ONWARDS AND UPWARDS

How successful companies continue to make progress

Smith & Williamson

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Introduction

Still delighting the customer. And delivering the figures. But is the company's trajectory still pointing the right way?

If at all.

There can be good reasons why so many companies plateau.

And as this report reveals, there are equally good reasons why that can be avoided or overcome.

Focused but without making assumptions

"I get out of bed and I can't wait to come in to work," says Steve Fowler. "I think when you get older you need to have this drive to take your business forwards or you begin to get tired, even disillusioned. To be honest, if there isn't the desire to move forwards, a business would just tick over and then begin to go backwards. And not having that desire wouldn't just have a negative impact on the direction of the business. It would dilute the passion for the product, perhaps even the focus on the customer."

Pragmatism has accompanied the founder and managing director of PamPurred Pets throughout his career. Originally an employee of Safeway from the age of sixteen, he had been promoted to assistant manager at twenty-three, but decided to leave a year later when it didn't seem likely he would be given a store of his own any time soon.

But instead of winging a CV over to other supermarket chains, he decided to pursue an idea which he'd been nurturing. "We're a nation of pet owners, and I thought there must be an opportunity to create a supermarket environment for that market," he explains.

While getting the first PamPurred Pets outlet fitted out, he didn't relinquish his day job, further hedging his bets by also stocking garden products at the outset. "I was used to working long hours - in supermarket retailing I had to put in sixty to seventy hours to get on," he says. "It was worth it. At the end of the first day of trading, we took £300, and I gave my notice in at Safeway."

That was thirty-five years ago. Six years on, a self-financed second store opened. "That was a learning curve" Fowler recalls. "Anyone can build a business from under one roof, but with more than one location you have to learn about delegation." Today there are some fifty outlets. Certainly the name PamPurred Pets gave the business character. "What brands do you know have a word which isn't spelt correctly but creates exactly the right tone?" asks Fowler. Certainly it's distinctive compared to Pets at Home (a quoted company), and Pets Corner (second-generation family-owned, predominantly still located within garden centres).

"When we started the business, the ambition was just to make a success of it," he recalls. "What drives me today is how many stores we can open." But that isn't necessarily the same as saying more of the same. "You've got to make sure you stay focused on what the consumer wants rather than assuming you know because the formula is successful and working," says Fowler.

"We don't open a new store without making some changes. It could be the way we display certain stock, and we're happy to learn from how retailers in other sectors are doing things."

There's a macro dimension as well. "The trend in grocery retail is for the consumer to buy little and often," explains Fowler. "The growth in grocery is in convenience stores, not large out-of-town supermarkets, so we decided to open big stores but in convenient, often High Street locations. I think that type of store also makes it easier to build a relationship with the customer. So when a customer comes in with their dog, our staff should be able to recall the pet's name - which is probably more important than remembering the customer's."

That said, with up to 3500 skus (individual items), PamPurred Pets carry more stock than larger footprint, retail park-based rivals. All of it is consolidated at a 42,000sqft central hub and delivered twice a week to the stores. "That means shop staff are spending most of their time looking after the customer rather than being at the back door sorting out individual deliveries," says Fowler.

"If an opportunity comes up for a new

Steve Fowler, PamPurred Pets

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store, we'll take it, but having a set target of openings a year is a recipe for suicide. We might open two stores in one year, six or seven in the year after - only if the opportunities are there. Instinct is important. No matter how sophisticated the research, there is no way on earth you can guarantee that a new site will work brilliantly. I want to get a feel for the place rather than just look at a load of figures and data." Fowler would be concerned about opening in an area dominated by a single major employer. The availability of car parking would be another consideration.

At the moment, more than 90% of sales come through bricks-and-mortar, although customers can use the click-and-collect facility on the PamPurred Pets website. But the company does have a stand-alone internet brand, Pets Go Direct. And in collaboration with a Midlands-based retailer, PamPurred Pets have created their own Fab brand for food products and accessories.

A day every other week, the new lines committee at PamPurred Pets will meet to consider new products, with the buyer assembling samples, prices, and all the information necessary for a decision to be made. Fowler sits on the committee and representatives from different stores are invited to each meeting to give a view from the shopfloor.

