



## Packaging *built to last*

The Hannapak factory at North Richmond is one of the largest folding carton manufacturing plants in Australia. The extensive buildings located on a gentle rise beyond the Hawkesbury River north west of Sydney are the result of the commitment and investment of two generations of the Hanna family. Equipped with millions of dollars worth of the latest packaging technology, the plant is comparable to any in the world in terms of its production sophistication. In a fiercely competitive marketplace, Hannapak is the largest privately-owned packaging company in Australia and ranks in the top three carton manufacturers overall in terms of size.

The company has arrived at this happy juncture by a determination to remain at the leading edge of technology, by not resiling from making required investments and by focusing on its twin strategies of service and innovation. In the past three years Hannapak has invested an unprecedented amount of money to ensure it maintains an up-to-the minute production capability. It is this level of commitment that leads Sam Hanna to claim that the company can hold its own with any comparable business in the world.

"Our focus is on service, innovation and results, with a healthy dose of efficiency. What we're doing here now is as good as anything anywhere in the world," he says. "We've consistently invested in the business during the last 15 years. We tend to back ourselves and go after the opportunity."

Hannapak is competing in a sector where volumes are not growing and

Family owned printing companies are better run and more profitable than investor vehicles. The owners take more care, invest with greater prudence and take a longer view of the enterprise. It matters more when you have skin in the game, when there is more to lose than a job. Sam Hanna is the second generation in his family's Sydney-based packaging company. He spoke with *Patrick Howard* about his attitude to technology investments and what it takes to remain a contender in the fiercely-competitive carton board packaging market.

**Patrick Howard**

where the customers are very aware of their own costs. This means that only suppliers with the ability to compete on a world stage with the best equipment are able to survive and thrive.

"If you don't have the right type of capacity you can't compete," says Hanna.

"Once the reinvestment cycle stops, same as in printing, you really have a limited time before you stop being competitive. If you don't consistently invest you come to work one day and realise you're in a factory full of old equipment and the cost at that stage is too great."

Hannapak is coming off the back of an extraordinary three-year, multi-million dollar investment cycle in packaging manufacturing. The next chapter will come with the first high-speed manroland R706 LV HS in Australia to be installed over Christmas. It will take its place among the six other manroland presses in the factory, dating back to the very first Australian Roland 700 six-colour installed in 1993, still in production with over 250 million impressions on the clock.

### ■ Manufacturing in decline

The investment drive at Hannapak is notable for taking place at a time when more Australian manufacturing is moving offshore, taking the packaging with it. According to Sam Hanna, the local market is "stagnant" at best. In this tough environment, Hannapak has grown consistently over its lifetime, winning market share as its major customers expand.

"We've had fairly significant growth the past two years. Our customers are in the right place," declares Hanna. "As the marketplace rationalises [following the sale of Carter Holt Harvey cartons two years ago] there's going to be more opportunities. But growth is not a driving part of our strategy. Our model is service and innovation and, as an outcome of doing that right, there's been a fairly healthy level of growth over the last 10 to 15 years."

Much of the upside comes because of the company's focus on product development and high-end speciality packaging. The integration over the past three years of the manroland in-line cold foiling process is a case in point. Another Australian first, the ability to deliver in-line foiling on high value packaging has proved a success.

"In terms of the inline foil process we've been able to build new markets. It wasn't a question of just replacing existing processes. It's using technology to give better service to our customers," explains Hanna. "The decline of manufacturing in Australia has had a significant impact. Every year we see large and small users heading offshore. When that happens everything goes with it, including the packaging. The customer base is shrinking. It's important to be proactive, to go out there and show customers what can be done."

## ■ A model factory

Part of the company's response to the tougher market conditions is to make the North Richmond site as productive as possible. As the third largest folding carton manufacturer after Colorpak and Amcor, the decision was made to invest and develop the one site rather than set up satellite factories around the country. The result is a model of high-powered production engineering.

"This site has served us well for all of our growth. It is by far the largest in terms of output," claims Hanna. "Our focus is on getting efficiencies as opposed to trying to duplicate everything around the countryside. That's not to say multiple site manufacturing is the wrong answer, but for us this has worked well. We despatch interstate trucks daily and all of our eastern seaboard customers are serviced overnight."

