the five million mark) much of the company's new growth strategy is focused on the United States.

Announcement (post-balance date) of a new distribution arrangement with Lowe's home improvement retail chain in the US should see 2005 sales growth in that country outstrip this year's 37.6 percent increase. F&P's recent acquisition of Dynamic Cooking Systems (a leading US maker and distributor of cooking appliances) will also help make this a hot market for the company.

Other highlights for the past year include acquisition of Farmers Finance by the company's Finance Group and sales of its shares in the Fisher & Paykel Healthcare Corporation, the F&P offshoot that now leads a completely independent and very successful existence.

Consistency is one of the most notable aspects of F&P Appli-

ances' performance. As this year's Top 200 judges have noted, the F&P name has surfaced seven times in various categories over the Awards' 15-year history. F&P companies "regularly innovate their way into contention".

Splitting the original company into two separate trading enterprises has proved a win-win option both for the companies and for shareholders. Both are now internationally recognised entities.

The judges describe F&P Appliances as perhaps New Zealand's most outstanding global manufacturing success story and describe this as another great year for a company that "delivers results through a unique management culture and commitment to innovation, design and quality". **M**

JUDGES' COMMENTS

WINNER

Fisher & Paykel Appliances

Fisher & Paykel companies regularly innovate their way into contention at the Top 200 Awards. And this company in particular is about as good as they get. It was a finalist in this category last year and the Fisher & Paykel name has surfaced seven times in various categories in the 15-year history of the Top 200 Awards. The company has lost nothing from the splitting of its appliances and healthcare divisions into stand-alone separate listed businesses. Both are internationally recognised enterprises. F&P Appliances has successfully created a global brand in a tough and competitive international marketplace. It is perhaps New Zealand's most outstanding global manufacturing success story. And the company's astute negotiation and management of trade alliances and partnerships allows it to compete for space in the kitchens of the world, particularly the United States. Another great year for a world-class innovator, designer and manufacturer that delivers results through a unique management culture and commitment to innovation, design and quality.

FINALISTS

Fletcher Building

Fletcher Building is again a finalist in the Top 200 Company of the Year category. It won the Award last year and simply goes on building its reputation as a well-constructed enterprise that is outstandingly managed. The company successfully consolidated earlier acquisitions and added more, in particular the Australian company Laminex. This

business is now securely anchored on strategies that should take it successfully into the future. Fletcher Building was always fundamentally a sound business. Now it has motivated management and astute governance to go with it. The entire enterprise is committed to delivering outstanding results for shareholders and employees alike. It is the darling of the investment community and this year knocked up a 43 percent profit increase and built turnover by 23 percent. Fletcher Building is an increasingly impressive Australasian company that takes each year as it comes, performs to the best of its ability and positions itself for a future based on carefully managed growth.

ZESPRI Group

Success tasted sweet for kiwifruit marketer ZESPRI last year. In addition to the 100 years of kiwifruit in New Zealand milestone, the company delivered a bumper 59 percent profit increase. ZESPRI deserved its mouthwatering result. The company has cultivated a successful international brand and differentiated itself and its products in a tough world fresh fruit market, astutely managing risk along the way. ZESPRI has re-positioned and regenerated an industry that some felt was headed for the compost heap a decade or so ago. The company has succeeded despite several top management changes and a difficult to direct ownership structure. It has effectively secured the future of a large block of New Zealand's important horticultural industry. It has adopted clever strategies around new varieties and secured their global ownership. ZESPRI is a unique New Zealand export success story grafted on the back of a consolidated global brand. The company continues to improve its management and governance and will no doubt continue to seek the right share ownership options to secure another 100 years of business.