

THE CONNECTOR

NEWS 'N VIEWS FROM THE GROUP | SEPTEMBER 2016

CHAIRMAN UPDATE

A big thank you to all our shareholders and guests who attended our AGM on the North Shore in August. It was fantastic to see so many of you there and genuinely interested in the co-operative, and the work that your board and our staff are undertaking to add value to the company.

During the meeting there was plenty of robust discussion regarding the co-op's performance and the value propositions we're implementing for the benefit of our members. Those discussions also included a shareholder resolution to change the way the board makes membership decisions that was unsuccessful following a democratic shareholder vote.

Mr Alister Lawrence and Mr Stu McIvor retired by rotation, were re-elected to the board and Deloitte were re-appointed as our auditors for a further year.

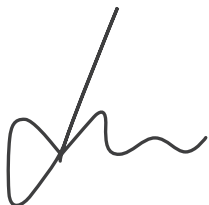
In my annual review presented to the meeting I outlined the great progress the co-op has made during 2016, and we're now seeing the benefits of implementing the initiatives we set-out last year to refocus on our core plumbing businesses, improve systems and processes, focus on service and win back the trust of our customer base.

However, whilst market demand remains buoyant with strong activity levels evident across most of New Zealand, competition in the merchant supply chain remains intense as competitors look to build or protect their market share, which continues to put downward pressure on our margins. We fully expect this pressure to continue and this is likely to be our most significant challenge during the coming year.

Looking forward, our strategy is to continue to focus on our core plumbing and related supplies businesses, and we'll continue along the path of improving the operational performance so that we are able to generate improved returns through increased customer loyalty and satisfaction. The tangible improvements to operational performance will come from refining our computer system, gaining further benefits from the sales and operational teams, and leveraging the strategic initiatives we've implemented during 2016.

During November we'll be holding a mid-year results teleconference for our shareholder members and the details for this will be published in the next Connector.

Kind Regards,



John DeBernardo
Chairman



DIRECTOR'S POINT OF VIEW

Welcome to the September issue of the NZPM connector.

It was great to attend the recent AGM in Auckland and see so many of you, as shareholders, attending the meeting and sharing your views with the board. All organisations need open lines of communication and I believe in the democratic system and value the right for people to speak with the courage of their convictions and stand up for what they believe in. There was plenty of evidence of this at the meeting and it is great to see this alive and working well within Plumbing World - for which, we on the board are grateful for.

I'd like to take this opportunity to talk a little about continued education. All well regarded and trusted industries are taking this seriously. Education lifts the professionalism of our industry and while we do what is required, what's wrong with going the extra mile and up-skilling in other areas? For example: learning about how to stay profitable as measured against industry business benchmarks and understanding gross profit margins. It is important to understand that turnover does not necessarily amount to profit.

As we are working in an ever-changing market where the construction industry compliance and reporting is more onerous than ever before, we need to remain conversant with all changes in this area, which can be challenging if we don't commit to ongoing education ourselves.

I would like to see our fellow Plumbers in business remaining up-to-date with the most effective and accurate costing/pricing systems, such as industry Excel spreadsheets with a schedule of quantities that have the labour constants for all plumbing and gas fitting work. It is important to remember that what we do is largely repetitive and for many years in the past, companies such as Rawlinson's Quantity Surveyors have collected and recorded labour constants to be used industry wide to enable accurate pricing.

The construction hand book is now available online through Quotable Value Cost Builder NZ. I would strongly encourage you all to purchase a copy. To do so, email: qvcostbuilder@qv.co.nz or free phone: 0800 782 678.

We all have experience with jobs that have run over budget and over time. Pricing work, be it commercial or residential, should always require the discipline of sticking to labour constants. Many inexperienced plumbing estimators, in our various organisations, have reduced the labour constants e.g. a 25-32mm pipe install will take 0.3 of an hour per meter. I have seen these times reduced to 0.15 of an hour, which will markedly affect the overrun of hours on the job. This effectively creates a serious loss on the job. My view is often plumbers, both old and new to the industry, don't necessarily know what they don't know, and yet these constants have been measured and recorded for many years.

Simply put, the information is there, we just need to ensure our shareholders and their estimators know where to find it and have the discipline to stick with the constants. It would be great to see us all making good profits.

The other concern I have is the security of payment for our Plumbers in business and again this applies to both commercial and residential work. As sub-contractors (I would prefer the term specialist trade practitioners) we are vulnerable to main contractors going broke and failing to pay our claims and invoices, which in most cases, can affect our own ability to pay our creditors in a timely manner.

Short of changing our business relationship with the Builders to a SUPPLIER status (like Firth, Carters, Steel and Tube, Placemakers etc) we only have credit control measures such as Creditor Insurance.

This service is available through the major trading banks, either directly or through an agent. It provides surety against main contractors going into receivership and defaulting on payments. Each case and each company is assessed individually for specific risks by specialist underwriters and actuaries. Well worth further investigation.

In closing, I thought this quote sums up my views:

"Be the change you want to see" - Mahatma Gandhi

Best Regards,

Craig Coxhead
NZPM Director



LOUIS HAMILTON UPDATE FROM WHISTLER

This week I am here in Whistler for Crankworx which has been one of the busiest weeks of the season to date. A jam packed week full of events to finish off my international season at the third and final stop of the Crankworx world tour. The events I competed in during the week were the Garbanzo DH, Air DH, Whip off, Pump Track and the Canadian Open DH - just about an event for every day.

