

BAKERY CHAIN



Photo: James Davies

Six-point strategy keeps dough rising

Brumby's Bakeries started in 1975 and chief executive Michael Sherlock, above, has been with the company for 28 of those years. When Sherlock, 55, took over the reins about eight years ago, he felt the bakery chain wasn't close to fulfilling its true potential. He sat down with general manager and company secretary Steve Brown and they came up with a five-year strategic business plan.

Brumby's had four stores when Sherlock joined and today it has about 320, mainly across Australia and New Zealand. The market value of Brumby's, which is listed on the Bendigo Stock Exchange, grew from \$6.8 million in December 2003 to \$46 million in early 2007 when Sherlock led a failed management buy-out bid for the company. Brumby's reported a 21 per cent jump in net profit after tax for the full year ended June 2006, to \$2.08 million.

Sherlock's five year strategic plan is built around six subject areas:

■ **Research:** Brumby's undertakes thorough research of its brand and systems to identify opportunities. Research involves focus groups on

product, usage and attitude surveys of customers and demographic analysis for future store openings.

■ **Strategy:** From the research, Brumby's refines its strategy, making its aim "to sell more bread to more

people more often whilst building profit, fun and lifestyle for all stakeholders in the system".

■ **Structure:** Brumby's reviews its reporting lines to simplify the company structure and responsibility.

■ **People:** The company reviews the commitment of the team driving the five-year strategic business plan with quarterly management meetings and weekly phone conferences. It rewards team performance through annual bonuses, independent salary benchmarking and golden handcuffs of share bonuses for long term loyalty.

■ **Systems:** Brumby's holds an annual review of its operational systems, which include 10 volumes of operations manuals for stores, 10 volumes of national department best practice manuals and 10 volumes of team training manuals.

■ **Results:** It analyses store results achieved monthly, quarterly and annually.

Damien Lynch

Brumby's rewards performance through bonuses, salary benchmarking and golden handcuffs.