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Animal Health Direct - Out From Under the Radar

Stuck on the Auckland motorway during a daily three-hour commute to and from his high-paced sales and marketing job in the city, Richard Kettle decided enough was enough.

After eight years climbing the career ladder to become Novartis New Zealand marketing manager for Animal Health, and heading the Australasian Companion Animal marketing, the travel and long hours were starting to take a toll and he decided a change of direction was needed - now.

A phone call to his wife sealed the deal, and not long after that they upped sticks with their four children and moved to Hawke's Bay to start their own animal health product business.

That was in 2001. Since that time Animal Health Direct (AHD), which is based in a small office block in Havelock North village, has steadily carved out a niche segment of the huge animal health product market.

A manufacturer, importer and distributor of products for the vet and rural supply market, Richard says the company's growth was slow but steady from the beginning when they started out with a single agricultural disinfectant product.

Now the range has built up to 68 products, from eprinomectin drenches to natural health formulas, for the dairy, sheep, beef, companion animal and equine markets.

Although AHD is probably best known in Hawke's Bay for its brand-leading equine health products, and also Richard's involvement in polo, it's the dairy range that is the most extensive.

The explosive growth of dairying in the South Island has generated demand, but to gain a foothold in this multi-million dollar market dominated by multinational giants, AHD has had to buy its way in with better margins, products and services, says Richard.

"We don't have the luxury of patented registered products that have ten-years or more protection - so we have made improvements to energy drenches and other products that are currently in the market, and these improvements give us the edge."

Another strength is in distribution, he says, where from warehouse depots in Christchurch and Hamilton their products can be delivered to all major rural supply outlets around New Zealand, and up to 120 vet practices at any one time.

Quality of service is also vital, he says.

"We have the strength of being a local New Zealand supplier - we are small but we try really hard, focus on service and don't take any sale for granted."

It's proving a winning formula, as from a slow-burning start, AHD has seen huge growth in the last two years - well in excess of industry benchmarks, says Richard.

"About this time last year we secured a key national distributor for the dairy market - it was short notice and grew our business substantially, and along with continued growth from other key customers it meant we needed all hands on deck.

"We appointed an in-house financial controller which was one of the best things we did to help manage that growth and cashflow requirements, especially because we're importing from Australia where GST and customs have to be planned."

Key to managing the business's financial strategy and growth has been the support received from WHK Coffey Davidson over the years, says Richard.

"WHK have been brilliant - they're really caring and interested, and for a while there I think they had more faith in my potential than I did.

"They're not just accountants - their understanding of small businesses means they have the ability to foresee the traps they can fall into and give advice which has been invaluable - even though I baulk sometimes at what they say."

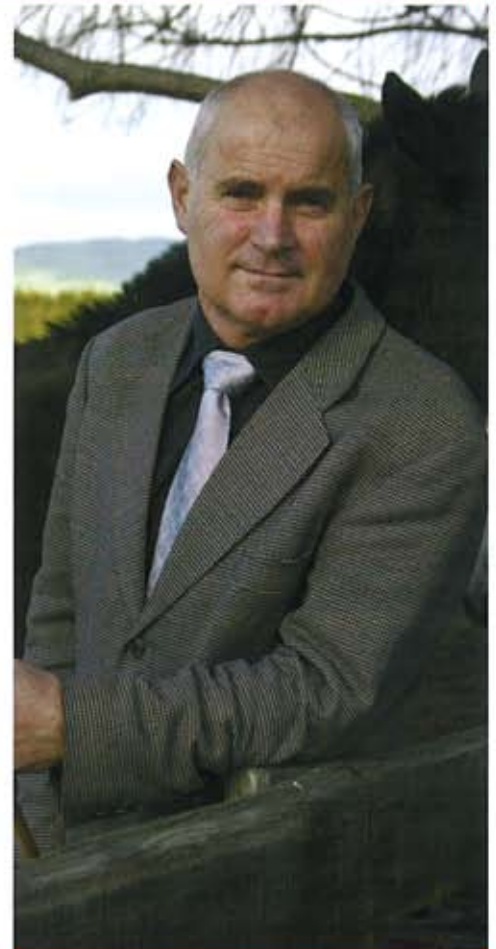
For the future, AHD is at the stage where growth has to be funded, says Richard, but the platform is in place to achieve their aim of being a well-recognised and respected player in the market.

"We have operated for probably five or six years under the radar and that's no longer the case, so now we need to get to the next level."

Ideally that would involve moving the whole warehousing and distribution operation to Havelock North, he says, as Hawke's Bay has proven a good place to be based, both for work...and leisure.

Being a keen polo player, that would mean Richard could not only continue to play himself, but also build up the polo school for young, aspiring players he has started at Paki Paki, Birchleigh Polo.

It certainly beats sitting in traffic.



Quality of service is vital, says Richard Kettle

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