

Boundary Bend Olives

Business Snapshot – Boundary Bend Olives

- Rob McGavin and Paul Riordan established the business in 1997, with the first trees being planted in 1999.
- Has five sites around Victoria; incorporating 6100 hectares of groves across three sites including 2 large processing plants, an office and harvester manufacturing facility in Mildura, a bottling and packaging facility in Lara and a marketing office in Melbourne.
- Is a fully vertically-integrated olive oil producer that propagates and establishes the trees, grows the olives, harvests and processes the fruit into oil, before bottling.
- Boundary Bend Olives markets its products through two consumer brands, Cobram Estate and Red Island.
- Is a multiple, international award winner for its extra virgin olive oils.
- Boundary Bend Olives produces from its own groves approximately 70% of Australia’s olive oil and have about 80% of sales of Australian extra virgin olive oil.
- Has continued to grow strongly since its establishment despite some challenging years due to drought, more recently floods, the high Australian dollar, historically low international price of olive oil and cheap inferior imports.
- Employs between 100 full time staff and up to 350 staff depending on the growing/harvesting cycle
- Turnover is approximately \$80,000,000.



When Boundary Bend Olives was co-founded in 1996, Rob McGavin and Paul Riordan were pioneering the olive oil industry in Australia. Through intensive research into specific varieties (high yields and machine harvesting); building their own mechanical harvesters; importing trees for source material so they could propagate and grow their own trees; controlling the oil production process from grove to finished product; and selling their Research and Development and harvesting technology to the market they have established Boundary Bend Olives as the leader in the Australian olive oil industry

What has been their strategy to maximise success and minimise risk?

Timing

Identifying an opportunity early, knowing when to commit and understanding when to move on to another, more promising opportunity. Timing was a theme that Rob returned to more than once during the course of our interview. In 1992, on a rugby tour to England, Rob was impressed by how well Australian wine was received, at the same time supply was not meeting demand. In 1993, he invested in a vineyard in South Australia and increased his holdings as the price and demand for grapes were increasing. Then by the late 1990's, as the big corporates came into the market and started planting large vineyards, Rob and Paul were investigating olives and planning their business shift.

As Rob said:

“Every Entrepreneur that goes broke probably had a fantastic idea that would have worked but the timing was just a bit wrong, or they spent too much money too quickly and the cashflow didn't come the other end or whatever and... in hindsight the timing on getting into the vineyard was impeccable.”

Doing the research on your ideas and solving your problems yourself.

Before starting their venture Paul had visited New Zealand on a Marcus Oldham College tour and had developed an interest in olives after visiting a nursery there. He then spent time in Israel and Greece gathering information about which olive varieties would yield good quantities of oil, be suitable for

Australian conditions and tolerate mechanical harvesting. Research and development has been extensively incorporated into the business to solve the issue of mechanical harvesting and establishing their own laboratory for research and quality control of the olive propagation.

Cost effective production of a high quality product equals profit.

As Rob put it:

“Going back to the theory of just get your tanks full of oil and then you've got to survive I mean this game is very simple. It's like any other commercial business. If you're at the bottom of the cost curve and your quality is as good or better than your competitors you're going to survive as long as you've got product that someone wants.”

Rob and Paul knew what the drivers of good quality were (disease free fruit, harvesting and efficient processing) and they pursued quantity and quality with well managed olive groves, mechanical harvesting and on-site oil extraction.

Honour your business commitments

Rob values honouring business commitments and expecting the same from the business owners he deals with. His advice is to establish a clear understanding on what is expected from each person and then if things change, discuss / renegotiate in good faith. It all comes down to honesty and good communication.

