

# Customer feedback sees Cleanstar 'winning' awards everyday

"Business is all about the people," states Cleanstar's managing director, Garth Michalson. He first started in the industry working for Godfreys in 1996 after migrating to Australia from South Africa the year before. After nine years as Godfrey's wholesale division general manager, the group was purchased by private equity and Michalson took this as a sign to move on. "Being a great admirer of Warren Buffet, I heeded his advice and decided to stick with what I knew," says Michalson. Together, with his wife Lisa who has a strong foundation in accounting and administration, they started Cleanstar, a Melbourne-based nation-wide wholesaler of commercial and domestic vacuum cleaners, bags, parts and accessories.

"Whilst the cleaning industry had no shortage of wholesalers in the area of vacuum spare part suppliers, they were all historically large companies with many other diverse interests, and not doing a fantastic job," stated Michalson. "I took the punt and figured that if I were to specialise in this area and do nothing else, I could do a better job and serve the industry better." Having already had more than 10 years experience in the field, Cleanstar hit the ground running and according to Michalson, the growth curve was phenomenal in the first few years. "Cleanstar has enjoyed growth year on year since its inception," he reveals. "Having survived the Global Financial Crises as only a two year old business was something that in my view alone was a wonderful achievement."

Returning to Michalson's statement about the people, he sees everyone at Cleanstar as a 'key' person. "I know that it might sound hackneyed, but I have a very firm view that the business is all about the people," he reiterates. "The people are the business, and everybody's role is vital. We have worked hard to attract and recruit the 'right people', which is why we have great people in our warehouse, our call centre, our administration and on the road."

Michalson also strives to create a comfortable and enjoyable working environment for his people, which must be effective as the staff turnover rate is virtually non-existent. "Of course Lisa and I provide the leadership and orientation, but we are hands-on and function too as everyday members of the Cleanstar team," he points out. "As the business has grown, Michalson has seen his role change somewhat to one where he works a lot on the business. Lisa too has seen her function shift and is very much at the coalface. "When one has great staff, it makes these role transitions achievable, enabling us to apply ourselves to the key areas that drive the business," he states.

Cleanstar is primarily a vacuum cleaner spare parts supplier in both the commercial as well as the domestic markets and while it tends to supply generic parts, over the years, because of its national distribution capability and reputation in service, the business has also become a supplier of original parts for many – if not most – of the industry's vacuum cleaner manufacturers.

Cleanstar has evolved over the years to sell finished good in both the commercial and domestic markets to meet the demand of its customers. "This became inevitable as nowadays, living in a throw-away society means repairing of cleaners is not as popular, particularly in the domestic market," explained Michalson. "If we couldn't sell a spare part, then we may as well have the option to offer a finished product. Again, while we do have in-house brands, we offer a lot of OEM products too. Continual range growth is also important."

Michalson pinpoints two main industry changes that have had made a big impact not only on his business, but the industry as a whole – the



From left: Cleanstar's Thomas Pittas, Lisa Michalson and Garth Michalson

emergence of the internet, and many businesses becoming 'importers'. "The high dollar has facilitated both these aspects quite nicely, and it has become a challenge to manage," he admits. "But I think this is a universal issue which challenges all of our businesses nowadays."

His goals for his own business however, are clear-cut. "I hope Cleanstar will continue to interface between the manufacturing sector and the trade. Australia produces very little, so the need for product through importation is still necessary," he says. "Our knowledge of our customers' businesses together with the expertise we have in our products places us in a good position to be relevant. We listen to and work closely with our customers. As a family business we can relate to them."

As for the industry, Michalson has come across a few challenges that have affected Cleanstar's role in the big scheme, and one is an impact he mentioned earlier – the internet. "It makes controlling one's distribution difficult as the internet has no boundaries. It also allows people to conduct business from very low overhead structures, resulting in pricing integrity being completely trashed," he states. "This makes it difficult for those operators who have businesses beyond the confines of their 'home offices' or garages."

"Regulators are only concerned with companies selling products at price points that are excessive, beyond recommended retail," Michalson adds. "They don't care if people are selling at near cost. This makes it difficult again for suppliers and distributors alike. As it has once been said, the internet will destroy more businesses than it creates. However one has to accept that it is here to stay so we have to embrace it and live with it."

Cleanstar tries to offer certain products that are available only through internet mediums, and at the same time supports its distributors with its exclusives. Michalson admits it is virtually an impossible ask, but he can say they at least try. "What is key for me is that I stay loyal to my cause and loyal to my distributors, which means Cleanstar does not sell online. I am a true wholesaler, so I will not retail and will support my distributors wherever I can," he states.

Michalson also comments how many companies import commercial

machinery without bothering to ensure the electrical safety and integrity of the products they import and sell. "They also fail to comply with Electromagnetic Compatibility (EMC) regulations – probably because the cost factor and process is onerous and expensive," he offers. "While commercial vacuum cleaners don't require electrical approval, what people fail to realise is that there is still very much a legal obligation on their part to ensure that the products they offer are safe. Should something go wrong with the product, I would not want to be in their position."

Meanwhile Cleanstar obtains full electrical safety for all its products, even though the company is not obliged to. Michalson says it gives him and his customers comfort knowing that they are offering safe equipment to the market.

When asked if Cleanstar can boast any awards or achievements, Michalson simply states that the company 'wins awards' every day. "There is not a day that goes by when we don't get an acknowledgement from a customer to thank us for our great service. This is all that matters," he says matter-o-factly. "From an industry perspective, Cleanstar was acknowledged by the RapidClean Group as supplier of the year in the machinery category last month. This was a wonderful acknowledgement for the efforts of our team."

Cleanstar is obviously here to stay, with a scoreboard of successes achieved over the years, and Michalson will certainly keep doing what he does best – in the best industry. "I love the fact that no matter what

happens in global or local markets, cleaning must go on regardless. It is a great industry to participate in. One doesn't have to look too far to see how much misery prevails in other industries," he shares.

"The only request I have is to see the two industry trade shows merge so that there is just one annual trade show that is relevant to our industry," he says. "Suppliers will be more willing to participate, and bigger attendance numbers would be achieved. From a supplier's perspective, the cost versus benefit of two separate shows is highly questionable." Hopefully Michalson and the rest of the industry won't have to wait too long.

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