

# Business Focus



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# Health – change ahead for professionals

# Health in a bottle

**A**rmed with increasingly sophisticated information about the potential benefits of health supplements, a growing number of Australians are turning to vitamins and other herbal remedies.

Australians spend more than \$2 billion each year on these products, which are classed as complementary medicines. They range from vitamins and minerals to cold and flu products and food supplements such as nutritional oils.

It's an industry sector that has gained in popularity with consumers whose health can be under siege through long working hours, stress, alcohol, poor diet and a range of other factors.

One of the best-known brands in the market is Herb Valley, a South Australian company established in 1985 with a Therapeutic Goods Administration-licensed facility at Beverley.

Owned by family business Essential Nutrients, Herb Valley's largest market is South Australia, which accounts for about 50 per cent of its sales. Its products are sold in health food and vitamin stores and pharmacies in all states, as well as in New Zealand, Singapore and Lebanon.



It has about 60 products, the most popular of which is a glucosamine supplement for joint mobility and relief of arthritic pain. Other products in the range include pregnancy supplements, antioxidants, probiotics and multivitamins and minerals.

Managing Director Paul Beckmann said the company had a clear marketing strategy that encompassed competitive pricing, marketing direct to retailers and providing education and support.

"The naturopath in our team provides training for retailers and we also offer distance learning for pharmacy staff," he said.

Mr Beckmann said this was increasingly important as media reports about complementary medicine could lead to confusion among consumers. For this reason, the management team had decided not to sell Herb Valley vitamins and supplements through supermarkets, which could not provide therapeutic advice to customers.

Mr Beckman and three partners took over Herb Valley in 2001.

Eighteen months later the industry was hit by the recall of about 1500 products manufactured under contract by Pan Pharmaceuticals. Pan went into voluntary administration after the Therapeutic Goods Administration issued a recall of its travel sickness drug, Travacalm, and suspended Pan's licence. The company was Australia's largest manufacturer of health supplements, and the TGA move forced Australian companies which had been marketing products manufactured by Pan to recall them and find alternative suppliers.

Mr Beckmann said about 70 per cent of Herb Valley's products had been affected.

"That was quite devastating for our business," he said. "It took about four months to get all our products back online (after sourcing other suppliers). We had to

## How BankSA has helped Herb Valley

"We changed to BankSA in 2007 when we restructured our finances. They facilitated that much better than our previous banker could.

"Our general banking and long-term finance are now with the bank and we've been very happy."

**Paul Beckmann**

use all of our personal resources to fund the business through that time.

"We were particularly proud of the fact that we were one of the first companies to process credit notes and refunds to our customers. This generated enormous goodwill in the marketplace."

Mr Beckmann said Essential Nutrients had since put considerable time, effort and funds into rebuilding and consolidating the Herb Valley business.

"We are proud of the way the business operates in a complex regulatory environment. The products we distribute are of the highest quality," he said.

"We have also considered seeking outside investment to fund the growth of the Herb Valley business."

The company supports a number of sporting groups, including the Herb Valley Cycling Team, Port Adelaide District Hockey Club, Veterans Hockey and the SA Hockey Association.



“ The naturopath in our team provides training for retailers and we also offer distance learning for pharmacy staff. ”

*Paul Beckmann, Herb Valley.*