

The South's



Most Ambitious Companies

RYDON GROUP

— 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.

RYDON GROUP

“To innovate and to be ambitious, you have to be light on your feet, to have entrepreneurial spirit,” says Bob Bond, chief executive of the £180million turnover Rydon Group. “A business only functions well when it is working towards a goal; it needs a sense of purpose.”

Which can change of course. Turn the clock back just prior to the financial calamity in the economy and Rydon were essentially housebuilders and contractors, with a focus on PFI, private funding initiatives. Today, PFI is considered the funding route of last resort rather than first choice, not that Rydon are concerned because the group has moved on. Before Northern Rock became front page news, Rydon had decided to find a more stable source of cashflow and after selling land to pay off debt, acquired a maintenance company. Today, what has been developed into a facilities management business produces £55million a year of recurring revenue.

Today, Rydon Group has four subsidiary boards, for construction, private housebuilding, facilities management, and the former PFI vehicle Ryhurst which now specialises in healthcare property.

However, the company, which was a pioneer of PFI, hasn't abandoned its recent heritage. Ryhurst came up with a joint venture partnership model which they've branded STEP, a fifty-fifty relationship which works on a strategy for the whole estate of an NHS Trust. For Lancashire Care, the first twelve months delivered £1.6million of savings in FM, improved space utilisation by 39%, plus the potential of saving £80million from capital funding costs over forty years has been identified. It was the first 'whole estate' JVP of its kind in the country.

“Having the four boards for the operating companies in the group means we have key people who are able to bounce ideas around a team of skilled, experienced, motivated colleagues,” says Bond. “The result is that we generate more opportunities than we could possibly fund. What is important for an ambitious company is knowing that the big

decision can be not to do something.”

In addition to the CEO and the four MDs, there's a group finance director, group legal director, and a group strategy and business development director.

Bond did a management buy-out of the group nine years ago. Initially he was excluded from the sales process, but after telling prospective buyers that he didn't come with the purchase, the vendors agreed to his leveraged proposal.

“We're a bit of a John Lewis model in that a third is owned by the bank, a third by the directors, and a third by the seven hundred or so salaried staff,” he explains, “so there is an incentive for everyone to do well. It is easier to delegate to an incentivised team, and it should mean issues of succession are easier to address.

Despite the obvious success of the maintenance business acquisition, Bond is chary of further purchases. “I prefer organic growth because it doesn't consume so much cash and there are no cultural integration issues,” he says. “But if the right opportunity came up which would fit into our core businesses, then of course we would look at it.”

Such as the chance to buy social housing specialists Equipe Regeneration, which had contracted revenues of £153.4million stretching beyond seventeen years.

Meanwhile, Rydon have also been investing behind the scenes, notably with a new £1million IT system.

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