



MG Engineering Managing Director Anthony Brdar, left, with Operations Manager Ales Berlot.

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A survival strategy for defence industry

Adelaide Company MG Engineering has emerged victorious from the 'Valley of Death', having won a \$5.5 million export contract that will allow it to hire new staff and expand its facilities.

By Tracy Pierce, DTC

"It's a marathon, not a sprint." It may be a well-worn cliché but the cliché rings true for any company looking to work in the defence industry today. It's a truism that MG Engineering Managing Director Anthony Brdar has taken to heart, having experienced both the peaks and the troughs of defence work.

Anthony took a brave, bold step in 1996 when he and his father seized an opportunity to purchase the leasehold for prime waterfront land in Port Adelaide. Coming from a shipbuilding background, the opportunity was too good to refuse. Initially they used the modest facilities to build commercial fishing vessels and steel fabrication jobs for the mining industry building a reputation for quality work and a track record of delivering on time and on budget. They invested much of their working capital back into the business, implementing the necessary quality approvals and standards and expanding their facilities to enable it to potentially become a ship block builder for the Air Warfare Destroyer project.

"Since 2007 and the announcement that the Air Warfare Destroyers were to be built in Adelaide, we strategically planned the development and expansion of the business which would put us in the best possible position to win contracts such as the 3 Mast Ship-Blocks for the AWD's.

"Our proven history in commercial ship building along with our willingness and capability to comply with the more rigorous quality requirements in the Defence Industry would help us make the transition," said Brdar.

We've already started recruiting people; over the last two months I've put on about nine new employees, and over the next year we will be hiring more.

Anthony became a DTC member and started attending defence industry forums and meetings. The breakthrough occurred in 2011 when MG Engineering began tendering and winning smaller fabrication jobs for ASC.

"It took quite a while before we were recognised by ASC as a potential ship-block builder. We started out with smaller fabrication jobs such as corrugated bulkheads and ducting. Fast forward 18 months, the opportunity arose with ASC looking at sub-contracting out its Ship Mast Blocks. During the tender evaluation ASC recognised MG Engineering's high quality workmanship, excellent performance on delivery as well as its suitable facilities which would allow it to build the masts within its workshop and transport the Mast-Blocks by barge down the Port River. After a thorough audit of MG Engineering's system we were awarded with the contact to build the Mast Blocks."

The contract finished at the end of 2014. Defence work had dried up, and other industries were experiencing their own 'valley of death'. Trying to sustain a core group of tradespeople with experience in ship-building during this time was tough, but crucial to future business, so the company sustained itself by running lean and reducing expenditure, and winning smaller jobs for construction, and oil and gas companies. After two and a half years, their resolve paid off, when they won a \$5.5 million contract to build a complete fishing trawler as an export contract for New Zealand. As an added bonus, the project will create 40 new jobs.

"This is a great win for us, and there is potential for big growth from here. After all the hard work over the last 22 years, I feel it's all been validated. We're now looking for boilermakers, welders, hydraulic fitters, electricians, painters, shipwright's carpenters, engineers, managers etc. We've already started recruiting people; over the last two months I've put on about nine new employees, and over the next year we will be hiring more," he said.

Anthony has some sage advice for companies looking to get into Defence.

"You do have to tough it out for a while, getting an opportunity does take time. I don't believe you can set up a business and just go straight into Defence. Having an established business with success in other industries and then using this as a platform to work your way into to defence industry is recommended. Investing in your staff with training and recruiting the right people; people that are professional and disciplined in working to high quality and safety standards. Timely Delivery of your product is critical".

Being the only company in South Australia (outside of primes ASC, BAE Systems and Forgacs) that has current defence and commercial shipbuilding experience, it is realistic to expect that MG will go from a company of 30 to a company that is employing well over 100 employees over the next decade.

MG Engineering is planning on further expanding its facilities as it looks to employ more people in the future.

Further increasing our capability and capacity is critical for us to take advantage of the up and coming opportunities in ship building "The sky is the limit!"