



A DECISION BY  
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GROWTH.

DAWN ADAMS REPORTS



THE SPECIALTY GROUP switched its primary focus from industrial apparel fabrics to the window furnishings sector around six years ago in response to a changing marketplace. Sales and marketing manager George Lucas credits this decision, combined with aggressive marketing, with transforming a small coater into a substantial business entity in Australia. The firm's core business today is coating and finishing internal window furnishings fabrics.

"We were a company that relied too heavily on a small number of large customers across several different market segments. This made us too vulnerable, so through strategic marketing and product development we have a clear path forward," Lucas says. "We came from nowhere five or six years ago to where we are today. And window furnishings now account for most of our turnover."

He points to the success of Elegance, which he describes as a "mainstream block out product", as contributing to the firm's growing market share. With the base fabric previously made in Asia, Elegance now is completely produced in Australia, a strategy that appears to be paying dividends. "Today, the interest in Elegance is driven by quality, customer service and great value for money," he says.

## WIDER DISTRIBUTION

ANOTHER STRATEGY WAS to expand the firm's reach by moving away from its traditional supply chain status as a 'behind the scenes' second-tier supplier. "We had been working with only a small number of major Window Furnishing wholesalers," he says. "Six years ago we decided to expand our distribution base and go to a wider market."

Lucas claims that a decision to concentrate on attracting business from larger wholesale blind manufacturers and fabric wholesalers proved cost efficient, enabling the firm to establish a business model that would keep overheads down. Today, the company's sales continue to grow within its existing customer base. In other words, their customers are also enjoying increased sales, which lead to larger orders being placed with The Specialty Group. "We're very happy with the number and mix of customers we have" he says.

Lucas notes that the firm enjoyed strong growth during the global financial crisis, which he attributes to the large turnover achieved through sales of Elegance, and he claims that it is now the market leading product.

"Our share of the market has increased substantially; we've doubled our growth within the past two years," he says. Lucas points out that this has occurred despite greater competition in the marketplace in recent years. He is convinced that an aid to its prosperity is the firm's focus on 'the three pillars': great customer service, good value for money and quality.

"We listen to the market," he says. "Our volumes for Elegance are still increasing. It has the best range of colours; it represents great value for money and is fully Australian-made from Australian components."

## FABRIC DEVELOPMENT

ALSO ASSISTING THE company's growth has been its work in fabric development to meet the needs of firms seeking a higher-end outcome — a growing focus for The Specialty Group. "We look at the aesthetic appeal, the design element, colour and product performance," he says, explaining that the huge diversity in climates in Australia is factored into the coatings of fabrics. He points to the wide contrasts around the country from the colder weather of southern Tasmania to the hot sticky climate of the Northern Territory.

"All our fabrics are made for these Australian conditions," he says. "We work with all of the major Australian weaving mills to develop product. We have a strong relationship with their designers who have experience in the window furnishings area to develop designs and ranges for the local market," he says. "Creating these ranges is an evolutionary process that can take up to 12 months from the start of the process," he says.

## INVESTMENT

THE SPECIALTY GROUP is poised to invest in machinery to begin releasing new products and to explore opportunities in export markets like the US and Asia. "For the past two years, our factory has been working six days a week with two shifts per day," he says. "This is great; however, the downside is that up until recently we have been unable to release any new volume based products because of production capacity constraints."

The firm re-commissioned an existing stenter several months ago to run window furnishings fabrics. "This has enabled us to release a range of roman blind and contemporary jacquard holland and vertical fabrics," Lucas says. "We anticipate growth through new products and new markets," he says.

Lucas explains that the firm 'dabbled' in export previously but did not have the capacity to meet larger order

requirements. "We wanted to look after our own backyard first," he says.

A significant investment in machinery is expected to allow the firm to develop those markets shortly. "We're looking at investing more than \$1 million next year into a new multi-purpose wide-width stenter to increase product offerings here and pursue export markets. We will chase export opportunities, but that won't be at the expense of the domestic market."

The Specialty Group operates with 35 staff members at its Moorabbin factory in Victoria. "Essentially, our competitive advantage lies in our ability to respond quickly to market requirements and in supplying consistent quality," Lucas says. "We control everything that goes into our products and processes."



## SOURCING AUSTRALIAN-MADE

A DECISION TO source Australian-made fabric is proving worthwhile for The Specialty Group, which placed a 12 month base cloth order for 2.5 million square metres with James Nelson in February this year.

George Lucas, The Specialty Group's sales and marketing manager, says the yield improvements achieved by sourcing a "purpose built" local base cloth is significant compared with its previous offshore supply chain. "We originally started using base fabric from Asia; not only was our holland yield rate atrocious we had a continuing array of on-going quality issues," he says.

The yield and subsequent overall quality improvements achieved using base cloth sourced locally has justified the large cost increase compared to the Asian-based cloth. "Although the local

cloth is considerably more expensive, that is not reflected in our pricing," he says. "Due to a number of factors, namely vastly improved production efficiencies, low overheads, our supply chain model and large production runs, we are price competitive with the Asian imports and our customers are getting a bigger bang for their buck"

The 2.5 million square metre order was placed to ensure James Nelson was aware of the demand which would be placed on the firm. "We wanted to give them the surety that they would have our business in the long term," he says. "They are a key partner and we value suppliers as much as we value customers."

Daniel Leipnik took on the reins as chief executive officer when his father, Peter, who started the family business in 1978, retired two years ago. Peter's wife Norma retired just last year.