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John Honan

Manildra Group

Family-owned Manildra Group is one of the most innovative businesses around. Founded in 1952, and now managed and owned by the second and third generations of the Honan family, Manildra has moved from a single-product agribusiness company into a multisector, billion-dollar-plus powerhouse. Manildra's innovation across the vertical and horizontal supply chain in the world of agribusiness has been truly remarkable. At the same time, it has remained true to its family business roots, and all its stakeholders are very much part of the success of Manildra.





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John Honan,
Managing Director,
Manildra Group

When Jack Honan bought a flour mill in the out-of-the-way town of Manildra in the Australian state of New South Wales, he probably did not envisage that, one day, it would become the biggest flour mill in the country. In fact, one of the biggest in the world. Nor that the company he founded would successfully diversify into, and be leaders in, many other agribusiness sectors. Nor that three generations of his family would own and run it.

Well, that is exactly what happened. Today, the Manildra Group mills enough flour in one second for 100 loaves of bread and processes more than one million metric tons of wheat a year. In the US, 4 in every 10 loaves of bread have Manildra products in them. But the Manildra Group is much more than just a maker of flour, starch and gluten. Through impressive innovation over the years, it has moved into the production of ethanol, sugar, canola oil and meat. And its ethanol production, branded as E10 The Good Fuel, is increasingly being used in automobiles in Australia. Manildra also owns a number of retail brands, such as The Healthy Baker, auzure Canola Oil and Sunshine Sugar.

The growth of Manildra's export markets has been a huge part of its success, to the extent that it is the biggest exporter of value-added containers through Sydney's main port. Altogether, the company exports to around 40 countries and transports its products to more than 5,000 locations throughout Australia.

It all started 60-plus years ago, when Jack Honan borrowed money to buy a struggling mill in Manildra. Jack, a canny entrepreneur, could see that Australia's demand for flour products would expand in line with the rapid growth in the country's population. "Our family could see that there was a great opportunity in value-added products from flour – such as gluten and starch – and that this was the way forward for the business," says his grandson and now Managing Director of Manildra. Jack's son Dick Honan opened a starch and gluten plant in 1966 as part of this move up the value chain. In the mid-1970s, Manildra expanded into international markets and started exporting to Europe, Japan, Taiwan and the US.



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Second-generation expansion

It was the second generation, led by Dick Honan, that really got the business going. Dick saw an opportunity to grow in the US and, in 1979, Manildra bought a plant to process gluten and starch in the biggest market in the world. That was the start of an important chapter in Manildra's success, with the US now contributing a significant proportion of the company's sales volumes. Dick's ambition was extraordinary and, in 1984, he bought out his father and younger brother from the business.

In 1988, Manildra went into ethanol production in the US and grew this further when they opened a plant in Australia three years later. For Manildra, the production of ethanol is used in the fuel, beverage, pharmaceutical and industrial markets. The group also built a sugar refinery in partnership with the NSW Sugar Milling Co-operative, which gave cane growers in New South Wales direct access to the domestic market. "At that time, the sugar industry was pretty much a monopoly with

the state controlling it," says John. "No one thought it could be challenged until we came along." In the last few years, Manildra has moved further into meat production, with the establishment of the Manildra Meat Company in 2014.

Dick remains Chairman of the group, his son John is Managing Director and his two daughters Caroline and Samantha are directors in the business, while their husbands (Nick and Peter) also work at Manildra. John came into the business after studying Agricultural Economics at the University of Sydney. The business is 100% owned by the Honan family – and the growth has been financed largely by internal cash flow. When it comes to family governance structures, John says they take a pretty informal approach. "There are no formal structures about when meetings should be held among the family," he says. "That is because many of us are traveling a lot, so we are rarely around to hold them." Nevertheless, a couple of times a year, the family meet to discuss strategy and what is needed to take the business forward.



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Exceptional innovation

But one thing is for sure: having a relatively informal governance structure has not hurt Manildra’s incredible ability to innovate. From starting off as a small flour mill, it has become a huge, multifaceted agribusiness over three generations of family control and ownership. That is a testament to the innovative skills of the family and of those who work for the business. “Through our focus on the innovation and sustainability of Australian manufacturing and agricultural industries, we have adopted a truly global outlook,” says John. “This constant innovation has been necessary to maintain a competitive edge and meet the ever-changing demands of the export market.” Increasingly, those export markets will be in Asia, where Manildra has focused a lot of its efforts in recent years and opened up a number of new sales offices.

Despite its impressive growth, Manildra has not lost its strong links to the community from which it grew. The Manildra Foundation was set up to support causes in the communities in which the company operates – and beyond them as well. And the business also prides itself on strong connections to all of its stakeholders.



This flour mill is in the town of Manildra in the Australian state of New South Wales.

What about the future? Whatever happens, the strong business culture of innovation at Manildra will remain a significant part of the company’s ethos for many years to come. And John is adamant that it will remain a family-owned Australian business. “We are not looking to sell Manildra.” All this is something that three generations of the Honan family can be proud of.

John Honan

Managing Director

Company name: **Manildra Group**

Generations: **Second and third**

Founded: **1952 in New South Wales, Australia**

Industry: **Manufacturing and food production**

Employees (2016): **1,100**