



# HOW WINTEN MADE ITS MARK

– and become a property developer that towers above the ordinary

AS SOON AS WORK ON A PROPERTY DEVELOPMENT HAS BEEN COMPLETED, managers and employees of the Winten group visit the new site, usually in a bus, for a general inspection.

They wander in and out, offering comments about which elements of the design worked best and which didn't. The chairman, Garry Rothwell, and the three other Winten directors – all his sons – often listen and observe.

"Everyone's got an opinion," explains Finance Director Mike Milliken. "The bathrooms could have been done better or this or that was a great idea. It's a nice thing to do; everyone enjoys it."

This collegial method of generating feedback and involvement is one simple way in which Winten's leadership keeps their people motivated and creates an environment they want to work in, says Milliken. "If you combine success with a relaxed working environment, empowerment and being told you're doing a great job, it adds up."

The vignette demonstrates some of the factors that have made the Sydney-based Winten group successful: the flexibility to do things differently, the ability to be creative, and keeping staff motivated and accountable.

Yet there's more to this company's success. Exceeding customers' expectations, making decisions quickly, an ability to read the market astutely and, above all, understanding what they do best have contributed to its accomplishments as well.

And what accomplishments! In 36 years, the firm founded by Rothwell senior has undertaken some 180 projects of which more than 70 are residential land developments. Some 9,000 lots are currently in various stages of planning and delivery. Along the way Winten has become recognised as one of Australia's premier private property development companies, with a swag of landmark sites and awards under its belt.

Winten group Chairman Garry Rothwell (left) and Finance Director Mike Milliken.

Winten operates neither a construction nor services arm, preferring to contract individual projects. It employs 23 people in Sydney and five in Queensland. Turnover varies depending on the timing of projects: in 2007 it was \$100 million but it has been as high as \$250 million a few years ago.

The group's flexibility is evident not just in the way it keeps staff motivated but in the variety of projects it tackles. While the public image is that of a leader in Sydney's high-end residential market, it's actually a multi-disciplined developer operating in four sectors in Queensland and New South Wales. These are:

- Medium density residential, in which Winten delivers apartments for investors and owner-occupiers – such as, in Sydney, the Forum Towers at St Leonards (a mixed-use development) and seaside landmarks like the Oceania apartments at Palm Beach.
- Residential estates, involving the master planning and subdivision of land at locations such as Merimbula and Forster on the mid coast of New South Wales.
- Commercial office and retail developments. Winten has completed five office buildings worth \$400 million in recent years.
- Investment management, such as the management and recent sale of a commercial office building in the Rocks, Sydney, on behalf of a syndicate.

Being multi-disciplined means Winten is able to directly attend to each component of a development because its senior people have experience in every facet of the industry – planning, surveying, engineering, sales and marketing.

That translates into a collective ability to read the market well and change the way the company invests in it when it needs to. Winten will dramatically change its weightings in medium density, residential and commercial office investments depending on where it sees the market heading, Milliken explains.

About two years ago, for example, Winten was overweight in residential estates. It made a decision to sell down in the sector and free up cash to put it in the position it's in today, with much more cash than it would have had otherwise.

### DESIGN-LED DEVELOPMENTS

One key factor that enables the group to excel is creativity. It is primarily a design-led developer, with the principal and three of the four directors having architectural backgrounds. High-end residential development gravitates to classic design, Milliken points out, which

is the main driver in much of Winten's work, like the award-winning Pomeroy development at Potts Point.

"It's absolutely another reason for our success, particularly in times when market conditions are tight – a combination of having the right design coupled with meeting what we believe is demand in the market at the time," says Milliken. "There's no point in designing luxury penthouses in a development like The Forum if what buyers really want is smaller investment-type units."

These standards come from the top. "We know if we produce lousy apartments the first person who'll jump down our throats is the boss," says Milliken. "He wants to see a great outcome in terms of design because he knows that's ultimately how people make money on their investments."

### THREE CORE DISCIPLINES

Unlike some competitors, Winten is not preoccupied by generating higher lot yields. For a developer to deliver a great project it must make sure it's successful in what Milliken refers to as the core disciplines: it looks great, it feels great, and you'd like to occupy it yourself. "If you get those things right then the project revenue will look after itself to a certain extent."

In many developments in recent years that hasn't happened, he adds. In addition, developers have entered the market paying unrealistic and unsustainable prices for opportunities. Winten has avoided the trap in which pricing structure is unsupported by property fundamentals and risk.

It reduces risk mainly by assessing the feasibility of projects internally, based on its own experience. Then it makes a call on what it thinks an investment is worth. Another simple mechanism for reducing risk in this game is to do nothing, Milliken says. That's a better strategy than completing projects where the return doesn't relate to the risk involved.

Making this call can be hard but the more experience you have, the more you appreciate what works and what doesn't. "We're seeing more deals being presented to us than we've seen in the past three years, so sometimes your understanding of the market can be a big asset."

### ACCOUNTABILITY COUNTS

Many companies parrot accountability for staff as vital in ensuring operational excellence, but at Winten it has assumed overriding importance for essential roles. "We employ from within, based on people's strengths, and they grow with us."

A flat management structure helps empower people because it means communication lines are short and that

in turn means work gets done. Though everyone works hard, they're well paid and the environment is relaxed and "consultative". No one wears ties. It all means most employees have been with the company for many years.

### HOUSING AFFORDABILITY

What lies ahead? Generally, the group views housing affordability as one of the biggest future challenges – providing new stock to the market which ordinary people can afford.

At present Winten has a huge project planned which, it hopes, will show the way. The venture currently undergoing rezoning is in Marsden Park in Sydney's northwest, where it will eventually showcase about 7,000 homes. The company is focusing on ways to deliver this project in a way that makes it affordable but also meets its own design and quality values.

How to meet the affordability criterion is the essential question, Milliken admits, but vital. "Ultimately this is about the future of Australia's major cities."

One of the biggest potential stumbling blocks is the nightmarish red tape developers must wade through to secure approvals. It gets worse all the time, Milliken says.

Yet Winten will continue to thrive, he predicts, because of its understanding of market movements and a team culture based on uncompromising standards. Other factors that will be important will include its ability to marry the skills and resources of the group with those of like-minded entities who can offer resources to complement Winten's expertise.

### TIMING IS EVERYTHING

Finally, Milliken has some advice. Making money in property is not about location, location, location but timing, timing, timing. While almost everyone can profit from property if they hang in long enough, their rate of return will vary depending on when they enter the market and when they exit. That applies for all categories of property.

And developers should stick to their areas of expertise. "We see people come in with weighted money behind them investing in assets they really don't have a good knowledge about. That's why we don't buy shopping centres, we stick to what we know, and I think we've been pretty successful at it."

The Winten group has built a powerful reputation by:

- Empowering its people
- Design-led creativity that creates desirable properties
- Exceeding customers' expectations
- Reading the market shrewdly and holistically
- Sticking faithfully to what it does best. ■