WHAT HAPPENS NEXT?

Companies address what the future might hold

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Will it be the consequence of strategy or opportunism?

Of course it can be both.

So how are companies addressing the the issues - practical and psychological - which will have an impact?

And what do they hope the future might hold….

Way ahead with a different route

"You can get caught in a trap where you just follow the market and think that's how it has to be done. I got to the point where I wanted to take the business forward but not via the usual channels."

And Jonathan Lucas, managing director of Elstead Lighting, knew exactly how he was going to do it.

His plan was to approach established, design-led manufacturers in the US who had no European sales channels, and offer to pay a fee for the use of their designs, getting in return the use of their tooling to make and sell their products in his territories.

The agreements with American manufacturers created a "win-win" scenario which has already resulted in turnover rising from £3million to £9million in three years, and Lucas plans to double that within three years and then reach £30million within seven. "We have a vehicle we've never had before to go and find new opportunities," he explains.

The deals give the US partners - Feiss, Hinkley Lighting, Quoizel and Flambeau - access to a wider geographic market. "Like a lot of US businesses they don't tend to think globally," says Lucas. "When I approach them they know there's a world out there that they would like a share of but they have no means of accessing it; Elstead provide the conduit."

The fee paid to the US partners means it's not worth their while to cut Elstead out by selling direct into the UK, while the fact that Lucas doesn't have to pay for the tooling balances out the cost of the agreements.

The contracts are structured in such a way that gives Lucas relative security. "Yes, there's a risk that they could decide to sell direct," he concedes, "but we've taken the turnover of their products over here from nothing to millions of dollars in two years so they're making sufficient money from it. For them the fees are as good as the margin they would get from selling direct. If we can keep growing that, what's not to like?"

Importing US designed lighting gives British companies a particular challenge: the fact that the American electrical system operates at 110 volts as opposed to the 240 volts used in most of the rest of the world. That means it's unfeasible simply to import American products as they're made specifically for that system and don't conform to strict European safety and quality standards.

"Some hotel owners, for example, think they can save money by sourcing direct from the US," says Lucas, "but I politely remind them that if their products are not compliant with our regulations and there's a fault that causes a fire in their buildings, their insurers will not pay out." Elstead's arrangement, where they make the products under licence, to UK and CE European Union standards, addresses that issue.

And offering the American brands from the UK also gets Elstead cunningly ahead of a possible trend. "In the past ten years contemporary Italian and Spanish design has dominated but I think that's reached its peak," says Lucas. "Now other looks are getting popular, particular the chunkier American designs." In a sense, he says, selling European style to Europe is like selling ice to Eskimos. But the American design is appealing because it offers European buyers something a bit different and for now, Elstead have that niche pretty well covered.

But this hasn't all happened at the expense of developing Elstead's own product range. "Internationally, our brand is very well known," says Lucas. "We're now in a position where we can launch new products each year, almost without any additional investment in tooling."

Lucas is ambitious for international growth. "I've always had an interest in experiencing business beyond the borders of the UK. We have a great model that will work in every market that has the same voltage.

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Jonathan Lucas, Elstead Lighting

And that's over 100 countries compared with the thirty or so that follow the 110volt system."

Elstead sell to fifty countries already and Lucas wants that to double that. Not bad considering that as recently as 2011 he sold only to three. There's a subsidiary office and factory in China, but some of the strongest markets are in eastern Europe, including Lithuania and Poland, where Elstead also have a subsidiary. Lucas is discussing sending one of his sons to the US to help break into what they perceive as a "huge" market for Elstead-designed products.

Price-wise, the end target is "discerning" buyers who typically shop at specialist lighting retailers. That's been another change, with Lucas shifting away from selling to multiples. Early customers included the likes of BHS and Homebase, but by the early noughties many of them had started buying direct from China.

Lucas isn't too exercised about losing the multiples, since their more price-driven model doesn't fit well with his. "Their design ambition used to be much greater than it is now," he says. "When we talked to them we used to start with design then discuss price. Now, it could be the most delightful product but unless you're at their price point they're not able to be so interested. The deal needs to be to meet their larger margin needs and that's so not so easy in our model."

As well as manufacturing in the UK and China, Elstead have been doing a feasibility study into building another overseas factory, possibly in Poland, which he senses could be the new China. Most of the lighting industry he says, still outsources to China but in a few years he says that country's ability to supply will deteriorate and wages are already going up.

But Poland, he says, is comparable to China in terms of cost and work ethic, and its skill-set is better. "If we could get four of our US partners to move 10% of their production to the new factory it would be a viable proposition. We are always being asked to manufacture for other people but at the moment we have a finite level of capacity."

Ambition is tempered by an understanding of where the parameters are and why they shouldn't be breached. When Elstead took an extra three acres of land to expand their UK premises to 135,000sqft, they had the chance to buy the freehold. "It was an opportunity to buy a great piece of real estate but it would have bled our cash resources," muses Lucas, "so it would have been the wrong thing to do for the business. Though it was an opportunity the timing was not opportune.

"In a fast-growing business and cash-hungry commodity, debtors are growing at one end and we're putting more money into stock at the other. When we buy from China, for example, we pay up front but the stock can take months to sell through. So if we grow too fast we could lose control of cash flow."

The hospitality sector currently accounts for 15% of turnover but that's growing and Lucas sees it making up a quarter of sales in the next eighteen months. The company supplies companies like Starbucks in the Middle East and Hilton Hotels.

Elstead supplies retailers direct and offers drop shipping, where it packs and despatches direct to the retailers' customers. It doesn't sell to consumers, with one exception: members of the public are welcome at the showroom in Hampshire. The facility serves a useful purpose says Lucas – helping to clear ends-of-lines, contributing to the running costs of the showroom, and the consumer experience gives Elstead more of an insight. "We're a better business since we opened the showroom to the public because we can empathise with the expectations that retailers' customers have of them in terms of information and service."

Perhaps as importantly they provide valuable insight into prevailing tastes in design. "What's been interesting," says Lucas, "is that we have some very traditional lines that we've been making since the nineties, which keep selling above the minimum criteria for keeping a product in production.

When a consumer sees them they say 'that's lovely', because what might seem rather old-fashioned to us is still very different from what they're used to seeing now in the mass market."

Elstead have always been a family firm. Jonathan Lucas is the nephew of founder Geoffrey Lucas, who bought what was then a forge in 1967, making iron gates, railings and fire baskets - as well as some lighting. Over the years, sales of the traditional iron-work dropped off while sales of lighting grew. When Jonathan himself went into the business in 1979 he felt the company needed to pull out of the traditional items that by then formed only a small part of turnover, and should focus on the lighting products. He had a different outlook than his uncle over this which ended with him buying his uncle out in 1990 and then running the business with his father, who has since retired but remains interested.

Today, family are still involved: Lucas's wife Deborah handles the marketing, and two of their three sons are studying business at university with a view to possibly entering the company sometime in the future. Not that it's a given. "I don't believe in bringing in family members for an easy ride, to inherit the legacy – that would be a recipe for a short-lived business," says Lucas. "My father made it clear that I would have to justify my being here and I've always said to my children: 'If you want to come into the business the expectations will be far greater than of regular employees because of who you are'."

Indeed, if none of them step up to take over when eventually he retires, he won't mind. "We have a lot of good-quality young people here and I regularly tell them they have a good future here, with or without the Lucas family. The business could end up being run not by a team related to us, but by staff we trust and value greatly."

