

# [Peter hosking’s story to success and their use of globalisation](https://assignbuster.com/peter-hoskings-story-to-success-and-their-use-of-globalisation/)

“ A man with a machine is better than a man without a machine” Henry Ford said in 1926 (T. Davis, 05).

As the demand for power tools sky rocketed, DIY heaven opened up its pearly gates for one company, Global Machinery Company, a tool manufacturing company started in 1997 by the 5th ranking on the “ Australia’s Richest People under 40” (J. Thomson, 06) Peter Hosking. What was suppose to be a quick run for cash turned out to be a huge success for Hosking in establishing its niche market within the DIY home- handy man. Their products includes low priced essential DIY handy- man tools mostly imported from China and Taiwan (F. Tyndall, 06) and everything else from cement to generators (J.

Thomson, 05) for insanely cheap prices. The chief executive of Mitre 10, Bernie Bicknell also complimented on GMC’s strategy of sticking to the DIY market rather than trying to compete with the big brands into the professional market, saying “ The one thing you can say about GMC is that they have picked their market segment very well and dominated it. ”(J. Thomson, 05) The aim as described by Mr. Hosking himself was to bring together a set of essential tools with which your average Joes can actually achieve what they want (L. Saccotelli, 05).

Net profits posted by GMC in recent years has being exponentially growing from 8. 8 million in 03-04, up from 6. 4 million in 02-03, which sky rocketed in 04-05 with a 43. 8% increase to 10. 9 million. This growth continued in 04-05 turning over about 300 million net profits which was a 45% increase from the previous year according to Hosking.

(J. Thomson, 05) GMC has gained footholds in 47 countries such as the US, Britain and its home country Australia through an “ almost ruthless approach to the market in respect to pricing (J. Hogan, 04) against the big names in the tool industry such as Black & Decker. In addition to GMC’s success in capturing the hearts of the big guys, pouring 12 million on research and development (J.

Thomson, 05) on new products such as DIY Mitre Saws and the REDEYE laser-guided tools (GMC, 06) leaving the big power-tool companies lagging behind this new kid on the block. Globalisation is plays a big part of the strategy used by GMC – products might be designed and developed in Australia, but almost 90% of the manufacturing is done in low-cost labour countries such as China or Taiwan. (J. Thomson, 05) Another strategy adopted by GMC is vagarious pricing and constant update of products by having intentionally short life cycles. This prevents retailers demanding GMC discount tools that are reaching the end of their product cycle. (J.

Thomson, 05)This way GMC would only need to employ workers who design, develop and market the product in their organisation thus its organisational structure would be less organic and bureaucratic. In recent years GMC has being trying to expand even further globally such as in the US however big companies such as Black & Decker has “ copied the group’s laser saws and jigsaws, as well as large kickbacks to the retailers trying to block GMC’s forays into the US. (F. Tyndall, 06) However, the innovative GMC feeds on the holes that are left untouched by the “ big sales, big budgets but are all listed companies” (F.

Tyndall, 06) by constantly developing new products or reinventing old products forever setting the standards for the big guys. Tony D’ Antonio and Peter Hosking forms the company with the aim of selling to specific retails chains, the reason Hosking says “ the big brands… by selling through a wide spectrum o retailers but GMC took a different tack, meeting the needs of a handful of retailers. ”(J. Hogan, 04), those retailers including domestic big stores such as Mitre 10 and Bunnings as well as overseas such as Home Depot and Lowe’s. For Peter Hosking and Tony D’Antonio left their executive jobs at Black & Decker to Giving up the safety of their salaries, mortgaging their homes setting up in Peter’s garage, their courage, nothing to lose attitude and determination of following what they believe lead to their success now. (Entrepreneur of the Year – Video Library, 2005) Hoskings education at Monash University studying marketing determined many of his way of doing things in the later stage of his life – fast talking, engaging and blokey (J.

Thomson, 05)allowing him to be able to see through the loop hole that existed within the power tool world creating that niche market. Peter Hoskings said on the video “ Entrepreneur Of The Year” taken in 2005 we have fun I guess because we don’t take it seriously… every single minute we are very intense… we are just not very serious when people are doing things to us or telling us that life will end” showing a very carefree attitude towards what others think. He also said “ it is about relentless, passionate and being able to survive all the things that are getting thrown at you” displaying a very resilient and strong will to survive in order to give the best for its consumers. On the video he also displayed a very optimistic view about the future saying “ we are still here and we are still doing it”. In another text in the Virgin Blue In-flight Magazine, 2006 Peter Hosking listed his top five tips for success 2 things that stood out was “ Ensure your staff is empowered 100 per cent to move towards the same goal as the company” and “ Respect everyone you work with” showing his care for the people around him and motivates them to work towards a common goal.

He also showed his compassion and competitive side by sponsoring Oxfam for the right to drive in the celebrity race at the Melbourne formula one Grand Prix. J. Thomson, 05) All in all Peter Hosking is a very innovative and an opportunist and will be setting the standards for other entrepreneurs starting from scratch. J. Thomson.

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