



Furniture Concepts

A flood of assistance

One in a million

ROCKLEA businessman Franz Braun has taken out a \$1 million loan to keep his flood-ravaged furniture factory running and save 50 employees' jobs. Inset: How the local newspaper covered his efforts.

As the flood subsided, Furniture Concepts managing director Franz Braun unleashed a tidal wave of activity to save the business – and tide of help from his friends. Inset: How the local newspaper covered his efforts.

Commercial furniture designer and manufacturer, Furniture Concepts of Rocklea – a Queensland Leaders 2011 member – was totally immersed and lost millions of dollars worth of machinery, stock and completed work in the Queensland floods.

What happened next was a graphic illustration of genuine business goodwill in a tough situation as Furniture Concepts' staff, equipment suppliers, neighbours, business colleagues, chamber of commerce members, government agencies and teams from his bank, NAB, pitched in to get the business up and running again. Even the firm's major opposition businesses chipped in to help

The firm's recovery back to manufacturing within two weeks of the flood – but a work still very much in progress – has been hard won through a mix of management grit and determination, staff dedication, supplier innovation and financial empathy and vision.

Furniture Concepts began producing its quality joinery and veneer products again on January 24, using generators until power supplier Energex rebuilt the local substation about a week later.

Managing director Franz Braun said, simply, he and general manager Michael Madden and staff had "come too far" to let the January flood beat them. He and his team felt compelled to be up and running as soon as possible to meet the needs of their customers – and to keep staff actively engaged. Mr Braun and the management team were determined not to lose staff as a result of the disaster.

Mr Braun was astonished by the rallying response he got when he determined to clean up, borrow funds for cashflow and keep his staff on board. The alternative would have been far easier

for him personally – with his 50 staff he said he did not qualify for government support that is reserved for companies of 20 or less.

But Mr Braun lived up to his name which, in some European languages is a synonym for the dependability and durability of bronze.

Speak with some of his staff and suppliers and they readily suggest a bronze statue of Franz Braun would not be out of place on Randolph Street, Rocklea – a once thriving Brisbane industrial street in which, today, only half its businesses have survived the flood. Assessing the damage Furniture Concepts had to deal with, it is easy to see why.

Although staff managed to get the movable electronic equipment above the 2m flood waterline, millions of dollars worth of production machinery could not be moved and about 800 sheets of board stock were immersed

and caused other damage in floating about in the filthy floodwaters.

PITCHED IN

Furniture Concepts' NAB Business banking partner, Daniel Wilson and former bank manager Matthew Gordon were on the scene as soon as the floodwaters receded to assist in the cleanup, hands-on. They also brought several colleagues along, as part of NAB's own mobilisation during the emergency to assist staff and clients.

"It was fantastic of them," Mr Braun said. "We didn't have to ask – they just showed up."

Furniture Concepts' major equipment supplier, Homag, replaced some equipment as soon as the factory was ready – not waiting for insurance settle, in an extraordinary move – and is engaged in the ongoing process. Mr Braun said it could take until the end of the year to have it all fully operational.

Homag managing director Ross Campbell and state manager Mark Vowles donated engineers and loan machines to refloat Furniture Concepts. In fact, the local Homag engineer refused to be beaten, even when his head office advised him to give up on some machines as "lost".

"When he was told it could not be done, he decided to prove everyone wrong," Mr Madden grinned. "And we were all so glad he did."

"These guys are all now the stuff of legend. It was a case of the local techie wanting to prove his European head office wrong. And he did – magnificently."

Amazingly, a strong New Zealand based competitor for Furniture Concepts, Greenmount Manufacturing, wanted to help and went so far as to send their own engineer to Brisbane to help. Greenmount ended up flying the engineer over, free of charge, several times.

"It is amazing, the way they did this for us," Mr Braun said. "How do you say thanks to people for this kind of effort?"

It is a measure of the way in which Furniture Concepts does business, and the high regard in which it is held, that local competitors Peter Braga of CSA and Tony Carter of All Style Cabinets offered use of their facilities to manufacture from. Meanwhile, Mr Braun said, others in the sector such as AWM, Natural



The devastation became apparent as floodwaters receded ... but staff, suppliers, bankers and even the opposition was there to help.

