



nsfp

Neville-Smith
Forest Products

Promoting the excellence
of Tasmanian Oak

www.nevillesmithfp.com.au

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Neville Smith Forest Products (NSFP) has a long and varied history. The family-owned business started in 1924 when the eponymous Neville Smith opened a small store of general goods in Melbourne. After a while, the business expanded into the timber industry and success soon followed. Today, NSFP is a producer of high quality Tasmanian Oak hardwood products, supplying items both domestically and internationally. Even more impressively, NFSP is a leading player in rebuilding Tasmania's forestry sector.



Though the industry has changed a lot since the early days of the company, NSFP has managed to stay on top of the game by constantly adapting and focusing on the right areas. After re-entering the forest sector in 2011, James Neville Smith, the grandson of the company's founder, along with the management team, has kept the company focused. Before, the industry

AT A GLANCE

WHO: Neville Smith Forest Products
WHAT: A producer and supplier of high quality products from Tasmanian Oak hardwood.
WHERE: Southwood and Mowbray, Tasmania
WEBSITE: nevillesmithfp.com.au

was high volume and low value. Now, it's the opposite that holds true.

“Our business is heavily moving into more decorative, high-end products and progressing moving away from the more traditional low value commoditized hardwood products”, says James.

Success against all odds

Being a processor and manufacturer in Australia in this day and age is a challenge. However, the processing and manufacturing of forest products, especially in Tasmania, adds to that challenge. Thankfully for Neville Smith Forest Products, their business practices have allowed them to expand to key markets. The company's success can largely be attributed to its core values; innovation, customer focus, integration, people, quality, wasting nothing, and putting family above all else.



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Forest Products

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The insurance market is part of the dynamic financial sector. We have transitioned from a truly domestic market (supported by international firms) to a modern “global market”, dominated by international firms represented in Australia (supported by the few remaining domestic players).

The benefit for insurance buyers through this transition is that our local market is not as susceptible to significant change as a result of domestic catastrophes, it tends to follow global trends. Losses such as the Brisbane Floods and Christchurch Earthquake were major local events, but globally, they were absorbed in the insurance market ‘balance sheet’ and, after a very short time-frame, have had very little impact.

In the main, insurance buyers still enjoy a highly competitive market. There are exceptions, but unless you operate in a high-hazard industry sector, you have no interest in risk quality, or you have a poor claims record – chances are you will continue to access competitive insurance solutions. Market conditions have flattened in the first half of 2016, but favourable outcomes still exist. If you are not receiving this advice from your broker, consider exploring your options.

Our top tips:

- Take ownership of your risk. If you take greater accountability and actively work to minimise your risk-exposures (capital and behavioural investment), insurers are likely to provide you with a financial reward to do so which will perpetuate in the future off the back of fewer claims. If you don’t invest in improving the appeal of your business, you are then relying on supply-based insurance market conditions which will not continue forever. Insurance issues aside, surely it makes sense to try and take as much “bad risk” out of your business as you can purely from a commercial perspective. This attitude will then allow you to focus on “good risk” which will include how you interact within your market environment to grow your business.
- Choose a broker that creates choice. Insurance is not transactional in the corporate sector, if your insurance partner is only there for you as a mail-box once a year, they’re not doing their job. Challenge your insurance partner to explore every insurance market that has the appetite and ability to compete for your business.
- Choose a broker that is transparent in how they deal with you. Some brokers charge commission, some collect a fee, some do both – what does your broker do? Ask the question and understand how much they are making from your business. You need to be comfortable that your broker is incentivised to behave in a manner that is consistent with what you are looking for. Price is not the only driver, but if you are not getting value for money, look elsewhere – all brokers want to grow and will work hard to win your business.

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A clear focus

Instead of trying to be jacks of all trades but masters of none, NSFP focuses on providing specific products of the highest quality to specific clients. James and his company believe that the Tasmanian forests provide an excellent resource which can be used for a wide variety of products, particularly for the high-end items that the market currently demands. Knowing where to focus and what to avoid is a key part of the strategy and also what sets the company apart from the competitors.

Innovation as a daily activity

Whilst they are fortunate to have one of the most technological advanced green saw mill plants in Australia, they believe that innovation is more than just plant and equipment. It's an activity driven by continuous small improvements across their production processes, and improvements in the way they work with customers and partners. Innovation is also driven by our understanding of market (end-user) needs and wants.

