



Title:	David Hutton General Manager
Company:	VINPAC
Date:	November, 2017

“Winemakers are Artists”

Context: In the Jan-Feb 2010 edition of the Harvard Business Review, authors T.M. Amabile & S.J. Kramer provided ground-breaking findings into what produces a “good day” in the workplace. Within some 12,000 individual diary entries, “progress” or the sense of ‘moving the dial’, was the vital ingredient discovered in over 76% of the “best day’s” at work recorded by participants.

Margin Partners Advisory is interviewing Australian Leaders to benchmark the regularity of “good Workday’s” and to provide insights into how the frequency of such days can be increased.

1 Describe a Good Workday for yourself:

There is a proven formula to my good Workday. It’s a routine whereby I start the day with a series of individual discussions with my direct reports and each then commences the morning clear in what needs to be achieved. The key messages get cascaded through the business and momentum builds. By late morning efficiencies will be over the magical 57% and our positive culture ensures we do all we can to stay there until stumps. I drive home feeling very positive and ready to come back and do it all again tomorrow. More importantly, I know the people in our business feel the same.

The idea of a good Workday isn’t something that just occurs randomly. At Vinpac, it’s the result of all the hard work that goes into our plans and strategies at the start of the year. Seeing it come to life is exceptional. It’s like driving a Lamborghini around a race track. The feeling is smooth, powerful and contagious

2 On average, how many Good Workdays do you have a month?

Either 28, 30 or 31, depending on the month! We have some 200 customers and every one of them is striving to be successful. Winemakers are artists. They put their lifeblood and family assets into crafting amazing beverages. They live and die for their passion and we are lucky enough to get the opportunity to package the finished product for them. Ideally, we do it the right way and they become even more successful. Furthermore, we are based in one of the most majestic regions of Australia. The lifestyle is extraordinary. I mean it when I say every day is a good Workday.

3 Describe a Good Workday for the Vinpac P&L?

The P&L will want to see above budget asset yields for our machinery. It will want to display an attractive set of numbers obtained from the Finance function and smile in the belief that all is good with the world.

I have a real problem with this scenario. We may have the best machinery in the world but without good people the machines will never exceed efficiency hurdles. People make business, not the P&L. We need to see people operating machinery with big grins on their faces. We need to maintain a culture where the clinical nature of financial reporting won't displace the need for encouragement and team work.

4 Do the two Good Workdays align?

To a degree. Bad days happen and the P+L suffers as a result. I can't be seen to react in the same way. I work hard at being conscious of not doing that. The example I set gets multiplied through the organisation. When something goes wrong I think long and hard about it and then work with the team to find the right solution. Ideally, we can move quickly into recovery mode and commence on the path to turning a bad day into a good day.

Furthermore, I rarely accept any set of numbers without close scrutiny. I have seen key accounts lost and relationships suffer because people too readily accepted a 'first cut' of numbers. Ultimately each financial year completes, and we collectively reflect on the overall performance of the business. The numbers matter but the condition of our culture and customer relationships take precedence.

5 Where is Margin Erosion most likely to occur in your sector?

It starts and finishes with Account Management. From the moment we meet a new customer the supplier induction process begins and the tone for how we will lose, maintain or grow value is set.

If we approach a customer in a disorganised manner, then the relationship will be disorganised, and margin erosion will undoubtedly occur. But if we are structured in our approach and mutually explore the needs of both parties, we can create a productive method of working with each other. The boundaries of what we can and can't do must be carefully established up front. We never want to be in a position where we must sit back down and renegotiate a price because something has changed.

The second part of this lies in the tendency to give away profit to appease a situation. It's right to want to make a customer happy but very careful consideration is required to determine the true cost of the solution being proposed.

What you want is for everyone to understand the numbers and check them repeatedly. It's another routine that underpins long term success and empowers individuals to contribute to the 'overall' business health.

6 Key Takeout:

My interview with David Hutton took place over lunch in Surrey Hills (NSW). During our conversation David referenced the Life Styles Inventory (LSI) leadership program of which he has been participating in for over four years. He spoke with honesty about his leadership transformation and the ever-increasing comfort he feels in 'his own skin'. What he didn't say, but exhibited, was a heightened degree of self-awareness. Not just of himself but for customers, suppliers, his people (staff) and the business of Vinpac. David displays a genuine sensitivity for the needs of these stakeholders whilst being able to attest that their collective prosperity requires establishment and adherence to clearly defined commercial boundaries. Balancing it all is an art in itself!

The MP finds and fixes profit leakage within Supply contracts.
5-15% of margin recovery is routinely achieved.