

# Bradley Gannon

## CEO Automotive, Capricorn Society

JOE MCFADRIES RECENTLY WENT TO PERTH AND FOUND THAT BRAD GANNON HAD WELL AND TRULY MADE THE TRANSITION FROM LEGAL COUNSEL TO CEO AND HAS A CLEAR FOCUS ON ADDING FURTHER VALUE TO CAPRICORN MEMBERS AND SUPPLIER PARTNERS.

**NCR:** By way of introduction, what can you tell us about your background before joining Capricorn?

**BG:** If I go back to my early days, at university I studied law and commerce, always having the intention and ambition to join the commercial sector, although this took a bit longer than I thought it would.

Having got my law degree, I set out to practice law and was admitted as a barrister and solicitor to the Supreme Court of Western Australia and the High Court of Australia. I then joined a law firm that allowed me to get exposure to a whole range of different clients, which was a great learning and development

experience. The organisation allowed me a great deal of responsibility and accountability, which I really enjoyed – and it got the best out of me.

I had worked my way up to become a partner in the law firm, and it was at this time I revisited my long-term objective. I decided to look for an organisation with an underlying purpose to help genuine, hard-working people. When the opportunity came up at Capricorn, I had already heard a lot of good things about the business from people who were members or who had worked with members. From the initial meeting, it was clear that we would be a good fit for each other as there was great alignment between the values of the organisation and my own personal values.

I was appointed as Capricorn's inaugural

Company Secretary/General Counsel in 2008, a time when the organisation had grown to the size and complexity that required such a role.

**NCR:** Take me back to 2008.

**BG:** I still remember my first Capricorn event where I was just blown away by the passion that the members felt for Capricorn and what it meant to them and their businesses – it really was clear back then that we were all working for the greater good of the collective.

I even recall that in 2008 we were a cooperative of about 11,000 members with annual purchase of \$750 million. Today we have 21,000 members and annual purchases of \$2.1 billion.

Although the size and complexity has increased, what hasn't changed is the complete member focus – we still put the member at the heart of everything we do.

**NCR:** What about the transition from practising law?

**BG:** My previous skillset prepared me well, but I quickly realised that, unlike in the law firm, legal advice had to be much more concise and straight to the point. It was all about getting to know the customer, and the “internal customer” really just wanted “the short version”!

One of the other big changes is that in the law firm I was giving advice “from time to time” based on when you were engaged and ideas could have already been fully developed, whereas in the commercial world I've been involved in so many different things, many of those projects from the ground up or even into the thinking on what the key projects should be.



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**NCR:** OK, so let's talk about some of these projects.

**BG:** Sure. Since the outset, I've had a wide variety of responsibilities and accountabilities. I've worked with the board as their company secretary, where the focus was on the things that added the greatest value to our organisation and ensuring Capricorn was governed in the best possible way for our members.

Of course, there's the legal role, which includes ensuring that any third party arrangements and all new Capricorn products deliver the best outcomes for Capricorn and its members.

I had accountability for the management of risks potentially impacting Capricorn's business as well as management of the share registry, which is the share ownership piece that is so crucial to the Capricorn model. The member and the shareholder being one and the same and no conflicting priorities. We also delivered the Capricorn Shareholder Portal making it just easier for members to transact on their Capricorn shares.

Finally, the marketing function, including Ignition magazine, the Purple Pages directory of Capricorn Preferred Suppliers, the launch of CapTV and the Rising Star Program. In my various roles I used to say: the legal part is getting it right, the risk management part is doing it right, and the marketing piece is saying it right! Getting our key message out there is crucial. The number of times I've heard members say, "I put off joining because it seemed too good to be true. Now my biggest regret is that I didn't join earlier."

So, in summary, in my various roles over the past 11 years, one of the key questions I continually ask myself is, "How do we do it better for our members?"

**NCR:** You take up the role at a time when Capricorn is going from strength-to-strength. What have been the key drivers of this success?

**BG:** Fundamentally, it's our cooperative principles as they go to the heart of why we even exist. What we have is a real sense of purpose, and our staff really do embrace our goals, which are

to benefit our members and their businesses, in addition to that of our supplier partners.

I've always believed that the Capricorn model only works when there are benefits for members, suppliers and, of course, Capricorn. It must be a win-win-win. So much of what we do is to find the equilibrium that benefits all to ensure everyone can grow their business. We all understand that we can achieve so much more together than acting alone – that's the essence of cooperation.

**NCR:** Do you sometimes wonder why you don't have a queue out the door?

**BG:** From a supplier perspective, we are constantly entertaining enquiries, although we are very selective to ensure we have the right suppliers in the group. In terms of the members, as mentioned, this is one of the more perplexing situations as we have such a compelling proposition, and each year we have had very strong member growth, but no doubt there are some who could join today who only join later. What I always say to people is, "Just try it, take your time to experience Capricorn," and what we find is that those who do that, stay.

**NCR:** Although it's only been three months, what do you see as the initial challenges for Capricorn in the collision industry?

