

# ANCA expands globally

At a time when Australia's trade deficit ballooned from \$1.1 billion to an alarming \$2.3 billion, Melbourne-based machine tool manufacturer ANCA was defying the trend and announcing a global export expansion on the back of the company's most successful growth year ever. As well as manufacturing and exporting CNC grinding machines valued at nearly \$90 million in the last financial year, ANCA opened three new sales offices in overseas markets and established its first overseas manufacturing plant.

This expansion will be supported by a \$4 million investment in new machinery for the Bayswater North factory, which takes ANCA's total spending on new plant and equipment to \$6 million in the last 12 months. Investment of this magnitude was the only option if the company was to stay ahead of a current annual growth rate of 30%.

After successfully establishing a branch office in China, ANCA continued to seek new overseas opportunities. In particular, Brazil, Italy and Japan emerged as having large demand for ANCA's product, so it was only commonsense that ANCA would support these markets by opening branch offices there. Group General Manager, Linsey Siede, said the new sales and customer support offices were vital if the company was to compete internationally.

"It's critically important for ANCA that we understand how the global picture is changing for our customers' business, and by working closely and collaboratively with them we can be there to support them locally as they expand. If we don't change as the global market changes our competitors will pass us by."

"Obviously, we cannot and will not tolerate that."

The basic policy of understanding the customers and the market has driven ANCA's success for 30 years. Initially founded by directors Pat Boland and Pat McCluskey to make CNC controls, ANCA diversified in the 1980s to design and build precision CNC tool and cutter grinders. The machine tool business flourished and became the company's primary focus. Now, ANCA is number One in the USA and China, and – through innovation – has catalysed changes to the way CNC grinders are designed throughout the world.

One over-arching business philosophy is responsible for the company's performance: in-house manufacturing. All critical processes from the CNC controls and mechanical systems to the software development are under the roof of the Bayswater factory. Over the years, this has given ANCA the advantage of strict control over the technology and quality of the machines and fostered a holistic understanding of how the diverse systems work together to produce a result the customers will pay for.

With a 30% annual growth rate, it is clear that something is working, and the company has the confidence to bolster the manufacturing plant with investment in sophisticated capital equipment.

The program began in mid-2005 with the acquisition of two highly-accurate Yasda machining centres and continued with the



installation of a Voumard grinding machine in July 2006. Two Swiss-made Dixi machining centres are due to be commissioned before the end of



this year to bring the total investment to \$6 million. "This undertaking is a major investment for any company, but more so for one the size of ANCA. With a targeted increase of 24% for the 2006/07 year, we needed to increase our production capability to stay in front of the growth rate", Siede said.

"Part of the strategic plan has been to increase our in-house capabilities in the technically-complex and precise operations. We needed the space for the expansion to create what we believe will be the best-equipped machine shop in the Southern Hemisphere. This prompted us to re-examine our resources globally."

ANCA solved its floor space issues by setting-up its first off-shore manufacturing plant, in Rayong, Thailand. Although the Bayswater factory has relinquished some operations to Rayong, Siede is quick to point out that strict quality control has not been compromised, and that employment at ANCA Bayswater is also forecast to grow.

"We've chosen to invest in growing and expanding the highly technical skilled operations in Australia, at the same time producing some of the less technical assemblies overseas. Having our own operation rather than out-sourcing means we can maintain the same quality standards as we have here in Bayswater."

"This will be a win/win for both Australia and Thailand and will allow ANCA to continue to increase production of finished machines in Australia to satisfy a growing global need."

That global need consumes 98% of ANCA's out-put and has resulted in \$500 million in export earnings over the past six years. With further growth projected, ANCA is quickly cementing itself as one of Australia's export stars.

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