Unexpected position of world leader

Did Dr Andrew Muddle ever think that the business he co-founded would become the world leader in its particular niche? "No," he replies, "I don't think so."

MedPharm develops formulations and manufacturers clinical supplies for 'topical' use (skin, nail, nose, lung and other mucosal tissue) and 'transdermal' (drugs entering the body through the skin) - as opposed to more common formulations like tablets and injectable drugs, where there are many more rivals. That's a real USP, says Dr Muddle, and since the disappearance of a US competitor a few years ago, MedPharm has become the number one in its niche in the world.

The next step is to double the turnover, an ambitious target which will entail bringing in new senior managers or investors, or both. That could mean the two owners relinquishing some control; some entrepreneurs might find that difficult to accept, but Dr Muddle says their sense of pride stems from the success of the business and not from his own role and that of colleague Professor Marc Brown in creating it.

Competition comes from pharma manufacturing businesses which are backing into the development space and other small firms doing "part of" what MedPharm does. But the company does everything under one roof (having invested in a manufacturing facility on the same site as its offices and labs), which Dr Muddle says is helping customers get their medicines into clinical trials as quickly as possible.

He runs the commercial side, with a co-founder Marc Brown responsible for the science and technical team. Dr Muddle refers to them as being "a two-headed monster, in a good way." He is a scientist but says that running a business came quite naturally. "I have always been client facing," he explains, "so moving into running a business and sales and marketing was fairly easy. Some of our new business development team are also scientists. Scientists can make good managers."

Half of the client base is in the US and 30% in Europe, with the rest in Israel, China, Japan and – rather surprisingly, says Muddle – India, with MedPharm benefiting from having a greater skills base than potential cheaper rivals in India.

"We work in an interesting scenario, working with a range of companies from one man and the proverbial dog in Switzerland to multinational dermatological corporations," explains Dr Muddle.

Many of the small start-up pharma clients end up being bought by big corporations, he adds, which is partly behind an increasing move over the past decade towards larger customers. "We used to focus on developing formulations of new chemical entities (NCEs) for small bio-tech companies. Then we realised they were not making major investments in projects so we moved up the food chain to work with the bigger pharma companies."

As well as being a service provider ,Med-Pharm develop drug delivery technologies to enhance their offerings. But they don't develop the actual drugs as such (as that would mean competing with their own customers). "We create a lot of IP for clients," explains Dr Muddle. "They come up with an idea, such as technology to improve the absorption of drugs into the body, and we develop the formulation. A client might come to us with an old drug they want to switch to a new formulation or one might say they want to develop a patent." The benefit of this approach is that it's the clients who take the risk of the expensive and time consuming licensing process. "From the first contact with the client it's about top quality science, top notch reporting," says Dr Muddle. This can extend to taking the client's data and writing scientific papers for them. "That's not what we're about, but it all adds to our credibility in the tight and competitive pharmaceutical contract business."

Growth makes a business more difficult to manage, he concedes, not least in terms of hiring, training and keeping staff. The staff numbers have grown by more than 10% to ninety in the past year or so and will increase to 150 or so in five years. "That's challenging," says Dr Muddle. "We also run three or four PhD students each year to develop ideas and that's a great way of finding and hiring staff. We sometimes say MedPharm is a university of pharmaceutics."

And while he's on the subject of people, he identifies what he says is one of the frustrations for the scientific community in the UK. "Science parks are just business parks with science companies based in them," he suggests. "You almost have to retrofit labs into office space. It would be great to have science parks created for that purpose."

Growth so far has been both strategic and opportunistic. "We snatched a client off a major competitor who they were in dispute with," recalls Dr Muddle. "So through opportunistically knocking at the door we suddenly had a new client. But we have also reviewed a lot of opportunities and not taken them up, so I would say most growth has been strategic."

The objective of doubling turnover will be met at least partly through diversifying somewhat. "There might be an advantage in expanding our offerings with some kind of complementary add on," Dr Muddle says. "The question is whether we do it by growing as fast as possible organically or through acquisition. And if acquisition – can we find a business which is open to being bought out, that's doing the right thing, is of the right size, and can generate enough profit?"

Selling the lifestyle instead of product

A copy of Elle Decoration lies on Julian Hase's desk, one of a heap of glossy lifestyle magazines waiting to be perused. He thinks it's important to keep on top of trends in home fashion. And that's because the key to successful growth as a tile retailer and distributor, he believes, is doing more than merely shifting boxes of product. He needs to sell a lifestyle.

That realisation resulted in the managing director of Hampshire Tile Warehouse creating two new brands to give the company's next step a sense of purpose. Orbry is the brand name for the company's wet-room products – targeted at the trade - while Valverdi, aimed mainly at the consumer, is the range of co-ordinating floor tiles for the inside and outside of the home.

Valverdi, he says, will exploit a trend for wanting to extend living space into the garden, and the popularity of bi-fold doors, which allow homeowners to open up the whole side of their house. The idea is to get people to use the same tiles outdoors that they use indoors (though the garden variety are thicker).

"Most people's patios have got old, loose concrete slabs that have grass growing between them and which are slippery in the rain, crack in the winter and fade," says Hase. "Indian sandstone tiles have been popular the past few years but they're porous and get algae growth. But our porcelain garden tiles are frost-proof, slip-resistant and colour-fast."

Now while that might sound like a sales pitch, one of the reasons why Hase is making great play of those technical attributes is the need to distance the company from commoditised competitors. "The tile industry is mature and there's been lots of consolidation, which has resulted in price pressure with margins dropping," he explains. "So if we're just selling boxes of someone else's tiles, it's likely that a competitor, somewhere, can do it cheaper – we have quite complex competition, from internet retailers, local independents, and national retailers like Topps, and the DIY chains."

Hase adds: "I'm quite proud that we managed to achieve what we did before but we had to look for new money-making ideas. It became apparent that we could sell wet-room products, and I felt we could try to be more innovative by building a market for traditional tiles around a brand concept."

He's hoping the distinctive brands will lead to a doubling of sales in five years from nearly £8million for the business founded by his father as a tiling contractor in 1953. "People are spending again, there's more building happening, and creating brands will make the business a lot more visible and valuable" he says. "People can buy tiles anywhere, but if we can get the presentation and positioning right and inspire people, they will come to us."

What was behind the choice of brand names? "Orbry is short and hadn't been used elsewhere, and the .com domain was available," explains Hase. "We spent days looking for a five-letter word that was available. There was a similar thought process with Valverdi. And it sounds a little Italian, so we hope people will associate it with having dinner by Lake Garda or something."

The new focus on brands entails a new approach to sales. "We're trying to sell the benefits rather than the features, and that's something that's new to us," says Hase.

"I like to tell everyone the business is driven by strategy but intelligent opportunism is a much more accurate term. You can spend a lot of time trying to establish the monetary value of an opportunity and I think you can prevaricate too much. Unkind people would say in that case it's blindly or madly dashing in, but our focus is on areas where we have expertise and which have the most promise."