**BG:** As the industry is undergoing

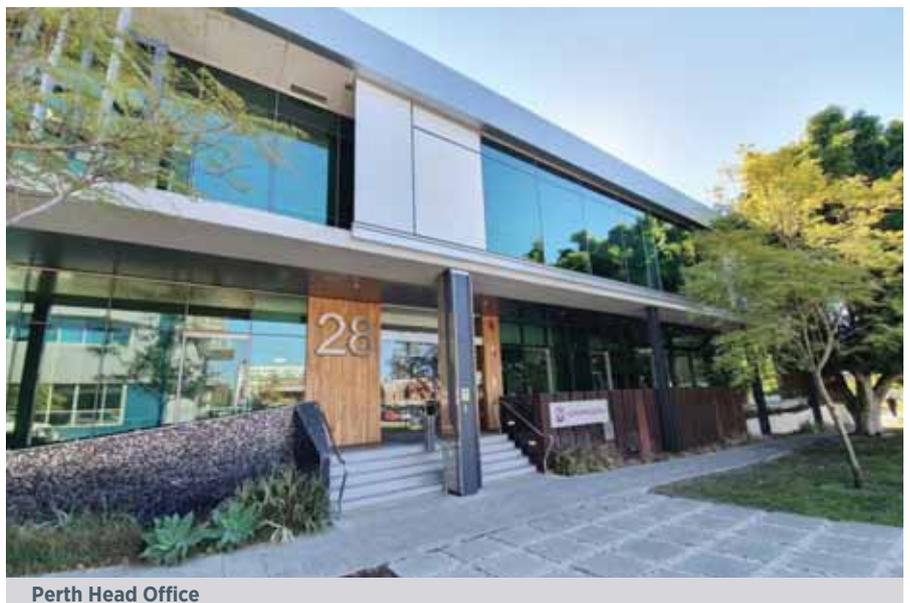
unprecedented change, there are different expectations of what the future may look like. We believe there needs to be an industry-wide solution, and as a cooperative we see ourselves having a key role in bringing the parties together. This came through loud and clear at the Futures Collide Conference we hosted in August.

It is self-evident that cars are increasing in complexity and that to have them repaired correctly, sustainably and economically for all parties is in everyone's best interest. We certainly don't advocate the race to the bottom seen at present, but we all must understand the perspectives of the various parties as our primary concern is helping to ensure the sustainability of our members and preferred suppliers.

Therefore, the key challenge we constantly put to ourselves is how we can help our collision repair members not only survive, but thrive in such challenging times.

**NCR:** And the opportunities?

**BG:** I think this is the power of the collective and if you look at how Capricorn has grown over the years, it gives us greater ability to return value to the members, be that through complementary products or financial returns. We are really pleased that we have been able to pay another \$5 million trade rebate this year, in addition to the reward points valued



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at 1.5 percent members receive on purchases. The more we grow our membership, the more opportunity there will be to add even greater value and help them run an even better business day-to-day.

Now, we realise that the recent strong performance fuels further expectation and we've been really fortunate with the calibre of suppliers that have come on board in the collision repair space in the recent past, particularly in terms of equipment and the diagnostic elements of this category. Combine this with our very competitive finance offer and it reinforces that we will continue doing the right things for our members.

**NCR:** Would you tell us a bit more about the Women in Business initiative?

**BG:** Certainly. Let me say right up front that I think it's a bit of a myth that it's a male-dominated industry when you consider the integral roles that the wives, sisters, daughters, mothers and other women play in the businesses of our members.

It's very pleasing that the industry has a real focus on attracting new talent, whether its spray painters, assessors or panel beaters, and very much recognises that this talent knows no gender. However, the Women in Business initiative is all about recognising the effort and commitment of those women we already have in the industry and the roles they play.

We often speak about being part of the Capricorn family, because that is how we see our members and preferred suppliers, and that is no coincidence. We are very much a family that supports family businesses and the Women in Business program reinforces this message.

**NCR:** How will Capricorn continue to differentiate itself from its competitors?

**BG:** There are several compelling things that are part of the Capricorn offer today. In the collision repair space, one of those is the fact that you can maintain your independence, in addition to there being no annual membership fees. Going forward, we will continue to deliver these benefits and enhance them whenever we see an opportunity. A prime example was the Futures Collide Conference and I think you will see a lot more of this sort of event as we further engage with the industry as a whole.

I like to describe it as helping our members cope with the changes and challenges occurring in the industry and to ensure they have stronger businesses as a result of their Capricorn membership. This is the challenge we set ourselves every day.

The great things we currently offer will continue to be there, which are unique - you can't get these products and services, or the financial returns that we offer all in the one package anywhere else in this industry. We will continue to provide our

members with choices, because not all things will suit all people. As mentioned, members' independence is an important part of our model, so we never tell them how to run their businesses, we give them options and allow them to choose what's best for them.

**NCR:** What will a Gannon-led Automotive Division look like?

**BG:** Given the success under David's leadership, I think we are more likely to evolve and change with the industry, providing products and services directly or through supplier partners that meet a need. We will drive change for the greater good or help in the adaption process. Essentially, it will more likely be evolutionary than revolutionary. The essence will be making our members and supplier partners stronger as a result of their membership and association with Capricorn.

**NCR:** So, what keeps Bradley Gannon awake at night?

**BG:** Primarily, it's the sustainability of our member businesses and supplier partners that keeps me awake at night. After all, this is why Capricorn exists. However, the other thing is when I hear people express regret about not joining Capricorn sooner. We are always looking for more innovative ways to get the message out there and "sell the value proposition". We have 1,800 collision repair members across the region, which is great, but that still leaves us a great opportunity for growth. We are continually fine-tuning our message to ensure nothing is "lost in translation".

**NCR:** And a final message to your members and suppliers?

**BG:** To all those existing members and preferred suppliers, I think it's fantastic that you are part of Australasia's largest and most successful cooperative and you should be confident that we will continue to create value for your businesses.

If you have yet to join, do it sooner rather than later. As I often say to members, suppliers and staff: "Together we are stronger, and together we will survive and thrive in these challenging and ever-changing times."