"I want to be able to visit each store twice a year," he says, "and I have to learn which parts of the business I can ease up on to maintain that, while at the same time still keeping on top of everything that is happening. I still set every single price point, because that's a particular skill I have, so I don't intend to give that up."

Not surprisingly, retirement isn't a word which is part of his lexicon. "I can see myself working for ever," he smiles. "When I go on holiday I can't just lie on the beach, but I do restrict myself to an hour a day to deal with emails. It's better to make sure an issue can be put to bed there and then rather than drag on until I get back."

In addition to his wife Debbie, there's a non-exec on the board, and both daughters are in the business (one is the finance manager, the other looks after IT and store support).

"Since 1981 we've grown step-by-step geographically," says Fowler. "There won't be a PamPurred Pets opening in Manchester tomorrow but there's no reason why not in years to come. It's not a question of lack of ambition. If you don't sail too close to the wind in terms of what you can manage, then you have no problem sleeping at night."

Why world is the operative word

When Peter Lowther, chairman of Ability Projects, describes his market as niche, he's not using the term lightly. By his calculation it's worth maybe £40million tops in the UK. The company has sales of £12million, so with the best will in the world, there's only a certain amount of market share a company can take. So the key word is 'world', which has been added to the company's trading name, signalling an intention to do some serious exporting.

A prime market for the air conditioning fan coil units the company makes, perhaps surprisingly given the size of the country, is New Zealand, but that's because their building stock is similar to ours, according to Lowther. "We've got a couple of motivated distributors out there, and their capital is being re-built after their earthquake.

But there can be local difficulties. "There's a view elsewhere in the world that if you can't hear the air conditioning, then maybe it's not working," he explains. "Our fans are silent."

"We make it our business to stay at the front end of technological advances. Not only does it give us a buzz, but it is a reason why people will want to talk to you," says Lowther. Which was certainly the case when in 2003, not long after its formation, the company developed a new fan coil, which instead of using AC alternating current ran off DC direct, which was more energy efficient and "infinitely" more controllable. Then a patent was gained for its method of balancing the airflow across any number of air conditioning ducts.

The reaction from rivals in the niche wasn't quite what Ability Projects were expecting. "What we found is that competitors aren't fired up to embrace change," recalls Lowther. "One actually went on record as saying ' we'll wait to see what happens'. We knew that energy efficiency wasn't going to go away as an issue, and that we would have the market to ourselves to convert. And we knew there would be a point where energy efficiency would rise closer to the top of the agenda and prospective customers would say Ability have been banging on about this for years, we'd better talk to them.

"We were able to do it because we are independent. We didn't have to get permission from a remote head office to do something radical. Now we are producing the most advanced fan coil unit available. The watts per litre per second of air movement requirement was 0.8 in 2006. From 2013 the figure was 0.5, and we've been below that for some time. But it doesn't mean we are dancing off into the daffodils. Product development is still key; that's what has differentiated us. But what we haven't been looking at are other applications. We've kept our focus on the fan coil because that's the market we understand.

"There have been enquiries we have politely walked away from because we know the customer's technical requirement is beyond what the product is really capable of achieving. We're not prepared to bend a commercial truth, because the consequence is an inconvenienced and probably ex-customer. Okay, we lose an order today but the customer remembers that we're honest."

But focus doesn't mean diversification is out of the question. Quite the opposite. When two brothers who used to work for the company got back in touch with an idea for a heat recovery unit, Ability saw that the concept, stripped of intellectual rigour, of a fan and heat exchanger which sit in a metal box wouldn't be a radical departure. And the potential is enormous. "We believe that in the not too distant future, we'll all have them in our houses in the same way as we have boilers now," says Lowther.

In order to make it easier for the customer to specify Ability, the company set up a team to provide controls which could be sold with the fan coil units as a package. "We brought in new skills and now have a department with six people," explains Lowther. "What it means is that we can offer one-stop responsibility." As well as heighten the potential for the diversification. "Heat recovery products are fairly dumb in themselves, but we can apply our controls expertise to make them intelligent," says Lowther. "I liken them to cars, which all have an accelerator and a brake pedal. What we're going to be providing is the equivalent of a mechanism which enables the car to automatically ease you back if you are driving too close to the vehicle in front."