Starting on Tuesday with Garbanzo DH which is an endurance downhill race. This was surely a challenge and definitely one of the most physical races I have ever done. The course is full of rough natural terrain, the best mix of rocks, roots and fresh dirt! With competing in this event twice prior, this definitely helped get in the flow of things pretty quick. I finished in 31st place out of 87 with a time of 13:29.

Next was the Air DH - this is a jump track which races down one of the worlds most popular trails. From top to bottom the course has well built jumps, big berms and corners. I kept things reasonably fast during my race run and as smooth as I could. Squashing the jumps and keeping it low and fast was harder than I initially thought but I finished up with a time of 4:17 in 40th place out of a massive field of 137 pro elite racers.

The biggest day of the week was by far Thursday. The pump track this year was completely different to usual, two straight identical tracks side by side rather than a track that loops around on itself. Finishing in the top 32, I qualified for the heats only to be beaten the next round by an elite rider who has won the Rotorua Pump Track in the past. The only event left I had to concentrate on was the Canadian Open DH.

Saturday morning was chaotic with all riders keen to get in a practice round or two before kick-off. After training I got in one practice round and ended up crossing the finish line with a time of 2:59 placing me 36th in another field packed of World Cup racers and pro elites.

All in all I had a great run here in Whistler. I didn't make any mistakes, there weren't any crashes and I am still in one piece - to me, that's a pretty good week.

I will be spending another week here riding and winding down for the well-needed off season before the New Zealand season starts up again. After three months of living out of a bag and not in my own bed, I am looking forward to getting home!

I can't thank you enough for the support and help I receive from you! It all goes a long way and I couldn't do it without you.

Thanks again,
Louis Hamilton



Photo by: Clint Trahan

NZPM ANNUAL GENERAL MEETING 2016

On the 19th August 2016, the 52nd Annual General Meeting was held in Takapuna, at The Spencer On Byron Hotel.

A great turnout with 220 attending both the meeting and dinner that followed. The venue looked stunning and a great night was enjoyed by all.

It was a pleasure to have Phil Gifford share an insight on just some of his fascinating life experiences, from rugby journalism, weekly columns, radio hosting, writing books and a few good jokes.

The evening concluded with The Stiletto's singing their hearts out.

On Saturday morning, Garry Ivill lead a group of 20 people on a tour through the Metrix showroom, this was a great chance for those who live out of town to see leading products and brands, and gain inspiration from the innovative products on display.

Later in the afternoon, 130 attended Happy Hour drinks and nibbles at The Elephant Wrestler Bar in Takapuna, this proved to be a perfect wind-down venue to complete a great weekend.

We hope everyone thoroughly enjoyed themselves, and we look forward to seeing you again at next year's AGM.

Michelle Bingham



WARMING UP WINTERY WELLINGTON VISITORS

Arriving in New Zealand from a tropical climate on any given day you're bound to notice the drop in temperature - the under 20's Development Vanuatu Football Team came in the dead of winter, arriving in the middle of a cold snap.

One of our shareholders 4cet Plumbing was involved in hosting the Vanuatu team while they were in New Zealand to play local Wellington teams. Arriving with little warm clothing and not prepared for the harsh New Zealand climate (which catches the best of us off guard at times), Tamati from 4cet Plumbing got in touch with Plumbing World Porirua to see what we could do.

They were able to kit out the team in Plumbing World beanies and thermals meaning the team could begin to get a little more comfortable and were able to focus on what they came for - football. After a short ten days and numerous games, they were back off to Vanuatu, extremely grateful for what they had received, experienced and learned while here in New Zealand.



CONZTRUCT TRADESHOWS

In association with CMS, J.A Russell and Carters, Plumbing World has kicked off the first four rounds of events with our key suppliers, and great support from tradesmen, Architects, and specifiers learning about some fantastic new product and innovations just released to the market.

ROUND 5

September 20th - Christchurch, Air Force Museum

September 21st - Greymouth, Greymouth Racecourse

September 22nd - Nelson, Annesbrook Church

ROUND 6

November 15th - Dunedin, Edgar Centre

November 16th - Invercargill, ILT Stadium Southland

November 17th - Queenstown, Queenstown Event Centre

All events are held between 4-7pm so you have plenty of time to see the stands and there's some absolutely fantastic prizes up for grabs including trips to Bathurst 2017, the final Bledesloe Cup match, and the 2016 NRL Grand Final just by attending!

Make sure you get along to the tradeshow when it hits your area - for more information, and to register, visit www.conztruct.co.nz

YOUNG PLUMBERS CLUB

The club has been in full swing in many areas with Adrenalin Race Car Simulators continuing to do the rounds with our Wellington branches with a highly contested Grand Prix Series happening right now. If you are in the area and want to get involved please contact your nearest branch. YPC South Auckland have gone one better with a very successful Go-Carting evening for members. Heaps of fun had by all and plenty of happy members taking away some good prizes on the night.

YPC BOP ran the annual Tough Guy & Gal Challenge recently in... ahem... 'fantastic conditions' with great support from the our friends at Hydroflow/Apex Valves. 22 members of the YPC took on the 6 or 12km courses which involved bog holes, steep hills, rivers, and various other obstacles all designed to test participants and provide entertainment for spectators. It was muddy, the water was cold (and deep) however, the sun came out and there were plenty of smiles all round. Everyone finished with many commenting that the cold beers beforehand gave them the edge.



Drop your local branch a line to find out what they have planned for the Young Plumbers Club in your area soon.

PURPOSE

To contribute to our members' and customers' business success by representing their interests and delivering performance excellence

PART OF THE NZPM COOPERATIVE

plumbingworld

metrix