



MMC Australia Case Study

MMC Australia is a family owned engineering, fabrication and maintenance company that employs over 150 people out of Darwin. Originally a single mine site contract, the company has expanded to service several industries, including the burgeoning oil and gas sector, out of its new 7,000m² workshops and offices. NERA spoke to Owen Pike, General Manager of MMC Australia, about growing the company 4,000 kilometres from the nearest Australian city.

Tell us about MMC Australia...

MMC Australia is a structural fabrication and engineering business that offers offsite and onsite services. The business was bought by my parents, Terry and Evelyn Pike, in 1992 when it was a site-based maintenance contract on a Northern Territory mine site. We extended our services to include offsite fabrication and maintenance, and since then MMC has increased its capability and experienced consistent growth in mining and other industries, including oil and gas. We now employ between 150 and 170 personnel from our East Arm workshop and offices.

What prompted the company's move into the oil and gas industry?

The reason we decided to move into oil and gas – as well as mining and construction – was because of the growing market size in the Northern Territory. With just one gas plant being constructed and operated, the market was big enough for us to be interested, but a lot of our competitors were hunting that market, so we just kept on working in mining where we had always done well.

When the new facilities were announced, primarily Ichthys (INPEX) and Prelude (Shell), the market was then big enough for us to restructure our business and tailor part of it for the oil and gas industry. There have been some changes here: we've invested heavily in new facilities to make sure we've got the construction and the repairs and maintenance capability for the sector. The oil and gas industry also requires different accreditation and company structure to deliver services, so we've created positions in occupational health and safety, quality assurance and administration, and upskilled the blue-collar accreditation of our staff to deliver into that market.

Our product is very similar; it's the proof around the product to give the customer assurance that's different. We've done company accreditation around ISO 9001 for quality and ISO 4801 for safety. The mining industry likes its service providers to have those accreditations, whereas the oil and gas industry demands that its service providers have those accreditations.

What has helped to expand the business?

We received government grants to assist in the process of structuring the business to gain the industry accreditations, and support in attending industry-related conferences to connect with the right people and educate us about the new market. We continue to expose ourselves to events like Meet the Buyers and other industry networking opportunities to establish relationships, not only with potential buyers but also with potential partners to deliver services to the industry. Given MMC's scale and the remoteness of Darwin, this is essential to increasing our revenue.

We've been in a lucky place with the resource boom in Australia over the last 20 years, but to be honest a toasted sandwich could have grown the business! We reinvest everything we make back into supplying more to the industry, so we've increased our facility size from a 600-700m² workshop to one that's

7,000m². This has given us the opportunity to tailor dedicated areas to specific industries, and we have one for construction, one for repairs and maintenance for mining, and now one dedicated to construction, repairs and maintenance for oil and gas.

We're at the point now where we've reached the extremes of what we can do as a small business. We are structured as a family business and we've been operating as a large small business but now it's time to operate as a small large business. We've built facilities that will fit for the next 10-20 years but now we need the organisational and operational structure of a larger business as well to ensure we can continue to grow and fully utilise our facility.

Moving forward and being in a remote location, MMC is focussed on being scalable. For this reason, we must be diverse in our services, and be able to transfer our services and resources across industries.

Our facilities are in Darwin, 4,000km from any other centre in Australia, so we have to work with our competitors, suppliers and partners, to best deliver a service. In terms of working with our competitors, a lot of repair and maintenance contractors offer services up here in the Territory but don't have a facility to support them, and I think that if some of those contractors were open to that idea, the best product will be delivered to the operators.

What's in the future for MMC?

We are looking forward to the end of construction of the LNG projects and moving into the operations and maintenance phase where the culture is more aligned with MMC's. This is where we can have a customer that will be there for 20 years to build a relationship with. We are looking at what investments in facilities, people and equipment we need to make to offer complete services both on-sites and off-site. Projects will be operational for a long time, but we have to see the market opportunities before we make the investments.

We are hoping to find the right partners to collaborate with – original equipment manufacturers (OEMs) and repairs and maintenance contractors, regardless of scale – to deliver quality, cost efficient solutions to the operators. Working with the right people to deliver the right products and services will help ensure that MMC continues to be sustainable.