One thing is for sure as far as Lowther is concerned. "What we won't be doing in the future is actively looking for a trade sale," he avers, and he can explain why with simple reasoning: "Our test technician trained me when I was an apprentice, so why would I want to do something that is possibly going to result in the company being rationalised, which could mean he would probably have to look for another job.

Today, some 40% of the production staff are Polish - and the only stipulation is that everyone speaks English on the shopfloor. "When you start a business," says Lowther, "the first people you have around you are probably friends or at least have a passion to some extent for what they are doing. But there comes a point in the growth of a business when you realise that you are taking someone on who really sees it first and foremost as a job."

Moving forward requires additional thought for an independent company, Lowther maintains. “You have to be careful that bringing someone in from outside doesn’t cause transitional upset . It can be the equivalent of the spanner being chucked into the machine from a great distance. Similarly, for a private company to go further, the directors need to back off a little bit and trust the management team to take more responsibility.”

How to re-invigorate the business

Creating a structure that allows shares to be gradually acquired by the staff isn’t just with a view to enable Grahame Pettit, managing director of Amiri Construction and his co-founder to step back. He says the move would freshen and reinvigorate the business he set up with Kevin Lendon in 2005.

“I like seeing people develop and flourish, and I’m trying to create an environment where they feel empowered,” Pettit explains.

When Pettit and Lendon set the business up they set their growth targets based on turnover. “Turnover is a fairly simplistic measure but it’s the easiest way to measure progress,” Pettit explains. “You can’t really measure it by the number of projects because we could have twelve £1million contracts or three £4million ones, or a mixture.”

After three years turnover was around £17.8million and the initial target of £20million was achieved two years later, in 2010. “The easy bit was the first five years,” Pettit reflects. “Kev and I had started up businesses before so that part of the journey was a familiar road map.”

By 2014 turnover was a record £24million and this year should be £25million. “

“If we get too much bigger then we will have to become substantially bigger,” says Pettit. “There’s a threshold of about £30million-40million that we have to really break through to get to the next level. Then we would need another tier of management to have the same control of each project and to deliver the same quality. I’ve seen contractors fail at this point because they didn’t succeed in doing that and were constantly stretched.”

“The biggest limiting factor when a company isn’t chasing growth is that it stops creating career opportunities for its people,” Pettit suggests. “One of our mantras is ‘recruit, motivate and develop’ the best people. Employee churn rate is low and retention is superb, but we have to continue to create opportunities to fulfil their desires. We’re very open and transparent so no-one asks when we’re going to become a £50million turnover business; they all know that’s not the plan. But there are some very ambitious people and we need to find a way to create opportunities for them and to keep the business fresh.”

Which brings us back to his plan for a new structure. He and Lendon both own 30% of the business while an outside investor owns 40%. They’ve never regretted having minority shares as that arrangement means they didn’t have to put their homes up as security just to start the business; Pettit suspects they might not have been as ambitious if their houses had been on the line.

“Fundamentally I want a structure which will stop the company running out of steam and invigorate it,” explains Pettit. “We have board meetings already that include the heads of departments; they’re bringing new ideas and the next stage has be finding a way to give them some ownership.

“This would also address one of the biggest challenge I have at the moment, which is how we can spend more time working on the business and less in the business. One of my favourite quotes is that practice and experience is the best preparation for opportunities. When you’re young you get opportunities but you have no experience of how to take advantage of them. The older a manager, the more risk averse they become, unless they are able to spend more time considering the future rather than just addressing day-to-day issues."

When Pettit says he enjoys the "reward" of running a business, he isn't talking remuneration. "It's the passion we create in staff," he says. "To see their pride in the company and its ethos still excites me." But he accepts that it won't always be the same people necessarily. "There's an analogy that a business is like a bus," he says, "with people getting on and off at any time. You need flexibility like that or the business gets stale."

What he likes about being an owner-manager is having the flexibility to steer and direct the company: "You're accountable to yourselves. You can define where you want to go, sit down and write the business plan for the year and beyond. And if you don't like how it's going you can change it, rather than having to do so because a remote head office decides on a different direction or institutional shareholders demand a short-term dividend."