One of Hase's challenges has always been resources "As an owner-manager you

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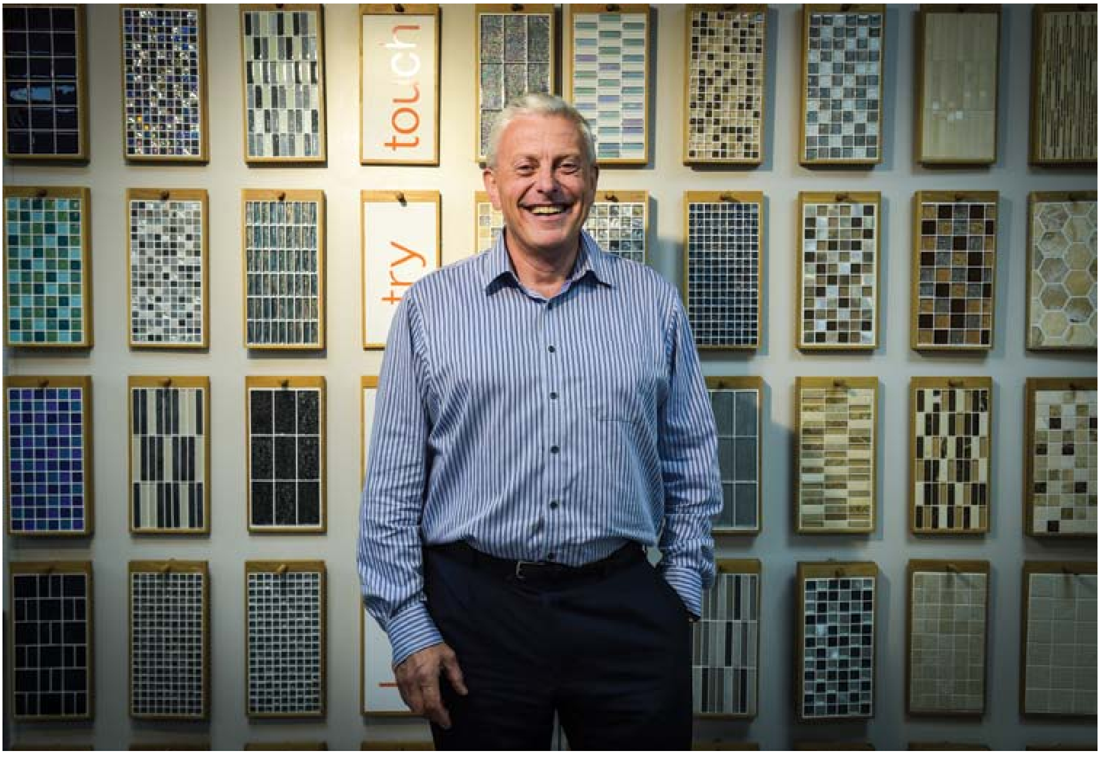

Julian Hase, Hampshire Tile Warehouse

have to learn to do it all yourself so I'm split between different functions. Does that make me efficient? No. I could be better at time management," he admits. "I have to-do lists but some days they just give the impression I've got diddly squat done."

The issue, he says, is knowing when to delegate to experts, given that there might not be "quite enough meat" on an idea to hire specialist managers. He recalls trying to handle internet ad words himself for eighteen months, only to have to concede defeat and hire an expert because website hits were falling.

Similarly he was torn over whether to invest in hiring external PR and marketing people to help with the branding process. "If you have a product or idea, that's working well but is not stratospheric, has it got enough potential to start throwing money at it?" he asks.

Despite the early struggles with ad words, Hase says the advent of the internet has been one of the most rewarding things for the business. The company was a fairly early adopter of online selling, choosing – successfully - to sell ancillaries rather than the tiles themselves.

"That wouldn't have been regarded as an obvious thing to do but there was a demand but no supply, so turnover built up quite quickly. We had the product so the only gamble was the time and effort of setting up the website and running ad words."

The business has six showrooms throughout the south and three subsidiaries: Tile Shops (The Tile Source, The London Tile Co and Factory Tiles): HTW Distribution, which sells to the trade and building contractors; and Green Garden Paving, which sells garden tiles online. HTW are already one of the largest independent ceramic tile and outdoor paving supply companies in the UK.

If turnover doubles in five years as Hase is hoping, what's next? "The first stage of an exit strategy is to make the business sellable," he answers.

Hase, who has run the business since 1986 and owns 67% of it (his siblings, sleeping partners, own the rest) has no aspirations to pass the company down through the generations. He muses about the nature of family businesses in explaining why. "Before I joined my father had asked 'does anyone want to come into the business?' My older brother and sister said 'no, thanks very much' but I was just a kid so I said yes, of course. My father never pushed me. He just said 'are you sure'?

"I'm not sure why I decided to come into the business; maybe it really was something I'd always wanted to do. But a lot of children in family firms look at mum and dad and think 'they have a nice lifestyle, I'll have some of that'. And parents can get pompous and think 'I've made it big and my kids are fantastic so they can do the same'. Why would an MD's skills continue genetically? There's a 50% chance they won't, unless your partner is also in commerce.

"I think I've done reasonably well as the son of the founder, but perhaps a reason for that is that I know that if I attempted to continue to run the company as a time-honoured, traditional family business, it wouldn't have a future."

Who really provides the innovation?

It used to be that the product manufacturer came up with the real innovation, while the service provider, well, provided the service. Not now. Although arguably, Britannic Technologies have never believed in that demarkation.

"In a way, achieving innovation is our most important goal," explains Richard Dendle, founder and managing director of the company which specialises in IP communications, systems integration and managed services. "Why? Because it creates new business opportunities and helps to retain the customer. Innovation results in unique and tangible benefit to both customer and company and moves us away from the lowest common denominator in business, which is price."

There's empirical evidence to support the observation. Turnover for the year to the end of March, at £12.5million, exceeded the previous year's record by 20%. It means Britannic are one of the largest independent communications companies of their kind in the UK, with more than 1400 customers.

An early example of innovation saw Britannic set up the services for the BBC to broadcast audience phone-ins. Fast forward to the 2000s and Britannic were working a new technology to provide voice and unified data communications called SIP trunking. One of the first customers was a government office that had eleven sites and 5000 users. Britannic were able to optimise the number of SIP channels needed by enabling calls to be automatically re-routed when necessary. "Things that are off the shelf now didn't exist twelve years ago," smiles Dendle.

Another example of innovation has resulted in the prevention of a "huge" type of fraud that involves hackers being able to make massive numbers of expensive phone calls automatically from your number to premium rate lines they've set up for the purpose. Toll fraud can lead to more than 50,000 fraudulent calls being made from a company's system over a single weekend, says Dendle. The Britannic platform will identify unusual patterns of use and automatically "throttle" such calls completely.

"We have to be aware of where we can work with technology and see where the customer might benefit from it. We don't go headlong into a development and then find a customer who might want it," Dendle explains.

Although he keep his eye on trends in IT, the company doesn't follow fashion. "We don't do something just because it can be done," he says. "Our starting point is what are the benefits for the customer? It's understanding what's coming through and how we can take advantage of it. Can we leverage benefits through development and introduce it as a product?"

An example is their work with Microsoft Link, a kind of Skype for business, so it can be offered to customers to integrate into their existing voice systems, using Britannic's own middleware, software that integrates existing systems with each other. Dendle is working with a regional accountancy firm on the project, integrating 350 users across multiple sites as a packaged service.

"I have no issue with taking decisions from an opportunistic point of view and seeing how something could be integrated in what we're doing," he says. "But it's absolutely a considered risk. I hate it when things don't go as well as they should but my philosophy is one of continual improvement. Can we take lessons from the experience? We have invested in a particular technology for a good reason but it turned out to be not cost-effective to use. And sometimes the window of opportunity is just too short and you can miss it."

The company employs its own seven-strong development team, having acquired a software development house. Dendle says they had tried using third parties but it didn't work as Britannic would lose the IP that would otherwise would have belonged to them.

