

The South's



Most Ambitious Companies

HEATING PLUMBING SUPPLIES (HPS)

— The South's Most Ambitious Companies —

FOREWORD

Which are the most ambitious companies in the region, those which have the most potential?

Research commissioned by law firm Rawlison Butler reveals that most are names which simply don't tally with those which appear regularly in the media as exemplars, because they tend not to be networkers or publicity hunters.

The research programme to identify the companies took as its criteria:

- * A desire to build a business of some significance, to be a leader rather than a follower.
- * An ability to think (and act) strategically as well as operationally and opportunistically.
- * A willingness to build a management team and to be open to new ideas and advice.
- * Either an ability to re-write time-honoured modus operandi, or a skilful perpetuator and up-dater of traditional beliefs to achieve/sustain competitive advantage.
- * An organisation which is determined to continually develop new standards in terms of process, practice, and delivery.
- * Demonstration of a will to succeed despite obstacles.

This paper considers the attributes of one of the researched companies.

HEATING PLUMBING SUPPLIES (HPS)

Ambition for Peter Wilson isn't about defining specific sales or profit targets but the attitude of always wanting continuous improvement everywhere in the business.

"We're not ambitious in terms of we're here and we want to get there, but we do want to improve; you can't stand still," explains the sales and marketing director of Heating Plumbing Supplies (HPS). "Earlier in my career I've been in the situation of not always being able to do that."

The situation he refers to started when he worked with his now managing director, Ron Walker, at a national independent plumber's merchants in the 1990s. That business was then acquired, thrusting the pair into a corporate world they found they didn't like. "We realised it wasn't for us," says Wilson. "The decision-making process was by committee; it was like swimming in treacle."

Walker, Wilson and three colleagues moved to another national merchant group, to set up their heating and plumbing division, but Wilson says: "We realised we had moved from one monolithic company to another."

"We were supposed to operate independently but every time we proposed a project they would take months to agree anything and we missed opportunities," he adds. "Those were the two times in my life I've not enjoyed what I've been doing. I didn't want to get up in the morning and do it any more. You think you can change a big company but you have to accept that you won't. It's too big an animal."

They left after six months. "We knew that we would have to start our own company," says Wilson. "Independents were being bought out by nationals so there was a niche for a multi-branch independent."

They managed to raise the £1.5million they needed from private individuals, people they knew. "We had a couple of guys who invested very heavily but we saw them only a couple of times a year, at board meetings. They were brilliant," says Walker.

Four branches were opened in the first year and another four the following year. The business did well from the outset, taking

some of the nationals' market share, with a USP based on personal service, flexibility and quick decision making. That's not brochure-speak. HPS give one-man-band customers the attention that others would lavish, let's say, on the larger account holder.

HPS were able - and just as importantly willing - to offer a more varied range of products, to source what customers asked for, since their branches were not restricted, as some multiples are, to offering only what head office buyers dictated. "We give the staff on our trade counters the freedom to manage," says Wilson.

Interestingly, HPS have never tried to undercut on price. "Against the nationals," says Wilson, "we'd never win that argument." Instead, the company have found something their customers appreciate rather more than a few pounds here and there.

"Plumbers aren't always the best organised people in the world," smiles Wilson. "They fall out of bed and then realise they have to go and fit a particular boiler, so their first question is not 'how much?' What it means is that our response has to be 'the answer's yes; what's the question?'"

The business has since grown at the rate of about two or three branches a year, to the thirty-one at the end of 2014.

In 2005 HPS were in The Sunday Times' list of fastest-growing companies. Then recession hit and sales flat-lined for a while, but the business remained profitable and in the last couple of years has seen a rapid improvement in sales. It turned over more than £47million last year with a profit north of £2.5million.

Wilson says the "fantastic" growth of the company has been down to people and service. "There are lots of independent merchants out there and lots of nationals but they lack character and service. We have a strong identity."

In 2011 the directors completed a management buyout, funded by Lloyds Bank, which enabled them to pay off the original investors. "That was our initial ten-year plan," says Walker, "and we achieved it almost to the

The South's Most Ambitious Companies

day.” The MBO gave the company’s staff the chance to take shares, and about half of the staff at all levels have a shareholding. “The beauty of the arrangement,” says Wilson, “is that we retained total control of the business.”

The management structure is kept as flat as possible: the four directors at the top and a non-executive chairman, the former MD of the company where Walker and Wilson first worked together, and then the branch managers.

“There’s also none of the politics and bureaucracy that you get in other companies,” adds Wilson. “We all have respect and trust for each other so decision making doesn’t always have to be a formal process, with a meeting; it can involve just a few phone calls, so it can be quite fast.” How fast? “The decision to open a new branch can take half an hour,” replies Wilson. “It’s that quick.”

Each branch is run as a separate profit centre, a small business in its own right. Wilson explains: “There are twenty-nine managers, twenty-nine variations on running a business. Within obvious guidelines, they have the freedom to be independent rather than corporate robots. People deal with us because we’re ‘Simon at Brighton’ or ‘Mark at Croydon’, not just because we’re HPS. We’ve only lost three managers in twelve years, and one of those came back to work for us.”

A manager shares in the profit of their branch, and staff get bonuses based on their branch reaching targets. There are monthly league tables with “healthy competition yet good camaraderie among branch managers.”

“We like paying bonuses because it means we’re all doing well,” says Wilson. “The nationals have turned their managers into administrators, and they have forgotten what service is about. A small head office team keeps admin work out of the branches.

“We’ve been told we’re like a franchise, and that’s the best compliment anyone could pay us, because it means the branches are like the managers’ own businesses.” Nine of the managers are home-grown, having come up through the ranks.

It all encourages an entrepreneurial approach that is benefitting the company as a whole. Wilson tells of a bright idea that

came from a branch manager. “He wanted a showroom, which we’d never had because we were trade only, but we built him one and it became one of our most successful branches. It’s about being prepared to change the way you think, that no matter how well the business is doing, you can still learn on the way.”

Now HPS have five showrooms and the biggest, at their Maidenhead branch, includes a dedicated training room to enable the company to educate customers about products related to renewable energy. “There has to be a whole education process around renewables,” says Walker. “We have to empower customers to understand it. There will always be some that aren’t interested but there are a lot who are really keen to learn.”

While new branches have typically opened at the rate of a couple a year, there were none in 2013. Walker explains: “We don’t chase growth for vanity. We have a budget if the opportunity comes along but we couldn’t find the right opportunities, and more importantly, the right people that year.”

There are certainly no plans to expand beyond the south in terms of geography. The general idea is that all branches should be within a day’s drive from head office there and back. “We have no desire to get stuck on the motorway trying to get to Birmingham,” says Wilson. “And if we could find the right people we could open another ten stores in the London area alone.”

What enables the business to stay ambitious? “Working with other motivated people keeps everyone going forward,” asserts Walker.

www.hpsmerchant.co.uk

REFERENCE

rb.

Rawlison Butler

Griffin House
135 High Street
Crawley
West Sussex
RH10 1DQ

Telephone: 01293 527 744
Fax: 01293 520 202

Ridgeland House
15 Carfax
Horsham
West Sussex
RH12 1DY

Telephone: 01403 252 492
Fax: 01403 241 545

Berkeley Square House,
Berkeley Square,
London W1J 6BD
Telephone: 020 7887 4548
Fax: 020 7887 6001

26 Kings Hill Avenue
Kings Hill
West Malling
Kent ME19 4AE
Telephone: 01732 424049

info@rawlisonbutler.com
www.rawlisonbutler.com



Researched and published by
DECISION magazine
www.decisionmagazine.co.uk