He admits to being as engaged with the technology as he is with the marketing and sales side of his role. He knows every piece of equipment in the plant, taking evident pride in showing off the brand new Bobst 106 Mastercut die cutter from Ferrostaal, which he describes as "the highest efficiency die-cutting system anywhere in the world". This feeds a Bobst Masterfold straight-line folding and gluing system. The most recent addition was a Marquip sheeter 12 months ago, another serious piece of heavy-duty equipment.

This focus on top-range production equipment makes it plain that despite much huffing and puffing, commercial printers who see a move into packaging as their salvation in a declining market are deluding themselves. Away from the firepower of the six manroland sheetfed offset presses, there is a sophisticated manufacturing process that is unequalled in any commercial printing facility.

"Plenty of commercial printers have delved into packaging in the past with various levels of success," comments Hanna. "The thing with packaging is that while printing is a very important component of what we do, packaging is a manufacturing business, not just a print business. It's the most industrialised version of print there is. While certain commercial printers will have accounts that makes sense for them to produce packaging, large users of packages want to deal with packaging specialists."

## ■ Moving up a gear

The arrival of the latest manroland press is further evidence of the manufacturing philosophy at the plant. At 18,000sph the manroland R706 LV HS is a faster, more



*Top: "What we're doing here now is as good as anything anywhere in the world,"—Sam Hanna. Left: The new manroland R706 LV HS press to be installed at Hannapak will feature the latest AUPASYS materials logistics system to handle the massive production throughput.*

automated version of the 700 press bought three years ago. Not only is it fast, it is also equipped with the latest AUPASYS materials logistics system to handle the massive production throughput.

"This high-speed press is built for packaging. When they [Manroland Sheetfed] built it they looked at companies, such as ourselves, with high volumes in the carton board packaging market. There are a couple of things that take this press to the next level. Apart from the AUPASYS that we tested on the previous machine, it has the latest in-line inspection system. We're not just doing high volumes, we're doing high volumes of very high quality work. Again we tested the inspection system on the last press with terrific results, but this is better," says Hanna.

The InLine Inspector operates by taking the actual PDF stepped file from prepress and sending it straight to the press. That becomes the image against which the system checks. On a press running 18,000 sheets per hour, pulling a check sheet every five minutes won't do. A lot of bad sheets will have gone through by the time the printer picks up a glitch. With the InLine Inspector the warning is raised immediately there is a recurring print defect.

Hanna says that such quality control is a necessity these days, especially in markets such as pharmaceuticals. Apart from the need for absolute image integrity in picking up defects as soon as they occur, the system also delivers a significant saving in the amount of waste.

As to whether there is room for digital printing in the Hannapak printing arsenal, he is equivocal.

"We're certainly looking at digital but we haven't found a system that fits the niche we've identified. There will come a time when there'll be a digital component here but it's not as significant in folding cartons as it is in commercial print. And the reality is that the offset guys have bought technology that has kept them in that space—somewhere between short run and ultra-short run. It's not even a market that exists at the moment."

## ■ New forms of packaging

The willingness to invest in technology keeps Hannapak on the front line but there are other innovations underway at North Richmond. Considerable development has gone into a new form of packaging that the company is in the process of patenting around the world. As supermarkets change their shelf presentations Hannapak has created a product it calls ShelfMate. This is an outer carton that incorporates all the branding and high-quality artwork and foiling of the package. It not only holds the items on the shelf but also maintains brand integrity.

"We've come up with a unique format for people who want a high quality presentation on the shelf. The normal approach is to take the shipper, the corrugated carton and tear a panel off it, which works fine for certain categories. But when you come to pharmaceutical and cosmetics, quality food and confectionery, they want brand consistency across the shelf. When you invest in your brand and have the packaging look fantastic you don't want it to be detracted from by a great big brown box.

"We've found a genuine niche for ShelfMate, which has worked well. It's been in the market for about 12 months. GlaxoSmithKline is using it for all their retail products, plus there are a few cosmetics brands. It's something we would never have produced before. We worked very closely with retailers and out of that came a solution that ticked all the boxes."

There is a sense of stability and long-term strategic understanding informing Hannapak. Sam Hanna is as far removed from a short-term opportunist as you could find, while still enthusiastic about the opportunities he sees ahead. It is no coincidence the Hanna family, father Charles and son Sam, remain faithful to a small number of strong technology brands—manroland, Bobst, Marquip, Screen. It suits their long-term vision for the company and reflects the strength of their relationships, which as Hannapak's continued growth reflects, is not only to do with suppliers but with their customers too. ●