Dendle thinks Britannic are "pretty unique" in having their own developers and while they are a fixed cost overhead, it works because the business is able to deliver much more than the traditional view of a telecoms supplier. As well as increasing the height of barriers to entry. "Newcomers would have a steep and difficult learning curve related to emulating the services we provide the customer," suggests Dendle.

"Having an in-house development team means we can't get complacent. Our challenge is making sure that we are always looking at the next generation, making sure the building blocks are as perfect as we can get them to sustain future development."

What might form part of that next generation? "An example would be companies being able to link their TV advertising campaigns with incoming calls to measure a return on their investments," suggests Dendle.

A tangible manifestation of the "building blocks" can be found in the three data centres Britannic have invested in. That will provide a platform for further growth in managed services – in other words, data being held away from the customer's site. "Every business, regardless of size, should be looking towards that environment; there are benefits in reliability, resilience and cost," says Dendle. "Companies don't need on-site infrastructure and if there's a problem with their premises, it won't have any impact."

As far as the future is concerned, Dendle isn't interested in selling. "I get a lot of approaches but I have absolutely no intention of selling. I really enjoy what I do. I want to stay involved for as long as I can add value."

Finding the room to display personality

A signed, framed Ronaldo shirt, presented to managing director Sean Kelly for his fortieth birthday by the staff at Vines, hangs on his wall. His first passion, after all, was football. But then his fervour for cars doesn't need to be displayed in his office. He's the managing director of Vines Group, a family-owned BMW dealership with three locations. "When I started work for BMW earlier in my career, they gave me a 2.8i 3 series coupé to drive," he recalls. "I'd previously driven a Vauxhall Cavalier 1.8i and I thought 'I've arrived!' That excitement stays with me today. But I wouldn't describe myself as a petrol head; my real interest is in the people behind the wheel."

Kelly's goals are woven around what the franchise owner (the car manufacturer) intends to do next. "There's a book this thick of standards and audits," he explains, hands wide apart. "A lot of things are pre-ordained. Everything has to be very consistent and brand compliant; things you might otherwise have a personal spin on are controlled from the centre." But there's still room for personality. "To use a footballing analogy," he says, "which I do often, there are the rules of the game and as long as you follow them, if you want to back-heel the ball into the net, that's OK."

The volume of new-car business is very much route-mapped by BMW, he says, but Vines set their own targets for used car sales and for servicing. "If we sell 2500 used cars this year and 90% of them have a service plan it allows us to plan the after-sales side more scientifically and make a sensible level of gross profit."

There are 140 BMW retailers in the country, and in the crowded south, dealerships can be vying for customers within only a few miles of each other. Vines, with a £170million turnover, are one of the few which remain independent. "To have maintained family-owned status in an aggressively acquisitive motor market where the plcs have been snaffling up other dealers is something we're very proud of," says Kelly.

Independence can have a downside: it's harder for Vines to compete financially with the plc-owned competitors who can fund acquisitions with paper. "We would like to grow in terms of physical locations with the BMW group, but the price of entry is so high," explains Kelly. "One site can cost £10million plus, and our competitors can afford to pay more than we can - so acquisitive growth with BMW is not a realistic strategy for us. Instead we focus on how we can generate more from, and get the best out of what we do have."

Not surprisingly, customer service and retention are key to achieve that. "I know all businesses say this but we do try to put the customer at the centre of what we do," says

Sean Kelly, Vines Group

Kelly almost apologetically. “Which is why we have BMW ‘product genius’, an Apple-esque term for a team that knows all about the cars and can take the customer on a test drive or on a virtual tour. The customer’s relaxed because they don’t feel threatened by initially being confronted with a sales person.”

Though by the time the customer arrives at the showroom, some of the mystery has already gone, says Kelly. “People do their research, they know what the deals are, they can find out what their existing car is worth before going to the dealer; there’s even a ‘see it now’ web facility to do a video tour of a particular vehicle.”

What that means, says Kelly, is that the number of interactions between buyer and retailer before a sale is agreed has reduced from five on average to one. “That’s made a massive difference. One out of four visitors to a dealership used to buy a car – now half do. The online side also means the dealership can extend its reach beyond the customer who lives ten minutes down the road.”

Kelly took over as MD in 2006, after working for BMW themselves on the manufacturing side. “One of my first projects,” he explains, “was to identify what we would like our business to look like in five years, how would it feel? What are the soft, cultural, emotive things about working for Vines? We got the 300 staff together and asked what kind of company did they want to work for? After that we came up with a route map of where we wanted to be and what tomorrow could look like. Then we planned our activities to get to that goal.”

Some of the actions required didn’t come into the rocket science category. Such as proper annual reviews for staff. “There were people who had been in the business for twenty years and had never had a conversation about their performance,” says Kelly. A development plan came out of that process, identifying and plugging skills gaps, and Kelly makes a point of personally spending time with new starters to educate them about the company’s ethos and culture.

He also aimed to be transparent in terms of the company’s financial position, explaining it visually in terms of a bucket. “What goes in and out and whether the bucket is full or emptying. It’s a bit Janet and John but people understand it. If you talk about return on capital it’s snooze-ville. We’re dealing with some very street-smart people but you have to remember that less than 8% of the people in the retail side of the motor industry have a degree. It’s one of the few remaining industries where you can walk out of school at sixteen and become successful straight away. It’s a massive open door to anyone who has the right attitude. We look for the smile as much as the skill – the skill you can train in. Much as we have questions about experience and specific skills we will try to tease out a candidate’s attitude. And the better the attitude of the staff the faster you will make a profit. Happy staff mean happy customers was our mantra almost from day one.”

His approach to recruitment is to focus on positivity, supportiveness, and integrity. “Three cultural values everyone can understand.” Despite all this, finding good technicians and mechanics in the central south of the UK is “almost impossible” so Vines have their own technician apprenticeship scheme.

It was not long after Kelly’s appointment that the last recession started and the motor industry took a big hit. Vines made a loss, and Kelly was questioned why they were still spending thousands of pounds on training and developing the team. “If we think something is the right thing to do then we will invest in it even if it’s not the right thing from an immediate shareholder return point of view,” he replied. “It was counter-intuitive; the usual belief is that if you’re losing money you should cut costs across the board.”

The fact that the business isn’t growing geographically can affect career progression opportunities, and Kelly makes sure he has a word with any leavers. “We always close the door gently,” he explains. “Some have then come back to us a year later, having realised it's not all about money or responsibility but how they feel about the company they are working for."

And Kelly ponders the definition of business and personal success, in context of his childhood in Manchester, when he worked in a TV repair shop from the age of twelve and did a daily paper round at six in the morning to help out his widowed mother. "For me a pound earned is ten times sweeter than a pound found," he says. "That work ethos set me up. I'm testimony of the fact that if you work hard you can achieve anything."

When diversification really isn't an option

What Malcolm James is trying to figure out is how he can achieve a goal of trebling turnover without spending infeasible sums on marketing. Such an increase would put Transpacific Holidays, the company he founded, in a good position for an eventual exit.

Not that he has no plans to retire anytime soon. The freedom of being an independent, with full control of his business, makes up for being a relatively small turnover niche player.

Realistically, he estimates a minimum increase in marketing spend of £150,000 would be enough for starters. "But even that takes a lot of earning," he points out. "I has never borrowed and don't want to now. Venture capitalists sing the right song but they want to do their four years then take the money and go. If you accept substantial sums of money you have to include the funders in your decision making and unless they're hands on you get into constantly having to report back and explaining what you are doing."