Take care of your health

Rob faced a major challenge when Boundary Bend purchased almost 6000 hectares of olive groves from Timbercorp when they went into administration and then liquidation in 2007. This placed a significant strain on the financial resources of the company to operate the olive groves, some of which were not mature. Whilst negotiating with Timbercorp's clients who owned the harvest, and waiting for the profits from the purchase to flow through, Rob was under severe pressure for many months on end. His health suffered and he was subsequently hospitalised by pneumonia though still continued running the business from a hospital bed. This caused his health to suffer further and resulted in him making a decision to stop working and let others in the business take charge. At his wife's insistence, Rob turned his mobile phone off and took a few weeks out to recover his health. This is a period of his business life that Rob doesn't want to experience again but it taught him this lesson:

"...I think that getting your time outwhatever it is, is really important. whether that's going for a run...spending time with your family and kids. All those things you should do as well but you have to have that break to be sustainable. Everyone can go flat out for 3 months but I'm talking about flat out for 10 years it's just not really sustainable and you start to not enjoy it."

Competitive advantage

Boundary Bend developed a competitive advantage by building the knowledge it needed to maximise the productivity of its olive groves. For instance, researching the best varieties of olive for its operation, researching the right climatic and soil requirements and then managing the olive groves to maximise production has meant that they currently produce 70% of Australia's olive oil from 18% of the area of land under olives in Australia.

Another point that Rob made when talking about a business owner having a competitive advantage was the importance of timing around when you buy and when you sell, and what deals you do. Being on the lookout for trends and how you can get an advantage by avoiding the cycle that everyone else is on.

"That's probably the big difference between those who succeed and those that don't. It's the timing and the nous [common sense or gumption] and not getting caught up in the cycle... so you've got to be so disciplined in your mind to do the opposite to what everyone is doing."

Working with people and the business culture

Rob and Paul have employed the right people to help develop their business. Rob values a flexible work force that is committed to the goals of the business and is the right size to meet the present needs of the business.

"Not saying we did it perfectly but employing the right people and having the right culture and then looking after them is absolutely crucial. Just crucial."

"I don't like the model of a hero CEO that everyone is scared of, that I'm the boss and I do all the talking, and when I jump you say how high. We run with a flat structure it's hard to actually know who's the boss around here. I think so anyway. And you know that the core 6 or 8 people all make the decisions here. You just don't go and make a decision by yourself, that's not the culture of the company.... we're talking about bigger decisions you just get a group consensus for what's the best decision and then everyone supports it because it's a joint decision...everyone owns it so it works"

People that help and influence the entrepreneur

In our conversation, Rob readily acknowledged the commitment that he owes to a whole range of people that have helped and influenced him. Rob credits his father and his upbringing in rural Queensland with teaching him the value of hard work, independence and not taking things for granted. His father's belief in Rob helped him to purchase the vineyard in South Australia by mortgaging the family farm, effectively starting Rob on the road to what would become Boundary Bend Olives.

Paul Riordan, as co-founder of Boundary Bend and Rob's business partner brought his skills to the partnership that developed with the backing of their family and friends.

Rob credits his wife with giving him the incentive to have a go at growing grapes. She had her own small vineyard in Coonawarra and her family friends had a much larger vineyard there as well. In the years since then Rob values his wife's wonderful support, her willingness to back his judgement and sometimes going without the finer things in life while the business has been getting established.

Rob spoke of his mentor's, including his brother Tim, as being very influential. Rob has found mentors from the

people that have taken an interest in what he is doing, those whose judgement and experience he trusts.

When Boundary Bend was starting out Rob put together an advisory board to run ideas past, to use their experience and to discipline himself to present the business accounts to them regularly.

"...the hardest thing you ever do is raise the money, and for good reason. Just think....a couple of guys going into a new venture and someone backing them has got to say yeah they should be honest and they should know what they're doing, but we haven't got a track record, and raising money is always hard and there's not much liquidity, it's a long term investment, and we've had the most amazing support. Our shareholders are just like family to me and they're just wonderful people and what they did to back Paul and I into this, and we're just starting to repay them financially for their faith in us really"

Final word

Rob's advice to developing your business is that the entrepreneur should focus on doing the core business really well and having that under control before pursuing new ideas and risking losing focus on where the success came from. As he put it:

"I think a really key part of the success of any business is whatever you do, make sure you're doing it really well and in a timely manner...don't expand or go into other things unless you continue to do this for both your existing business and your new ... You just can't keep adding things on if you're not doing what you're doing before as well or better or something will fall off."

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