



# Size does matter

Even some of Australia's most successful manufacturers have had to lay off staff due to normal market fluctuations. But not Hofmann Engineering. This Perth-based manufacturer is in the enviable position of never having had to lay off staff due to a lack of work in its 40 year history.

BY NINA HENDY

Hofmann Engineering has been through a quiet revolution in the past year or so as the privately owned manufacturing operation acquires additional manufacturing sites and adds to its already 470-strong head count.

The business was established by John and Erich Hofmann back in 1969, but has come a long way since then, recently acquiring a Bendigo-based operation that was previously part of the Australian Defence Industry and Metaltec Precision International, which has been renamed Hofmann Metaltec.

These strategic acquisitions have beefed up the company's capabilities significantly. In fact, according to the Engineering Business Manager of Hofmann Metaltec, Denver Alvis, combined, the company can now lay claim to having the largest machining capability and capacity than any other manufacturer in the country. "We also have the biggest lathe, which can turn 35 metres between centres, making it the biggest lathe in the southern hemisphere," Mr Alvis says.

Being able to lay claim to being the biggest in its market is a key marketing

tool to potential customers, which gives customers confidence that the company will become a strong business partner, he says.

So who are these quiet achievers? The Hofmann Group of Companies was established in 1969 as a family business by brothers John and Erich Hofmann. John's son, Erich, is the company Managing Director and is a key player in the business' aggressive growth strategy.

The business has developed and diversified under their leadership to become one of the country's foremost manufacturers of specialist engineering equipment.

## Many things to many people

Key capabilities include design, manufacture, repair and refurbishment of mining and industrial equipment, gearing for heavy and light industries, precision engineering products, special purpose tooling for aerospace and food pack, specialist production line and processing equipment and on-site support as well as installation and failure analysis correction.

Hofmann Engineering has extensive capabilities that incorporates leading technology and is able to weld alloy

steels in heavy formed sections and machine large high precision gearing.

It also offers heat treatments and other allied engineering capabilities, which include a metallurgical laboratory, state of the art metrology equipment, electrochemical plating and the know-how and experience to undertake large on-site repairs. The company also has a strong foothold in the emerging wind and tidal energy markets.

Its customers range from leading resource and mining conglomerates, through to leaders in international aerospace and defence technology. Its core business focus is the mineral processing industry, mining, the sugar industry, energy, oil and gas, aerospace, defence and a range of on-site services. It also offers customers 24/7 service.

The company has grown its exporting capabilities over the years to a point where now 50% of its sales are exported to countries in Europe, North and South America, Asia and Africa.

## Growth plans on the horizon

And while Mr Alvis was not willing to disclose company earnings, he did confirm that the company is in a financially strong position with additional growth plans on



From left: Two staff hard at work at Hofmann Metaltec, which operates from the Melbourne suburb of Cheltenham.

The Okuma double-column machining centre is only one out of Hofmann Engineering's huge range of large-capacity machines designed to machine parts for the mining, aerospace, defence, oil and gas, food packaging and energy industries. Photos: Hofmann

A behind the scenes look at Hofmann Engineering, which is headquartered in Perth, Western Australia.

the horizon. "Every cent the business earns is ploughed back into the company. We spend a huge amount on research and development and have a team of 30 engineers, which is definitely a big part of our success," he says.

The privately owned company also has a board that is responsible for seeking out new markets, he says. "We work extremely hard to align with growth industries. The fact that we're aligned with a number of markets works well to buffer us during more difficult times, like the global financial crisis of last year. It means that we're well cushioned when a certain sector isn't performing as well."

The management team is structured to deliver a hands-on approach to every project and problems that arise are treated as challenges, he says. "We have a policy of exposing our employees to the latest overseas technology and systems. We recognise that staff training and personal development are vital in helping us preserve and strengthen our position as one of the leaders in our industry."

In fact, while the majority of Australian manufacturers were forced to lay off staff, Hofmann Engineering hired an additional 80 people. "This comes down to good management. We identify the right markets and the right products for our business, which results in strong growth," Mr Alvis says.

### Technological change key to survival

The company also believes that innovation and technological change is the key to survival, with Hofmann Engineering


believing that developing and refining new processes and methodologies, which it says is an integral part of the overall business. "The future needs of our customers are as important to us as their everyday requirements, so we constantly evolve and improve our technology to refine our products and our service."

Not surprisingly given the company's mantra for innovation, there are plans afoot for additional growth within the business, with plans to increase the company's footprint in the aerospace supply chain, among others. This will result in a growth in staff numbers over the next 12 months.

But there is one key stumbling block to this growth. Despite the business paying staff above award rates, advertising on key internet sites and passing on key job opportunities via word of mouth, it's extremely difficult to find good staff, Mr Alvis says. "I do have concerns about the diminishing skill base for specific tradesmen, project managers and engineers. So many in this industry plan to

get their hands dirty for 15 or 20 years and then want to move on into other areas, which has left a void that's proven extremely difficult to fill," he says.

And while the company isn't considering further company acquisitions in the short term, Mr Alvis says he wouldn't rule that possibility out down the track. "The board is certainly open-minded and is continually developing strategies for continual growth. We definitely wouldn't rule out the possibility of another acquisition if it was right."

Although Mr Alvis admits that competition is stronger than ever among Australian manufacturers competing in the same field as Hofmann, he remains confident the business will continue to experience strong growth into the future. "There's no doubt about that. We're confident that the company will remain a key player into the future." 

*Hofmann Engineering*  
[www.hofmann.net.au](http://www.hofmann.net.au)

### At a glance

Hofmann Engineering has provided specialist engineering services to Australia's industry leaders since its inception in 1969. The company has a commitment to continuous quality improvement, which touches every aspect of its products, services and customer support.

**Number of employees:** 470 across three manufacturing sites across two states

**Investment in R&D:** Hofmann Engineering declined to put an exact figure on its R&D spend, but did confirm a significant portion of earnings are ploughed back into R&D.

**Main markets:** Mining, aerospace, defence, oil and gas, food packaging and energy