According to James, innovation comes in many different forms: “We value the research and development work conducted by the University of Tasmania’s Centre for Sustainable Architecture with Wood (CSAW) ensuring continuous innovation in our industry. Our own direct relationships with key personal and students has had a direct impact on our own ability to innovate and improve operational processes and develop and trial new products”

Survival of the fittest

Changes in rules and regulations have also forced companies like NSFP to adapt new strategies and change their focus to meet the demands of the market. The operating areas have shrunk, for instance, which is a huge part of the reason why NSFP has aimed at maximizing the value of every single piece of wood. Almost nothing is wasted, particularly now that advancements in technology have allowed for far wider uses of timber than ever before.

“Wasting nothing is another key element. We feel privileged to have access to such a versatile and sustainable resource. As a leading processor in the industry it is our responsibility to ensure the resource is not wasted. This means continuous innovation to extract the most value through improved processes, new product development, and new high-value markets, so we can continuously

grow and reinvest in our business, our people, and the Tasmanian economy”, explains James.

Integration in the forestry sector

Integration means operating as one team. There’s many moving parts connected to the processing and sales of timber products. Seamless communication, knowledge sharing, and collaborative ideation along the value chain are critical to success of their business. Historically they’ve been pretty good at integrating the various steps of their production processes, however they have recognized the need to improve their capability in “joining the dots” across all business functions and are now addressing it, with a particular focus on sales and marketing.

NFSP values integration and will work to foster it outside their business with the industry as a whole. They have great relationships with local and national logistic companies such as Toll Tasmania, De Bruyn’s Transport, and CRE Solutions. These relationships have been vital in helping them overcome the challenge of being located on an island state and allowing them to effectively service their customers.

“I do believe there is room to improve when it comes to integration between the Tasmanian processors (big and small). Whilst we are competitors, I believe we need to work more closely to rebuild our reputation as an



Tedeschi Voorham Builders
congratulates NSFP's
recognition as
2016's Best Managed
Manufacturing Firms.

As their warehouse landlords in
newstead, Launceston they are
great tenants.

*We wish them all the
best in the future.*

industry, and re-build our industry for the best interests of Tasmania and its people", says James.

Promoting the best business practices

Even in the face of adversity, NSFP has preserved time and time again to prove that forestry is a sustainable industry when handled by the right people. Through patience, dedication, and hard work, it has grown into one of best managed firms of the industry. Its practices are lauded throughout the region as it strives to ensure that forestry is looked at in a positive manner.

The value of people is synonymous with the success of NSFP. Creating jobs for young Tasmanians is a key driver for being in business. They are in business for their people, and their people are the reason they are in business. NSFP currently employs 65 people in Tasmania. Their vision is to grow their business each year, opening up new job opportunities for young Tasmanians.

NSFP has been a family-owned business for most of its existence and that fact has largely influenced the working environment. James is passionate about his work and he's always ready to welcome new people into the field. After all, the company is highly esteemed in the forestry



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trade both for its products and its operations.

maximize the value of it”, suggests James.

“We are a family business with a family culture. There’s a lot of trust and a good culture within the business. We’ve been around a long time, we operate in a financially responsible manner, and we are a highly reputable company for someone who wants to develop a career. Secondly, the resource is something that we are very passionate about and we are always looking to



Of course, this also extends to the way NFSP values their employees: “Our employees’ success is our business’ success, so we will continue to invest in helping them grow their skills and knowledge through cross-functional training and mentoring. We can always improve, one such improvement will be to focus on external training, as well as to facilitate intra and inter-industry networking opportunities”, James



explains about NFSP's corporate culture.

What is important to note is that the company has been overcoming such challenges for years. Back in the 1980s, for example, NSFP processed fire-regenerated forest areas in Victoria, an experience that contributed significantly to the company over the years. In-depth research, on-hands management, clear focus and well-thought-out goals are the pillars on which NFSP has built its successful business. The road has always been rocky but it is through experience and good practices that the company was and will continue to be one of the most important parts of the forestry sector in Tasmania.

As for the future, James seems quite optimistic. He vehemently believes that forestry is a sustainable business with a bright future and the trends of the market validate him. Wood is an excellent resource and it is used in an incredible variety of applications. The company fully supports it for its durability and sustainability and it certainly looks like it will be a huge part of major industries like construction in the years to come. As such, NSFP will once again be at the forefront of the sustainable wood industry, promoting its beneficial uses and ensuring its place as a company with valued and tested practices.

After all, in order to maximize value,

innovation is the only way forward. "Our ability to actually produce new value-add wood products is well and truly there. The future of innovation in the forestry industry is to talk about the development of new products", suggests James. Even though the industry faces a lot of hardships, those with the ability to recognize where the market is heading will be able to keep their heads in the game and expand even further.

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