

# 4 AUSTRALIAN EXPORT AWARDS

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## SUCCESS CAME STRAIGHT FROM THE FARM SHED

BOOLEROO Centre, in the foothills of the Flinders Ranges of South Australia is not the sort of place that comes to mind as the home of a dynamic export business.

Yet the town of 331 people, 280km north of Adelaide has one: Family-owned Kelly Engineering has been manufacturing farm equipment for over 20 years and exporting to the US for four years.

The business began as a hobby, with Peter Kelly modifying and repairing machinery in the sheds of the family farm 10km south of Booleroo Centre.

It evolved into a repair business and then into a manufacturer of original designs.

Its star export is the patented Kelly Diamond Disc Chain Harrow.

The Kelly harrow provides an alternative to chemical weed control and encourages sustainable agriculture by recycling nutrients. Farmers using the device report fuel consumption savings of 50 per cent compared to a conventional harrow.

Managing director, Shane Kelly, Peter's son, says it took many years for the company to become an overnight export success.

"From about 2003 we had a web presence, but it took three years of trying before we had the right contacts and took the risk of loading a machine into a container in September, 2006, and sending it to Arkansas," he says.

"By Christmas, we had our first order of three machines."

The export business took Kelly into new fields, literally.

"Broad acre wheat is our main market," Mr Kelly says. "We know and understand that, but the guy we'd teamed with over in the US, Steve Hood, took us into rice country, which made me a little bit nervous because we knew nothing about rice and whether the machines would work.

"But he did that because it's his most difficult market - tough on machinery, but also a cashed-up market where guys are prepared to

try something a bit new and unusual. So he took us into the Mississippi Delta and that's been a fantastic move for us."

Kelly's sales in the southern US states of Tennessee, Missouri, Arkansas, Mississippi, Alabama and Louisiana grew, along with its reputation, with little effect from the global financial crisis of 2008, which battered the US economy.

Mr Kelly says: "The agricultural economy over there remained pretty buoyant. Some customers had a bit of trouble with access to finance, but commodity prices stayed good and the central and southern parts of the US weren't as hard hit as the east and west coasts.

"That's where being on the ground is important. I was over there, and if I'd relied on the daily headlines instead I'd never have realised what the situation in that region was."

If anything, the crisis was a useful damper on what could have been out-of-control growth, he says.

"We've had sustained 20 per cent annual growth, which we can cope with - it might have been 50 per cent, which would have been tricky to handle," he says.

Kelly Engineering continues to export from Booleroo Central, but is developing a relationship with a fabricator based in Ohio, that builds frames from local steel and finishes them with Kelly's Australian components. The company is also in the early stages of expansion into Europe.

While Australian dollar parity with the US currency represents a short-term difficulty, he says the fundamental long term outlook for the US market is good.

"We've taken a currency hedging position with our bank and we're reasonably confident we can weather the storm for a while yet," he says.

And in a moment of reflection he agrees: currency hedging and assessing macroeconomic trends - Kelly Engineering has come a long way from fixing machinery in a farm shed.