But diversifying geographically from the name of the tin isn't really an option either, he says. "I've thought about it, and if I was just motivated by cash maybe I would, perhaps to South America, but I just don't feel sexy about south America."

James has worked for corporations and didn't like it. "If you're part of a corporation, you can't say 'let's have a crack at this because it seems a good idea': in a corporate environment if you don't conform and play the game you can be perceived as a threat and you become an outsider," he says.

James set the business up in the early 1980s after a long career in the airline industry. He joined Pan American in 1960 on its management training scheme and then worked in senior management for various smaller airlines and ran a marketing company handling the reservations for third-party travel businesses, including the nascent Virgin Airlines. That, he says, was an association that with hindsight he could have capitalised on "had I had more business acumen!"

But being answerable to himself means that he can simply have a go at something. "And if something doesn't work we'll change it just as quickly," he points out. "I don't have a problem with making mistakes – the more mistakes you make, the more you learn; the only thing you get from unbridled success is arrogance.

"My attitude has always been 'let's have some fun' and that's pretty alien to most business people - running a business is something you do either because your driver is financial reward or because, like me, you have a passion for what you do. If you're passionate, then hopefully you can turn that into financial benefit."

James says there's never been a day when he has not wanted to get up and come to work. "Success is about happiness. I'd be foolish to say money's not important but it's never been the driver for me."

The business offers tailor-made holidays in the Pacific region, recommending the islands and resorts that will best fit a customer's individual needs, from the rustic, sand-between-the-toes Robinson Crusoe experience, to luxurious six-star resorts.

James's customers typically vocalise the sort of holiday they want and let his company do the rest. A typical holiday costs upwards of £6000 per couple, and James says some spend up to £50,000. These are people, he says, who love far-flung destinations, appreciate the complexities and time involved in organising their own travel to such places and are happy to pay for someone else to do it for them. The money also buys the security of having someone to pick up any pieces if anything should go wrong.

This means a level of service beyond what is provided on the high street; for example, James gives his home phone number - not just his mobile - to all his customers, with the promise that they can reverse charge call if they encounter any problems. Only about five have ever taken him up on that, and their calls were all about missed flights, he says.

About 60% of bookings come via independent travel agents. High street chains are more difficult to work with, he says, as they tend to be "order takers" who are unwilling to question what their client has asked for. "It should be about being creative in order to give people the holiday of a lifetime," says James. "But agents can get very defensive if I challenge them. They say 'that's what the customer asked for'. I say 'yes, they might have asked for it, but is it what they want'? I've been to the South Pacific fifty times so I have some idea, but saying that would sound arrogant. Instead I say 'here's an alternative you might want to discuss with them'." For that reason James prefers dealing with the 40% of customers who book direct. "I love doing itineraries for people, and that's easiest when they're booking direct as we're dealing with the end user.

"Our raison d'etre is to ensure that we exceed expectations. So we don't just take orders; we want to provide the right holiday so we begin by ensuring the customer understands the cost and distance involved. We've had people start by saying they want to go to French Polynesia for example, but they don't have any idea that it will take thirty hours to get there and when they see the price they realise they could get a beach holiday somewhere else that looks like French Polynesia, at a fraction of the price."

Being in this high-end niche isn't actually the valuable point of difference for Transpacific Holidays - it's customisation. "A lot of volume tour operators have the problem of how to provide unique and exclusive," says James. "Larger ones like TUI and First Choice have done it by offering all-inclusive holidays at hotels you can't book left to your own devices. And anyone could arrange travel to the Pacific themselves, but what we offer is customised, which can make each of our holidays very different. There's still a market for people who want service; who know that you get what you pay for, that the lower the price, the lesser the experience."

"We're a sound business, with healthy margins and little overhead," says James. "The problem is purely that we don't have volume." One particular cost is in sending staff to scope out the destinations, which he says is a vital investment. "You only know what you're talking about by going there, and it isn't until the third visit that you really absorb the knowledge and are able to talk about it objectively." Meanwhile, the cost of driving traffic to their 5000-page website is "horrendous if effective." A search for 'holidays in the South Pacific' brings up Transpacific high on the first page of Google.

According to James, the travel industry is one in which it's hard to plan for the next step because it is so affected by circumstances beyond its control. So opportunism, not strategy, has to be the driver for change. "Guys in big travel companies who have degrees from Oxford might tell you something different," he says, "but in reality, so many things can knock you off course. Ebola, for instance, decimated holidays to Gambia - which isn't even affected by it - because all most people know is that Gambia's in Africa." After the 9/11 tragedy in New York Transpacific Holidays didn't take a single booking for three months.

There's more uncertainty to come.

Changes to the ATOL/ABTA licensing regime could mean having to hold more capital and having to spend more money on bonds. He appreciates why such regulation is needed, but is dismayed that the proposed new capital requirement would add costs into the business without resulting in any improvement.

Whatever the outcome, perhaps surprisingly, James doesn't want to retire to a sandy beach in the Pacific. "I've done so much travelling, if I never got on a plane again it wouldn't bother me," he confesses.

Strategically alive to opportunities

Does a company's direction have to be a stark choice between adventurous flitting about or following a path and not deviating from it? Strategy towards the next step should always be flexible and not set in stone, believes Nick Russell.

"The result of just sticking to strategy is that you will get to where you wanted to be at the beginning of the process, but it might not be where you want to be now," explains the director of independent civil and structural engineering consultancy Thomasons.

"You have to be alive to opportunities, and quite often an opportunity might look good but won't fit into the plan," he goes on. "So you might say 'no, it's not in the plan' but if you look at it you might realise it could work despite that. A business has to ask itself: are we ploughing the same furrow we have always done? Sometimes firms get too hung up on detail and lose sight of the bigger picture. It's unfair to say they're rigid but they need to realise it's OK to challenge what they're doing: to ask is this still the right thing to do?"

He has certainly overseen a major shift in approach at Thomasons, which, he says has moved to a much more "open and collaborative" management approach. "I once worked with another partner who wasn't a good manager," he explains. "People couldn't make a decision without his direct involvement so there was always a queue of people waiting to see him."

The approach is very different now, with Russell reluctant to put staff into a "straitjacket". He explains: "You have to have structure but it has to be flexible enough to let people succeed, so as a director I try to work alongside them and delegate responsibility as much as possible. That extends to inviting to our monthly board meetings whoever needs to be there to discuss their ideas."

Most senior and some more junior staff have also been given an area of responsibility outside engineering. One employee oversees the maintenance of the Guildford office; another the conversion of some office space into a conference room. But Russell adds: "There's an acceptance that if anything goes pear-shaped responsibility comes down to the six directors."

Thinking about the longer term, Russell says the business could achieve growth by amalgamating with a bigger practice. "But where would be the fun in that?" he asks, with the faintest hint of annoyance at the question. "It would be selling the people that work here. It would be the wrong thing to do." Instead, Russell would like to acquire a smaller practice, with the deal structured in such a way that little capital would be required. The directors of the target business might join the Thomasons board, so sharing the risk. Then Thomasons would in stages buy out a retiring director, over a period of time and "in a sustainable way."

It won't be the first financial restructuring; there was one in 2010 to allow the exit of four of the older partners and the hiring of two new ones. That succession plan was "financially complex and quite painful" – Russell describes the process as "rather like buying the practice from itself and then paying itself back".

