

Story of C-MAC Industries

How the staff took over the 50-year-old company to become the first worker's co-operative

■ ILIANA STILLITANO

AFTER MORE than five decades of proud family ownership, engineering business C-Mac Industries has entered a new era. The Girraween based company has become the first workers co-operative under new national legislation introduced three years ago, meaning the company's 30 staff now have a financial stake in the business and an equal say in the way it is run.

The transition to becoming an employee owned co-operative thwarted the prospect of job layoffs and secured the future of the company that was started by husband and wife team Cliff and Margaret McMaster in 1966.

"It's much better than closing it down," C Mac general manager Rob McMaster said.

Preserving his parents' legacy has been a hard slog, Mr McMaster said, but "the staff's aim the whole time has been to secure their jobs. And that's also a lot of expertise that would have disappeared otherwise."

The path to employee ownership started in 2008 when Mr McMaster realised that like many family businesses, succession would be a challenge.

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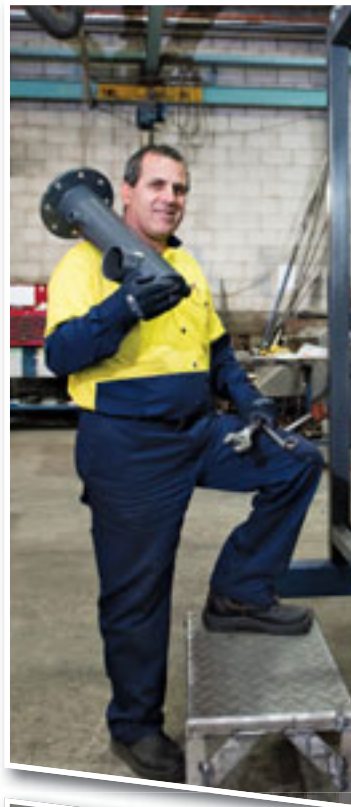


*I have not failed.
I've just found
10,000
ways that won't
work.*

- Thomas A. Edison

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He came across a Federal Government initiative that assisted businesses looking to restructure through an employee buy in scheme as an alternative to closure, but the manufacturing industry was experiencing a downturn and the plan fell through.

It did, however, introduce him to employee ownership advocate Dr Anthony Jensen, the then general manager of the scheme, Australian Employee Buyout Centre.

Mr McMaster credits both Dr Jensen with planting the seed of an employee co-operative solution "and my Christian faith too," he said.

"When we went down the path of a co-op, some of the staff were uncomfortable, some were sceptical and some thought it was a great deal," Mr McMaster said.

"At the start, it's not uncommon for there to be fear and trepidation," said accountant and business coach Frank Webb of Business Clarity in Blacktown who acted as a mediator and worked with the C-Mac team to register the co-operative.

He said the biggest hurdle was encouraging staff to think differently.

"A cultural change has to happen in the business. The staff needed to start thinking of the business as their own," he said.

To help them, Mr Webb introduced staff to the seven principles that guide cooperatives including democratic control and autonomy and independence which helped with any concerns.

Mr Webb, a keen backer of co-operatives, described employee ownership as a "terrific model that creates huge value."

Dr Jensen, who also assisted the buyout is a Lecturer at the Business School, University of Newcastle, said employee owned co-operatives could go a long way to lifting Australia's productivity, especially in manufacturing.

"Research demonstrates a 20 per cent rise in performance from a staff buyout in the USA," he said.

In the case of C-Mac Industries, Dr Jensen said: "In addition to Rob, Steve Grylak, the manufacturing manager (now General Manager), was instrumental in leading the staff and persisting through difficulties with a determination to see this vision fulfilled. They have been the real heroes of this process, Frank and I have just facilitated."

"Research demonstrates a 20 per cent rise in performance from a staff buyout in the USA."

- Anthony Jensen.

"We have demonstrated this model can work and that obstacles can be overcome. It's clear now that we need to continue to attract more companies to this model because there is strength in numbers"

Dr Jensen said employee owned co-operatives were more popular in the US, Europe and UK where business owners were eligible for tax concessions, patient capital and support to assist with the sale process.

That is why he and Mr Webb will lobby through the Greater Western Sydney Co-operative Development Agency to put a case for greater government assistance.

Dr Jensen said research showed there was a direct correlation between participation, job satisfaction and performance. Employees like the model.

"When you maximise participation, you see satisfaction and performance improve also. That is why this model has tremendous potential for manufacturing; In addition 82 per cent of staff surveyed in employee buyouts believed that they were a model to improve working life."

From July 1, C-Mac Industries Australia started operating as C-Mac Industries Australia Co-operative Limited and was the start of a new chapter for Mr McMaster who has suffered health issues recently.

"I will become an employee working one day a week. It gives the customers and the staff a feeling that they're not being abandoned," he said.

C-Mac has come a long way since its humble beginnings from a dirt floor factory in Ryde 51 years ago. It is a firm that prides itself in innovating metal solutions.

It shared in the glory of the 2016 Academy Awards when Mad Max Fury Road won several Oscars. C-Mac helped manufacture the fuel tanker that takes centre stage in the film.

And more recently C-Mac lent its unique wet sand bagging machine to emergency services teams in Queensland during Cyclone Debbie.

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