Against that, having an external financial resource could have helped on occasion. "I hate the phrase 'beyond your control' - things shouldn't be beyond your control - but it has happened," says Pettit, "and when it does that should lead to some soul-searching rather than brow beating – what could we have done to avoid the situation?"

One that sticks in his mind was a housing development of their own which had some challenging design characteristics. It emerged there were defects in a house frame, and then a key subcontractor went into liquidation. In short, the cost was more than expected and the project took longer to complete.

"What did we learn?" muses Pettit. "That it is important to fully understand the implications of a build and to pro-actively assemble the most appropriate production team." Fortunately they already understood the mantra of cash management, which was critical to getting through that period. All three shareholders put more money in, with Lendon and Pettit taking out personal loans.

Pettit counts among their achievements being able to turn that situation around, eventually clearing the shareholder loans and returning to profit levels above the industry standard. "We had too much money tied up in another nearby project," admits Pettit, "but we can beat the drums and say we were the developers who sold the most expensive speculative house in Sandbanks for £6million. And the eventual purchaser was absolutely delighted with it."

Having the ability to operate efficiently without having to worry about cashflow is critical, emphasises Pettit. "When a business does have spare cash it creates opportunities. We've always had a vision that 10% of our work would be on projects where we had a stake in development and there are some great opportunities to turn office blocks into residential for example. We're fairly cash rich now and have no borrowing, and the cash can sit in the bank even if it is earning nothing."

Another issue for construction companies is that constant uncertainty over when projects will start makes it hard to plan the resources needed. "We run around twelve projects at any one time, and it can take around five months from never having heard of the contract to starting on site," Pettit explains. "Once we've started we have a reasonable certainty of when we will finish the project but nowadays unexpected events can mean you never know when you will start."

What exacerbates that scenario is that Amiri Construction are known for coming up with ideas to improve the construction process and financial efficiency of the building specification. There's a project where the use of a lightweight timber frame instead of a steel one minimised the weight of an office redevelopment above existing shops, reducing costs and disruption. For a school, instead of having eighty weeks of work split into two stages, which would have been risky in a rising market as prices would have increased during that period, Amiri identified a way of doing it in one phase of fifty weeks, which also minimised disruption.

Other contracts have included 97,600sqft food distribution centre, a new sports hall for a sixth form college, the transformation of a tired office building, and the design and build of "commercially green" accommodation for a charitable trust.

Pettit says a valuable lesson he's learned is that growth is often not a straight trajectory. "It's about being flexible and able to adapt and seize opportunities. As the business grows, its psychology changes. When it starts out it needs drive and passion and the ability to bounce back. In middle age it's how you control it; you need consistency and reliability to extract the most out of what you have, like a lemon squeezer approach. And later there's the need to address the risk of complacency and passion waning.

"Growth needs to be planned, and that means knowing your strategic direction is important. We started with a really clear strategy – and where we are now is not that much far off where the plan said we would be."

Knowing what to do next time

"You really only learn by your mistakes," says Carl Churchill, co-founder and chief executive of NetPay Solutions Group. "In that respect, then the company is the culmination of all the lessons from previous businesses, not that I don't continue to learn and develop."

"Our previous connectivity business grew so quickly we were often playing catch-up, and the result can be over-trading in terms of being able to deliver customer service. You can't say to the customer I'm sorry, you're going to have a really rough couple of weeks."

"I remember November 2007 was the darkest month. Our investment was behind our growth, and we could see the impact on service and delivery. That was when I realised that next time, the right investment has to be in place at the right time, even if means being over-resourced, in order to deliver the right experience for the customer no matter how fast we are growing."

The 'next time' wasn't so long in coming. Churchill sold murphx, the connectivity business to Daisy Group plc in 2010 and after two years as managing director of their wholesale business set up NetPay Solutions Group. He reckoned that a new provider of credit and debit card processing without the baggage of doing things in the time-honoured way would benefit both the merchants, their customers, and curiously, existing service providers.

Even in the recession, the card payment sector experienced growth of 8-10%. "My view is that as long as the consumer has cash in their pocket, there's still opportunity," muses Churchill.