Ideas, Proform and Fineform "offered us machinery so we could keep going".

Major supplier Laminex were immediately supportive. Mr Braun said Laminex state manager Ray Coulin and branch manager David Dwight were among the first to turn up and offer help. Laminex not only provided materials to get the business operational, they have also structured sustainable payment arrangements for Furniture Concepts.

SUSTAINABILITY PAYS

Mr Braun said Furniture Concepts also thanked a number of government and semi-government agencies that had offered advice and support: DEEDI, QMI Solutions, and Brisbane City Council. He had also been helped by the South West Chamber of Commerce, the Chamber of Commerce and Industry Queensland, Energex and Telstra.

Many of these organisations reacted the way they did because Furniture Concepts is held in high regard for its business practices and the lead it has taken in corporate and social responsibility – and environmental leadership.

Furniture Concepts is one of the most environmentally aware manufacturers in Queensland. It only uses FSC and PEFC approved timbers and other mate-

rials recommended by sustainability organisations such as WWF.

Mr Braun said Furniture Concepts was looking at solar panel installation and was heading towards a carbon neutral future within five years. It is a path Furniture Concepts is on, floods or no floods, and the firm has great experience in the value of reducing its environmental impact. Ironically, during its ISO 14001 process, it cut water use to one-tenth of previous levels.

"Once you are forced to look at the bills, you are forced to look at the issues themselves," Mr Braun said.

Furniture Concepts, several years ago, embarked on a program it called *Sustainable partnerships for our future* – which forms what Mr Braun calls a unique environmental approach between manufacturer and suppliers. Furniture Concepts started out with its foundation material and became certified to Australian Forestry Standard (AFS) and Forest Stewardship Council (FSC).

Franz Brau said that with the floods months in the past, much of the news about how Furniture Concepts – and others – are coping with the recovery has evaporated too.

"Don't forget us. Help to support local business and assist them in the challenges they face," he said.

www.fconcept.com.au ■

- Queensland Leaders is the organisation helping to develop the next generation of international companies based in Queensland. www.queenslandleaders.com.au ■

IN BRIEF >>>

CTM CLIMBS TO NEW ALTITUDES

Travel management company, Corporate Travel Management (CTM) has announced record first half profit in its maiden Australian Securities Exchange (ASX) result, upgrading its full financial year 2011 profit guidance to 10-20 percent ahead of its prospectus forecast.

It is an extraordinarily confident result for CTM, which is now a Queensland Leaders (QL) partner, having become the first QL member to go through to IPO, late last year. Even CTM's \$3.4million underlying net profit after tax (NPAT) for the six months ending December 31 2010 is a 134 percent increase over the corresponding period in FY09.

CTM is "sticking to the knitting" according to CTM founder and managing director Jamie Pherous, in meeting and exceeding the objectives laid down in the prospectus. A good example is CTM's completion of the Travelcorp acquisition, delivering upon a key strategic growth initiative. As of January 3, CTM has been the owner of Travelcorp, corporate travel services company with operations in Sydney, Melbourne and Perth and a team of about 50 people. CTM raised \$21.7million under the prospectus offer of November 2010, primarily to settle the acquisition of Travelcorp, repay debt relating to previous acquisitions in Perth and New Zealand and supplement working capital.

"The strategic acquisition of Travelcorp will enhance CTM's earnings stream and further strengthens the company's business model and market position," he said.

CTM's heartening profit result was achieved on total transaction value of \$222.3million, representing a 33 percent increase on the previous corresponding period. CTM has also upgraded its underlying NPAT guidance for FY11 to a range of \$7.75-\$8.5million, which is a 10-20 percent increase on the prospectus forecast of \$7.1million.

Mr Pherous said CTM's success was built on a commitment to clients and consistent delivery of tailored travel solutions, designed to match their specific needs while saving them time and money. ■



Jamie Pherous.