

The Australian Coat Company

In 1990, after Queensland had experienced three wet years, Tom Hanna began making children's raincoats in Brisbane. He says it stopped raining the day he started the business. This forced him to develop new product lines that have doubled his company's annual sales to \$1 million in four years.

Hanna was 50 when he and wife Christine started the company. His experience was two-and-a-half years at Driza-Bone, which he left after it was taken over by a British company. When the children's raincoat line failed to arouse interest, Hanna began making three-quarter-length oilskin coats. A chance meeting with a K Mart store manager led to distribution of the product in 18 K Marts in Queensland. Hanna says his company's growth is based on the service it can provide, and by supplying orders of any quantity of custom-made garments.

An order from Canada, of three \$160 riding jackets is cut, sewn and air freighted in one working day. Jackets for tourists and equestrians and for general leisure wear make up 60 per cent of the company's business. Specialised wear for industrial, commercial or promotional wear makes up the rest.

About 10 per cent of the clients are overseas, and 50 per cent of the revenue comes from exports. The Australian Coat Company has built an export business at a relatively low cost by working with three other companies that make complementary products: boots, hats, shirts, and moleskin pants.

Under the Australian Coat Company label, the companies share the cost of attending trade fairs. Air fares and a stall at the British Equestrian Trade Association fair in Birmingham come to about \$25 000. In 1996, in addition to Birmingham, Hanna has been to shows in Milan, Rome, Paris and Tokyo.

One threat to the company's oilskin jacket leisure wear lines has emerged recently: low-wage manufacturing in Fiji. Hanna's new strategy is to develop the industrial applications for his cotton oilskins. They are particularly useful for electrical and fuel handling industries, in which static-free clothing is required. Hanna enjoys the challenge of developing his next niche market.

Article by Ross Langford taken from *Business Review Weekly*, 11 November 1996.

Student exercise

Complete a SWOT analysis of this company on the basis of the information given.

Strengths	Weaknesses	Opportunities	Threats