Much has been said about the difference between a corporate and the independent business, with the turning super-tanker analogy and countless examples of hyperbole. But a real-life example is that it takes about fifteen minutes for a company to sign up with NetPay compared to maybe fifteen weeks with a bank.

"What we didn't expect when that became evident was for the competition to bite the bullet and talk to us," Churchill explains. "Three banks are looking to sign up with NetPay so we can provide them with a card payment service on a white label basis." One of the reasons why that can happen is that NetPay technology wraps around existing terminals and EPOS systems. "A bank can either try to emulate what we are doing, which will take them at least three years, by which time we will have evolved, or," says Churchill, "they can adopt our proven platform, built to their requirements in three months."

The company employs its own in-house developers, because, observes Churchill, contractors will do the work but can't evangelise the culture; they won't have the vision. "Our developers feel part of the business, and because they believe in it they

Carl Churchill, Netpay

are looking to create the next opportunity for it.

"Our view is that if three out of five acquiring banks in the UK (those processing credit or debit card payments on behalf of a merchant) would use our service, why couldn't we replicate that around the world with our technology."

What could work is for NetPay to 'piggy-back' on an existing UK customer to its markets overseas. The intention then is to build a brand which stands for "one global gateway."

"Brand recognition is important," states Churchill, "and I used to hate that being the case when I was working in telecoms and people said nobody got fired for specifying BT. Maybe nobody operationally did, but at the top table there could have been casualties if as a consequence of something not going to plan, it wasn't possible to meet shareholder expectations." What helps with brand positioning is adopting the same commitment to CSR that you would expect from a corporate which has to reveal its achievements in its annual report. "Being carbon-free is one of the ways we can demonstrate we're a serious business," Churchill explains.

A presence in the square mile could also have an impact, as an office in the City would be in the locale of the financial institutions.

"The best thing for me," says Churchill, "is that I had never been in the payments industry. And the worst thing? Never having been in the payments industry before. So I would think why does something have to be done this way and then come up with an innovative solution. But it also meant I didn't know when we were going up a blind alley. I remember we were building a platform based on banks capturing data in a certain way, but in fact it was a physical impossibility for them, so we would have to come up with a plan b."

What can go wrong with this kind of scenario is that business owners fail to re-invent themselves, Churchill suggests. "I'm not talking about the proposition necessarily, but the future, the ability to re-mould the internal structure, putting the right people in place who can actually take the business to the next level. Because it isn't a given that they'll be the same people who have got the company to where it is today.

"When a company is doing really well, it can become complacent without realising. When everyone is now making good money, there has to be a conscious decision to continue on the path to global domination! Again, it's not a given that everyone is still signed up to the vision; they might now be happy to stay where they are. The trouble is, a consequence can be a failure to recognise change in the marketplace, which can happen so quickly."

Co-founder of murphx and of NetPay, director Nicole Jay is Churchill's partner at home and work. And that has a significant, positive impact on both sides of the work-life balance he believes:

"If your partner is in the business, they will understand why you need to spend the weekend in the office to deliver a project. And sometimes it's tough to make a decision on your own. If it isn't your partner, business partner, or key people you have brought into the business, there has to be someone who can be your sounding post. Entrepreneurs should never make a decision without doing that - they need someone who can say to them, do you know what, that's ridiculous. And one of the reasons is that it is difficult to be objective about your own business, especially when you are immersed in it totally, completely in the thick of it.

"On holiday last year I was suddenly free to think about ideas. I had tuned out the day-to-day stuff, but that was healthy. I'm a big advocate of holidays now. They enable you to look at your business objectively, literally from a distance."

And if during the journey, push meets up with shove, then adversity should be the mother of persistence, according to Churchill. "Don't give up, don't walk away, and don't hand over what you have created in return for a decent salary from the purchasers," he says.

"If there isn't enough in the order book, just keep picking up the phone. Try a different tack; think of another reason why the prospective customer will want to talk to you. And if that doesn't work, three months later call them with another idea. At some point you'll get traction. It's persistence based on an absolute belief in what you are doing."

Prepared to make bigger decisions

"A family-owned business has to be prepared to go through change, and accept that it could be massive," says Peter Hitchen, joint managing director of Lionel Hitchen, the producer and global supplier of natural flavourings, concentrated essential oils, herb and spice extracts, with more than 100 staff. And arguably one of the biggest decisions of all is to bring in senior management to help run the business, including the appointment of an outside CEO.

