

JUST REFRIGERATION

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CORPORATE BROCHURE



ACCOOL

customer

As Just Refrigeration gears up to expand its marketplace across Africa and Australasia, general manager Chris Turner talks to Gay Sutton about setting the company on a firm corporate footing, and implementing strategies for quality, efficiency and innovation

There comes a time in any expanding company's history when it outgrows the founding principles of a small enterprise. If growth is to be maintained, then change is inevitable. When family-owned Just Refrigeration entered business 16 years ago, it started out manufacturing refrigeration units for Coca-Cola. Today, it manufactures a wide range of units for a variety of markets including multinational brewers and bottling companies such as Pepsi and Coca-Cola, the hotel trade and big supermarket chains, as well as the many small lower level consumer stores.

In recent years the company has been enjoying a steady growth of around 27 per cent per annum. And it has been the recent influx of foreign investment into Africa—for example the mighty Walmart which recently acquired a 51 per cent share in the supermarket chain Massmart—that has spurred this growth. Not only has this presented the company with both an outstanding commercial opportunity, but it has also been the driver for change.

“We had grown to a position where it was beyond the power of the two founders to control the business any more. So we set about formalising the company and turning it into a corporate organisation,” explains general manager Chris Turner. “And that has been my brief.”

The company’s core competency continues to be manufacturing, which it performs from a single facility in Durban. And the factory is undergoing significant investment and change to improve the quality of the product, reduce lead time, improve on-time delivery, and increase capacity at the plant to meet the growing demand.



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Quality and reliability are being standardised and embedded throughout the organisation, from the financial processes through to the supply chain, through the implementation of ISO 9001. "We haven't finished with it yet, but we're close," Turner says. "We have also been introducing the principles of lean manufacturing into the factory. If you were to look at the factory today and compare it to the way it was run 12 months ago, it's aesthetically and procedurally completely different. And that's a real benefit." Environmental conformance is also receiving attention, and the company is well down the route towards implementation of the ISO 14001.

With the introduction of so many new processes, a significant investment is also being made into appointing skilled and experienced staff to oversee the growing complexity of the operations. "We also have an aggressive training programme that includes lean manufacturing, and how to work to systems, processes and procedures. But the level of educational need varies," Turner says. "With some people, we're also teaching them to read and write, while others are being sent on advanced refrigeration engineering courses."

Africa itself is a rapidly expanding marketplace. "And the prospects are huge," Turner says. "We want to dominate the African market—it's as simple as that." There are a number of multinational competitors already operating in the same space, but Turner believes Just Refrigeration





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“Components shipped all the way from China to South Africa are still 40 per cent cheaper than those manufactured here”

has a significant market advantage. Many of the supermarket chains expanding through Africa are South African in origin, which creates an inherent advantage. Meanwhile, the South African rand, to which many other African currencies are pegged, tends to fluctuate significantly against the standard trading currency, the dollar. Competitors importing into Africa from Europe or Indonesia therefore find that the price of their goods fluctuates significantly, often on a daily basis. “Our advantage is that we’re on the doorstep of the African market and therefore the exchange rate does not affect the price of our goods.”

Currency fluctuations, however, can have a significant impact on the price of materials and components, and this could potentially destabilise product prices. But Turner has taken

steps to ensure prices remain stable and the product remains competitive. Firstly, product prices are based on the highest likely cost of supplies. Secondly, many components are now sourced from China. “This not only forces us to be much better at planning, but we also get far better quality and value for money from China than we do from the local market. In fact components shipped all the way from China to South Africa are still 40 per cent cheaper than those manufactured here. And thirdly, our own manufacturing efficiency improvements are making us much more competitive.”

As part of the formalisation process, the company has invested more than ever before on marketing, and the result has been a significant expansion of the geographical footprint throughout southern



and eastern Africa and into Australasia. However, there is still a huge amount of room for growth.

Sales are managed through appointed agents with whom the company works very closely, but Turner believes it's important to maintain a very hands-on approach with sales if the customers' needs are to be met. "This does involve a lot of travelling," he admits, "but it ensures that our product is properly sold, and the customer gets value in what he's buying."

Quality, cost effectiveness and customer service will not be enough, though, if the company is to reach its goal of becoming a leader in innovation. To that end, Turner has built a standalone R&D team that began with just two members of staff and stands today at 11.

Perhaps the most significant element of the change process, and the one that binds everything together, is the development of a company

strategy. Elements such as legislative compliance and human resources are considered in the long term. "However, the market we operate in is very fluid and dynamic; therefore we define our operations and sales strategy on a six-monthly basis. I've embedded this into the company and measure our progress toward those goals every second week."

Turner has a very clear vision of what the company currently is and where he plans to take it. "Our aim is to be one of the five preferred companies to work for in South Africa by the end of the year 2014. We want to be industry leader, not by sales but by innovation. And I think that's enough. If we can achieve those two things, by their very nature we will have achieved our profit targets and environmental standards, and everything else that flows from them," he concludes. www.justfridge.co.za

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