In four years the practice will have finished

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Nick Russell, Thomasons

paying off the former partners. And there's now an agreed programme for directors who invest in the business. "In ten years, if that, I shall be part-time," says Russell. "We're already beginning to look around us to identify people who might be future directors. And they will know how their route will go. In the past it was a case of 'them being told 'trust me'." A related challenge is growing from the current eighty-five people in five offices across the country but maintaining a friendly, small-firm atmosphere. "What we don't want to do is become a faceless 500-strong practice" stresses Russell. "Engineering is a serious business but we try to create an environment that people can enjoy. Everyone is encouraged to take on extra curricular activities - we have a running club, two cycling clubs; we even had a football club once."

The geographic spread of the business presents the other challenge for Russell of creating a team spirit. "I am sure there are times when our smaller offices sometimes think we're too busy to talk to them," he muses. With this in mind he invites staff feedback about the practice. "That's another departure from the old days, adds Russell, "when the attitude would have been 'don't do that, you don't know what you might find out'!"

The next five years, he says, is about "consolidating, creating a buzz, and making sure that people believe in the practice, to understand that it's not head office-centric."

In the meantime, the practice has been looking seriously at opening an office in central London. "Clients of a certain size tend to expect a London presence," says Russell. "It's like the retailers you see when you walk down Oxford Street – they can't not be there. It's part of their outward facing marketing."

A London office would make recruitment a little easier too. "Young graduates tend to gravitate to the capital and on occasion some have said to us 'if you had a London office we'd come and work for you'." Russell can understand this. "I remember when I started I would work absolutely anywhere as long as it was London!" As former president of the Institution of Structural Engineers, a visiting professor at Surrey University and an expert witness in legal disputes, Russell knows how important time management is and how easily time can be wasted. He bemoans the way people within a business will email each other instead of having a conversation, and says he sometimes has to deliberately ignore his emails for a time in order to get work done, a tip he picked up from doing a business management degree.

Not surprisingly then, he's keen on continuous training to develop skills which aren't necessarily front-line as it were. "Our people are all fantastic engineers and surveyors but they're not all business minded so, for example, they might not realise the importance of raising invoices at the right time," Russell explains. "So for example we recently ran a one-day seminar about the importance of communication and how to write an effective brief."

Which is important because one challenge facing the practice arises from the very fact of growth. "We're beginning to be seen as equal to some of the bigger consultancies," says Russell. "Historically, £5million to £10million jobs were what we did, and some high-pulse-rate, low-fee domestic housing work. But we're now getting involved in some significant, higher profile projects, for example Camberley and Farnham town centres. These look good on the corporate CV but they involve more staff and more time. Taking on additional people has to be financed from somewhere."

What doesn't help is that slow payment is still an issue in the construction sector. "There are a lot of organisations out there who say ninety days, take it or leave it. The government's fair pay charter for construction has been largely ignored by some. The issue doesn't affect very large companies or small ones with low-risk work: it's the middle ground that gets squeezed, much like politicians say the middle classes are in society."

Turnover at Thomasons now is over£6million, higher than the £5.4million targeted when the business plan was drawn up three years ago. Russell would like to see a £10million turnover in five years' time, but adds that there's more to life than the top line. "It's more about achieving key performance indicators: for example, having all the time sheets done by lunchtime on Mondays, keeping a certain percentage of jobs to budget, every job getting a fee letter at the right time," he says. "Turnover is a result of what you do and how well you do it, rather than saying we must reach a certain figure, how will we get to it?' It would be wrong to say that turnover looks after itself, because it won't, but it is fair to say that it is a consequence of the things you're doing right."

Moving the game by changing the vision

Winning bigger sized customers should lead to a disproportionate increase in turnover, reasons Martin Alexander, chief executive of Link Connect, simply because they would spend more money with the company than smaller ones would be able to do. His ambition is to grow turnover from £3million to £10million in three years and so his aim is understandable.

"The vision is also changing from volume to quality. We want to move the game from serving a lot of small businesses to serving fewer, bigger businesses who spend more," he says. "The business plan originally aimed for 10,000 customers each spending £1000, then it became 1000 customers each spending £10,000. Now, theoretically, we could add on some £1million customers and some £500,000 customers." He concedes there are challenges with having fewer, bigger customers.

"If one customer accounts for 5% of turnover and we lose that, a bigger opportunity has become a bigger problem," he points out.

In 2010 Alexander and his partner hired a managing director, a sales director, and an ops manager in order to upskill the business to cope with bigger customers. The business had originally started in the late 1990s, offering dial-up internet and websites. It was a classic case of boom and bust, says Alexander. The business gained a "massive" contract to set up websites, then lost everything when the market collapsed in 2000. The business resurfaced in 2001 as an internet service provider as broadband was emerging, making the "quantum leap" from dial-up.

The business has thrived since then by adapting its model to changing market conditions. For example, to cope with falling broadband prices it started offering managed services, allowing the provision of more complex and high-value services to bigger customers. It now focuses on cloud and networks.

And actually, Alexander is rather a fan of opportunism. "We plan but we can also be flexible with opportunities," he says. For example, the desired growth could be fuelled by a hoped-for acquisition that comes out of the blue.

And a recent big order was also opportunity led, taking Link Connect into a different zone of the market. "Our now largest customer was moving their head office to what we call private cloud. They had already bought a WAN (wide area network) project from us and gave us the opportunity to take over their LAN (local area network). We hadn't really got involved in LAN but we understood the technology involved so we took a chance and took it on and now, a year on, it's working well."

Which is why success in business is partly a matter of luck, he thinks. "But we believe in the saying the harder you work the luckier you get. That doesn't always come true but winning large deals does enable you to punch above your weight. And that comes about by being able to hit a sweet spot in the market; having the right product at the right time."

For example, he recalls how in the early days of broadband the company developed a way to get several lines running as one, giving much higher speeds. “We didn’t fully capitalise on it,” muses Alexander, “but it was the right thing at the right time.

“Being able to create innovative solutions in an industry that tends to be ‘me-too’ will help a business to grow. For example, there’s an increase in interest in hosted telephony, meaning customers have no phone lines on their premises - they can plug in their phones anywhere, taking their numbers with them, and make calls via the cloud. If someone wants to add twenty-five lines we can deliver that in a couple of days as there are no actual lines to install. There’s none of the cost of having a PBX installed; just a monthly invoice.”

Ironically, the potential cost savings of technology like this mean that while it appeals to bigger businesses, it equally attracts the smaller companies that Link Connect has been trying to move up from. “So it’s not necessarily huge growth for us but it completes the circle,” suggests Alexander. “One of our marketing people does a drawing that shows ‘must-have’, ‘should-have’ and ‘wow’. Our goal is to get to the wow,” says Alexander.

He concedes the wow is difficult to attain, but he works with a CEO coach to help him address issues like this. “Something he said recently resonated with me,” Alexander explains. “He said what are you talking to customers about? You should be asking them three questions: What are we doing that you would like us to stop doing? What are we doing that you would like us to do more of? And would you recommend us? I thought ‘that’s so right’.”

There’s a danger that telephony companies might strategically drop prices to stop Link Connect treading on their toes, but Alexander feels they’re not necessarily a huge threat. “Our main competitors are BT Retail and Virgin,” he says. “We offer services that BT and Virgin don’t, for example identifying what networks are being used for, so that companies can block employees from using Facebook or YouTube, for instance.”

There is, of course, the issue of funding a big order when it comes in. Alexander estimates delivering a big contract might require a six-figure investment. And bank funding doesn’t exist the way it used to. “Asset finance is relatively easy, if you’re buying 50,000 servers, for example. But funding for growth is more difficult. I used to be able to ring up and say ‘I want £100,000’ and the bank manager would say ‘let’s have lunch’, but not any more.”

