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Inventors put wheels in motion for expansion

A fractured manufacturing process didn't stop a design team building a global market for its novel cycling lights, writes **Stephen Crafti**.

Hugo Davidson established Catalyst 19 years ago. Trained as an industrial designer, Davidson returned to Australia after working as a consultant in the United Kingdom for five years. "It was 1992, the middle of a recession. My father [architect John Davidson] came out of retirement and we started designing products, packaging and graphics," says Davidson, now chief executive of Catalyst Global Holding. Knog is an arm of the business that designs lighting and associated products for the urban cyclist.

Together with chief of operations Malcolm McKechnie and brand director Michael Lelliott, Knog has received a swag of local and international awards (37 international design awards alone).

Conceived five years ago, Knog aims to make urban cycling seductive. Its latest coup, for the Beetle light, was the Gold IF Award, a prestigious European design award in Germany.

The LED Beetle light neatly wraps around a handle bar. Sales of the Frog light, the smallest bike light in Knog's range, has exceeded 2 million units in more than 46 countries, mainly in the US, the UK and Japan.

There's also Knog luggage for bike riders and the Nerd, a bicycle computer that tracks distance and speed and fits neatly on handle bars. There are also Knog Porno patches, which are used for sealing bike punctures rather than attracting the vice squad.

"In America, we had to give the

patches another name. They didn't appreciate the humour," Davidson says.

A staff of 23 – including industrial and graphic designers, engineers and financial and logistics experts – are glued to terminals in the six-level office in Melbourne's Richmond.

Reporting an annual turnover of between \$15 million and \$20 million, the company is expecting growth of 160 per cent this financial year.

"Initially, we estimated 200 per cent, but the global economic conditions have affected everyone," Davidson says.

While growth at this level is rare in the present economic climate, there were initial hurdles to overcome. Working with more than 20 factories in China had its problems.

"One factory might produce a metal component, another one textiles and yet a third creates the

moulded plastic for a certain light. Co-ordinating each facet of the one product can be challenging," Davidson says. "Quite a lot of time is taken up with travel. Either Malcolm or I are in China every four to six weeks."

As well as installing new computer software to deal with increased sales, Davidson employed staff experienced in logistics. "The main issues related to distribution. We needed to get specialists on staff with supply chain management skills. We also now have an office in San Francisco," he says.

Knog made one of its biggest mistakes a few years ago when it needed capital for a new product. Although several million dollars were raised by Catalyst Global Holdings, the investors expected a quick return.

"They pulled out after a couple of months and the product didn't go ahead. We've learnt the best way to grow is to expand in an organic way, through our own means, rather than through outside investors," Davidson says.

While sales targets are set each quarter, Knog monitors new products through its store in Chapel Street, South Yarra, where they are fine-tuned and a few are phased out of production. The company also benefits from having a young team of designers, most of whom cycle to work.

Knog now handles design through to manufacture and distribution of its products.

"It's one-stop shopping. We've now got the experience after manufacturing in China for 12 years," Davidson says.

Cycling is growing in popularity among urban professionals who prefer cycling to work rather than being stuck in traffic.

"People can customise their bikes. Like a tie to lift a suit, they can select from a range of coloured accessories," he says.

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