

All the world's a stage for Kelly

By PAULA THOMPSON

KELLY Engineering operates from Booleroo Centre but competing on the world stage has driven the business beyond its physical boundaries.

The Kelly family has been based in the Upper North since 1875 and was one of the original farming settlers in the Booleroo Centre district.

The company consists of four directors with managing director Shane, his wife Jo, and Shane's parents Peter and Audrey.

Shane attended school at Urrbrae in Adelaide and returned to the farm in 1982 while his younger brother Kim came home in 1985.

"To give us an opportunity to farm, Dad started the engineering business. He wanted to step aside but still work with us," he said.

"Dad had 20-plus years of farming but was still in his 40s and wasn't about to retire."

High interest rates in the mid-1980s meant the Kellys needed to diversify their income to remain viable.

Tragically Kim was killed in a plane crash near Orroroo, on the way to a field day with a group of other farmers. Out of the tragedy, the family moved forward, starting up the engineering business in 1987.

"We started by making pick-up fronts for headers to enable reaping field peas," Shane said.

"We started manufacturing a product line from day one, so we were doing more than customer repairs and local jobs although we certainly did that and still do those jobs."

In the mid-1990s, the Kellys started making prickle chains.

"Everyone was trying to retain

MyBusiness

Business name: Kelly Engineering

Directors: Shane and Jo Kelly and Peter and Audrey Kelly

Location: Booleroo Centre

Staff: 40

Key tasks: Manufacturer of the Kelly Diamond disc chain harrow, general engineering work

their stubbles and prickle chains offer a great way to do that," he said.

The Kellys started off buying chains from Sam Woolford at Kimba and making their own frames.

"As volumes increased, it was harder for him to supply to us," Shane said.

The Kellys had clients in heavier, stony country and they decided to build their own chains to suit these conditions. They gradually increased their presence interstate into Victoria and Western Australia.

The company had two big years of growth in 2000 and 2001.

"We had big years and huge stubble loads. We found people really needed more than a prickle chain to manage their stubbles," Shane said.

"From the early 1990s, when the prickle chain started, most people upgraded their machinery and were able to keep their stubbles without using a prickle chain, leading to a large market saturation."

So, the Kellys created a stubble mulching disc chain. The disc chains found a market in New South Wales, an area the Kellys had not ventured into with the prickle chain.



HARROW FAME: Kelly Engineering managing director Shane Kelly with the diamond harrow for which the company is best known.

"From the feedback in NSW we rapidly improved the efficiency and function of the disc chain," Shane said.

The disc chain soon became the major product for the Kellys and is now sold in the United States, Europe, New Zealand, South Africa and Canada.

Shane said the product had a range of uses, from stubble management and weed control to seeding.

And, Peter had been one of the driving forces behind spreading the word about the product, travelling more than half a million kilometres around the country, demonstrating the disc chain to farmers.

"Dad went all over Queensland, NSW, Vic and WA," Shane said. "We wanted people to see how it worked in their own paddocks." Word of mouth soon spread about the benefits of the disc chain.

"The disc chain kept the business growing right through to 2006," Shane said.

But the run of poor seasons in Australia saw stifled demand.

"We had travelled all over Australia to establish markets, and the US and Canada seemed to us the logical area to look at," Shane said.

In 2006, Austrade organised a group to travel to the US to attend the World Ag Expo, and Shane and Jo were a part of it.

"The group had exporters long established in the trade and new people," he said.

Shane met Missouri-based

importer Steve Hood as a result of the expo.

"He was selling prickle chains out of Canada and looking for something to replace that," Shane said.

"We decided to take a risk and send some machinery over to him. He gave us our first order of four machines just before Christmas in 2006. We were ecstatic."

In their second season in the US, the Kellys sold more than 30 machines, and then 80 the season after that.

Mr Hood is now selling hundreds of the Kellys disc chains, servicing the Mississippi Delta.

"At the moment we're flat out with keeping up with the US demand," Shane said.

"In Europe we have a different model – a licenced operation where we supply only the chain to our partner, KK Engineering Europe."

Shane sees this model as the next logical step in growing the business in other countries. He sees great opportunities for a licensing operation in Brazil, where the government subsidises local manufacturers.

"There seems to be growth opportunities in South Africa. We've been there less than 12 months. Argentina offers another opportunity for the direct export market," he said.

But the high Australian dollar does pose problems.

"Our US customers won't accept a fluctuating price so we

Telstra awards a good health check

KELLY Engineering has won a swag of awards since its inception and was recently named Telstra's 2010 South Australian Business of the Year.

Winning that award meant Kelly Engineering was eligible to represent the State in the national awards where they went on to win the inaugural MYOB Telstra National Regional Business Award.

Shane said he would recommend entering the Telstra awards to any business owner and not just for the buzz it creates around a company.

"It is a great promotional tool for the business and gives you confidence in what you do," he said.

"But more than that it provides you with a really thorough analysis of your business. It's not just focused on one area like finance or human resources but gives you a really good business health check based on your application."

Shane said the analysis was very thorough, with a 70-page report and suggestions on ways to improve.

need to take a risk and set a price," Shane said.

"We need to set a price in June for September/October orders that will be delivered through until May."

Hedging currency is vital to mitigate some of this risk.

In future, Shane sees the major opportunities for the business remaining in the US.

"I think we can at least treble our annual sales in the US," he said.

"Overall, I'll think we'll double our turnover in the next couple of years."



STARTING POINT: The original shed where Kelly Engineering began is still on the Booleroo property.

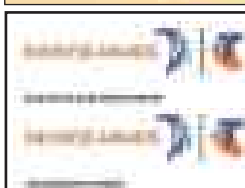
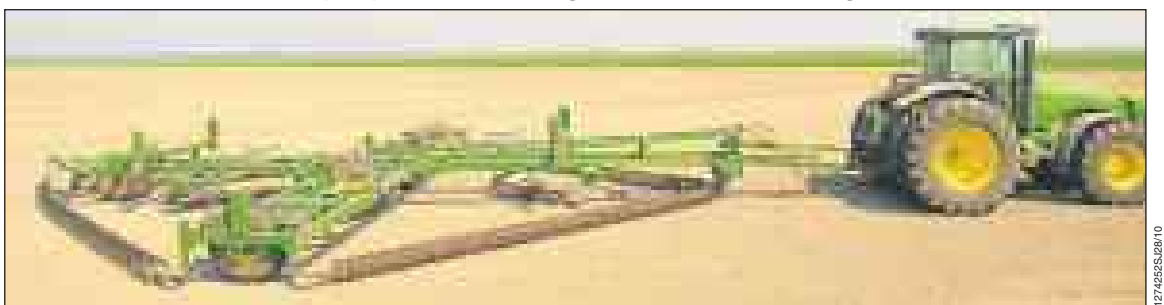
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The disc chain can turn problem paddocks and weeds into a perfect seedbed like no other machine can.

- Kelly Diamond Harrow • Stubble management, weed seed germination, seedbed preparation, integrated weed management.



Winners of

- Panasonic SA Medium Business Award
- Telstra SA Business Award
- Telstra MYOB Australian Regional Business Award
- SA Regional Exporter Award 2010, 2009, 2008