Other avenues, such as crowd funding, can be an option. Alexander had success with Funding Circle when he was looking for cash to invest in sales and marketing staff. “I logged on, uploaded the business plan and next thing I knew we had the money. It was quick and easy.”

There could be an exit at some point. “We could merge or be bought, says Alexander candidly. “There have been a couple of offers that weren’t good enough, but we’ve a way to go yet. First we need to get north of £10million. But with new offices and an expanded core network, we now have a clear runway ahead to get growth and new business.”

Best place to focus the growth plan

Who wouldn’t have heard - or uttered - the saying that turnover is vanity and profit sanity. But how many companies actually adopt the adage? Miles Fairston is clearly a believer. “I’m not looking for really rapid sales expansion,” explains the MD of branding, packaging and labelling supplier Wrightsons British Tags. “I don’t want to double the business overnight for two reasons: one, we already have 700 clients a year and that’s very intensive. If we grew rapidly we would lose

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Miles Fairston, Wrightons British Tags

focus and our ability to give personal service and deliver to short lead times, and that's our key sales point as a service company. Two, it's growth in profitability that we're looking for and that can be achieved without ramping up sales. If you expand too rapidly, look to grow turnover for the sake of it, you can come a cropper because you can't finance it.

"So our focus in terms of growth is on profit, not turnover. In line with this, targets are based on profit - not turnover. Everyone in the business can achieve the yearly bonus which can equate to about 10% of the salary bill, even if they're not in sales, which means everyone has a stake in the success of the company. That really focuses the team. I find results-driven targets a really good way to bring the team closer together and focused."

The business was founded by Fairston's grandfather in 1947 and Fairston himself joined the business in 1993, fresh out of university with a degree in a medieval history. His move into the family firm was accelerated by his father's ill health. "It was a difficult and very stressful situation," he recalls. "Turnover had shrunk to £790,000 and the business was losing money - £100,000 in one year. So it was a massive challenge but I really relished having a crack at it. I saw the opportunity of running the business as one of limitless opportunities."

Fairston happily admits that at such a young age he was ill-prepared. "I was not ready to deal with running a company. I recognised that at the time and even more so subsequently." In any event, it wasn't simply a case of being a student one day and an MD the next. "My father threw me into the warehouse, then I was cold-calling around industrial estates and doing admin. It was a great way to learn not only about the business but to experience it at the sharp end.

"I was lucky to take on an established business. Lots of new companies are successful for a few years then get into trouble. If they don't grow quickly enough the profit just isn't there but if they expand too fast and over-reach themselves, then finance is a key problem."

The business today is very different from what it was when Miles Fairston took over. For one thing, every supplier has been changed. And he's added new product lines to the company's traditional garment ticket and labelling specialism. He introduced packaging, such as gift bags and boxes, to the offering and started providing promotional items like lanyards, keyrings and wristbands, targeting corporates and charities. Garment labelling, packaging and promotional items each make up about a third of turnover, which gives the business financial symmetry.

It's a competitive field: Fairston says there are as many as 300 other businesses selling self-adhesive labels, around twenty-five offering similar packaging and at least twenty providing woven labels. What has contributed fulsomely to a turnover increase of 77% (with profit margin maintained) since 2009, is innovation. "We're offering a glueless-bottomed bag, which is thrilling if you're in packaging as it means you can use thinner paper, which makes for a more environmentally friendly bag," says Fairston. "And we can provide paper bags which can turn into gift wrap."

The business has never had a loan or overdraft and Fairston would like to avoid borrowing to fund growth. Acquisitions are not part of his plan, so that should be feasible. "Buying a company for its order book and goodwill is not something we've contemplated as we're not looking for that kind of big leap in turnover. That could be considered naïve or wrong but that's what I'm doing and I'm sticking to my guns."

But he does still kick himself about one financial decision. "Until 2005 we were based in Islington and I foolishly didn't purchase the property when we had the chance. That was a major mistake. It would have been a very valuable asset and would have removed the leaden weight of rent, which only ever goes one way. And it would have enabled us to expand earlier, quicker." With that in lesson in mind, Fairston bought the current office and warehouse premises, on a business park near Guildford, outright even though it meant sinking 75% of the business's cash into it.

Most manufacturing is done overseas by about fifty main suppliers. Fairston is just back from China, where he's been visiting factories to audit their processes and make sure they're compliant with the various standards. The language barrier is generally not an issue. "There's someone in every factory who speaks good English,"he says. "And I like dealing with the Chinese. Their work ethic and how they try to help is astonishing and we would do well to learn from it."

About a third of the direct clients are based in China, Hong Kong, India and Turkey, since British Tags supplies labels to other companies producing clothing on behalf of the end client. But the products end up on the garments of big British names like Hobbs, Monsoon, Cath Kidston, Jigsaw, Hunter Boot, Vivienne Westwood, Agent Provocateur and Roland Mouret.

There are challenges associated with an overseas client base. Debt collection, for one thing. "We try to work with retailers who will underwrite the stock order, so that any debts are part of their problem, but if that's not possible so we can be quite exposed," Fairston explains. "Fashion retail generally is prone to bad debts," he comments. Even so, in 2014 British Tags had only £12,000 worth of defaulters. "We run a very tight ship in accounts," says Fairston.

Having a tight ship in terms of number of clients is another matter. "For some years, one retail client accounted for 50% of turnover – that was a poor business decision because it left us exposed, but it had just evolved that way," he explains. Then fifteen years ago the client pulled out of Europe overnight. We faced a crucial decision looking down both barrels: did we keep the company going or shut it down? I was twenty-five at the time." So what did he do? "I had a stiff whisky that night then woke up in the morning and got going. I thought 'roll your sleeves up, here's a proper challenge'." It was the loudest of wake-up calls. Not that Fairston wasn't mentally equipped to respond. "I have always believed there's no getting around hard graft," he says. "I'm here from 8am to 8pm." Having said that, he never works at weekends and always turns his phone off when he's on holiday. "Business can become too stressful if you never come away from it, and you can implode mentally." That means having a lot of trust in his people. "I go to a lot of meetings with suppliers where I feel that their way of working might be clear to those at the top but not to everyone else in the company. So you feel their team's not pulling in the same direction, and we very much are."

While citing regulation as onerous is de rigeur, Fairston has some justification in raising it as an issue. "There are 200 restricted substances we have to declare and be tested for," he explains. "The penalties, stress and worries can sometimes outweigh the value of an order as a profitable enterprise."

And the terms and conditions demanded by customers can have a similar impact. "We have had opportunities for large contracts where the T&Cs were so aggressive that the risk/reward was not worth it," says Fairston. "Ours is a low-value product; my woven label worth 3p is attached to a garment retailing at £200. I could have a contract for £100,000 but if the T&Cs include consequential loss, a problem with the end product could run into many millions. That's prohibitive – it becomes not worth the risk of supply. So increasingly we are not quoting." Fairston says many of his peers don't realise quite what the T&Cs might mean to their businesses. "This stuff is often buried deep in contracts. I had T&Cs recently that were over 100 pages and it took me to page eighty to find that consequential loss bit. I know I have competitors who are only interested in turnover and don't read the legal small print and just sign it. They feel they can find a way of wriggling out if things go wrong; they're probably right - maybe I'm too cautious - but I simply can't take it on knowingly."

As a family firm, succession will inevitably become an issue at some point. Fairston doesn't think his teenaged children will want to take over from him. "I haven't even broached the subject," he says. "I was never coerced into joining the business; in fact it was barely discussed. My parents were happy for me to proceed in any career I wanted and I will be the same. I would be thrilled if one of my children wanted to come in, but it might not be right for any of them. My daughter came for work experience for a day. By the end of it she was worn out and said 'please let me go back to school!'"

Seeing things differently to achieve target

Great ideas can often come from random conversations. Neil McEvoy says that one of his best ideas was sparked off by a conversation over a few glasses of wine on a yacht in the South of France.

McEvoy, chief executive of technology consultancy Consult Hyperion, was talking to a management consultant friend about the next step for the business, and it occurred to him that the company, so experienced in advising other businesses, could probably benefit from some advice itself.

"We'd been going for nearly thirty years and there was a possibility that we had become set in our ways," says McEvoy of the business, which specialises in creating technology for secure electronic payment transactions. "We've been through cycles of reasonably strong growth followed by plateau-ing for a few years, and we had been on a plateau recently. So we thought it would be a good idea to have an outsider look at us, to help with growth. The consultant had built and then sold his own business so he was absolutely the right person to help us." The resulting consultancy process is engendering some major changes, says McEvoy. "Having an outsider's point of view has been challenging but ultimately productive. There's been some debate about the consultant's recommendations, but that's good. Going through the process with external help crystallised thoughts we had been having anyway."

Not least setting a target to double turnover to £12million in five years. "That target would not otherwise have been a natural outcome," says McEvoy. "If we had gone on as we were, doubling the size of the business wouldn't have been something we'd have aimed for. Now, through seeing how we could do things differently, it's become realistic."

One thing the business is trying to do differently is to exploit the substantial amount of IP it owns and to generate more. "Usually the clients own the IP that we develop, but we're looking systematically at how we can retain at least some of it," explains McEvoy. "Rather than just finding new projects, we could re-apply what we already have proactively, and do repeat business with various clients."

A prime example of how this could happen would be re-using the IP created through an electronic payment project in Nigeria. The Touch and Pay (TAP) project enables farmers to buy fertilisers electronically using e-vouchers. McEvoy says of course the system could be applied to non-fertiliser related payments, such as health and education, and not just in Nigeria but throughout Africa.

"Farmers used to have paper vouchers but that was hugely inefficient – merchants could take months or years to get paid," he says, explaining the background to TAP. "There was also a lot of fraud, and previous attempts to make the process electronic hadn't worked much better. We were brought in to analyse why it was not working - one issue was security and the other was lack of mobile coverage - and to find a company which could build a system to make it work."

Neil McEvoy, Consult Hyperion

The upshot was that Consult Hyperion were asked to build and operate the system itself. "That was an interesting departure for us," says McEvoy. "We had not previously run an operation that was essentially a database from here, distributing the information to remote places - but if someone offers you good money to do something it's hard to turn it down."

The company ran the system for 500,000 farmers last year and 95% of vouchers were correctly redeemed, far better than the previous 30-40%. I look back on that project with a great deal of fondness," explains McEvoy. "What I really like – and this happens reasonably often – is when something we do impacts and makes a difference to people's lives or businesses. That is really motivating."

The company has done other work in Africa, notably a project to enable money to be sent between mobile phones in Kenya for Vodafone. The result is that 25% of Kenyan GDP is transacted that way. That's 25% of a bigger GDP than it would have been in the absence of the system, explains McEvoy.

But working in Africa presents challenges. "It's a difficult place to do business," reflects McEvoy. "You have to line up all your ducks in a row: governments, aid agencies, distributors, all have to be on the same page. There are also vested interests which would rather not have anything change."

Closer to home, some projects still involve creating IP for clients though, such as the one to enable bank debit cards to be used to pay the fare on London buses. An issue with the earlier Oyster card implementation was that Transport for London didn't own the IP and so didn't fully understand how it worked. With the bank card project, TfL asked Consult Hyperion to specify and design the system, for which TfL would own the IP.

McEvoy says he's very proud of the results. "Oyster transactions take 300 milliseconds, which means the user doesn't have to break their stride when going through station barriers. But credit cards and debit cards are much more complex as the system had to be able to work out what kind of card it is, whether it's valid, access a vast database of stolen cards – all at a speed which would prevent queues from building up. No-one knew if it could be done."

Not only did Consult Hyperion do it, enabling the process to be done in just 500 milliseconds, but they did it fast. "If you asked the hardware provider how long they thought it would take to write the software they would probably have told you a year. It took us six weeks," says McEvoy.

Challenges for IT businesses include the possibility that technology evolves faster than ordinary people's willingness to adopt it. McEvoy says the banks could have done a better job of educating people about contactless cards, for example. "They were issuing the cards in large numbers before they had really educated customers or indeed retailers in how to use them. We ended up going round shops showing people in Marks & Spencer, for example, how to use their contactless cards."

Security issues – or at least perceptions of such issues – are another challenge. McEvoy says the technology is actually safer than many people assume. For example, though it's theoretically possible to steal someone's card details through their bag or pocket with an appropriate scanning device, in practice the cardholder's bank's system would recognise that any resulting purchase was questionable and would reject it.

And this won't come as a surprise, but a constant concern is getting good people of the right calibre. Muses McEvoy: "We need people with an engineering or science background who are able to problem solve and are absolutely interested in doing new things, but not for the sake of it – they need to be commercially minded. We're not after pure academics."

As it happens, bringing in freelance "associates" provided much of the resource for the last major growth spurt – a change of policy since everything had previously been done in-house. "We realised it's possible to trust people even if they're not on full time contracts. When you can find the right people you create good growth," says McEvoy.

Another change has been to bring in professional salespeople, despite the directors' desire to continue doing the sales themselves, which, says McEvoy, would have been limiting. "Once we had got an order we then tended to take our eyes off the sales goals in order to do the project. It tended to be a bit feast or famine. So we overturned the nostrum that consultancy needs to be sold by consultants and we hired our first professional salesperson to drive the next phase of growth," he explains.

There are five directors, three of whom, the founders, own 90% of the shares. McEvoy met his co-founders, Dave Birch and Stuart Fiske, when they all worked at IT and business outsourcing giant Logica, and he says Consult Hyperion grew out of conversations about how they could do things better than Logica. "We wanted to start up a better Logica. That was a pretty crazy idea as the market probably didn't need another one," he laughs, "but we believed our own propaganda and talked ourselves into it."

As it turned out, he goes on, they found out that what clients actually wanted from them was consultancy – specifying the technology to support new services and systems. As time went on they added to the mix, creating and testing prototype software before clients took it on – such as chip and pin software for a global credit card company.

McEvoy says it's vital for a tech-related company to be constantly looking to the next big thing, but at the same time it's important to focus on whether it's commercially viable. The shorter-term goal, he says, quoting the business's slogan, is to continue to be a world-class consultancy in the field of securing tomorrow's transactions, turning clients into intelligent users of new technology. The business doesn't have a significant number of competitors so McEvoy says it can be a case of "knocking at open doors". It's just finding the right doors.

"I believe in intelligent opportunism," explains McEvoy, "but then so have other people who have never quite got there! I wouldn't rule out sheer luck, either; there are people like Bill Gates and Steve Jobs who, as well as being superb business people, have been in the right place at the right time."

Reference

With 16 partners, over 110 staff, and six offices, Hart Brown provide a full range of legal services to businesses and individual clients. Recommended as a firm in the Legal 500, Hart Brown received, in 2015, the LawNet Mark of Excellence Award "for outstanding performance on an independently assessed mystery shopping and client satisfaction measure."

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