"What I am most proud of," he explains, "is that the family business founded by my father in 1965 is still going strong and that my brother, Alastair, and one of my sisters and I have been able to work so well together as directors. We have a tremendous amount of respect for each other's contribution. We enjoy each other's company and meeting what we consider to be our extended family of customers and friends.

"But three years ago we found ourselves at something of a crossroads. We'd been in business together since our early twenties, and I think after forty years you can become a bit blinkered. We weren't against new ideas, but needed some inspiration. I think we realised that if we wanted the company to thrive for another fifty years, we couldn't take the risk of us eventually running out of steam. It was a massive decision just to bring in a consultant to take us off site to clarify our thoughts.

"We chose a headhunter after a beauty parade and said that their search for a CEO should be international. They came back with eighteen CVs; we interviewed eight candidates off-site and reduced the number to four. They came to meet our managers and toured the facilities. Eva Agnew was appointed as operations director and CEO designate. She has a first class degree in chemical engineering and has held senior positions with Unilever, Thermo Fisher Scientific, but what was most important is that we all liked her and wanted her to join the company. She understood our values and the need to maintain them."

"One of the most critical aspects when a company is going through change is to maintain continuity" says Peter Hitchen. "Our duty is to pass on our knowledge, our contacts, and to be willing to make the transition as smooth as possible."

"It is an interesting dynamic in that we now report to the CEO as directors operationally, and then the CEO will present to us as family shareholders. What we accepted right at the start is that we had to allow the CEO to take the company and run with it. As a family we're excited about the future of the company. There are ten in the next generation, aged between twenty-three and thirty, and they were informed about our intentions because we want to involve them in the business.

"Now we have a clear strategy, a greater understanding of the business, someone who is challenging our budgets, making everyone more accountable. Because of what she has done in the last three years, we now have a company which is run more efficiently, which fully understands where it is, and is comfortable about going for growth."

A significant, indicative change was evident in 2015 with the appointment of a technical director. Previously the company had a technical manager, knew it needed to have someone at director level, but "didn't get round to doing it." The CEO made it happen, says Peter Hitchen.

The professional uplift is in sync with the increasing technical demands the company has to meet. "Because people are more aware and interested in the component parts of what they are eating and drinking, there is a greater desire for transparency," observes Peter Hitchen. "Our gas chromatography equipment separates and analyses what we produce to parts per billion because purity really matters to the public now. We used to have one person dealing with it. Now there is a department of seven. When we send out a sample, it's accompanied by pages of documentation." There is a cost implication clearly, but that isn't the point Hitchen is making.

He originally came into the business in 1978. "My father was still active in the business up until he passed away in 2008 aged ninety-four," Peter Hitchen explains. "I remember he was still travelling overseas to represent the company in his eighties, so he instilled in us this sense of dedication. What was brilliant in my early days with the company was that he allowed me to travel with him, which was a fantastic opportunity to learn about the business end-to-end. I can remember some uncomfortable meetings, and how gradually I ended up doing all the talking. That's career development which wouldn't happen in a company which isn't a family business.

"We wouldn't be around as a business, celebrating our fiftieth anniversary if we weren't hard working. But that isn't enough. We need to show our enthusiasm for the business. Staff gain security when they can see the family owners are still really dedicated to the business."

Finding the best place for the CEO

"If you draw a circle and ask most people where is the place for the CEO, they'll put a cross in the middle. I'd say the cross should be on the outside of the circle, otherwise the CEO is completely immersed in operational issues." Chris Phillips knows all about positioning. He's the founder (and CEO) of Just Develop It, a group which invests in companies with money and resources to grow them as quickly as possible.

He's assembled a heavyweight executive made up of a chief marketing officer, chief technical officer, chief operating officer, chief financial officer, and a chief investment officer "so whatever business we bring in, we can slot it in and make it work."

"It also means I've freed up my time," says Phillips. "My attention span isn't long enough to run a business operationally. After my first couple of businesses I realised my talents are in strategic direction and motivating people, not marketing and finance. My strength is seeing an idea someone's come up with and thinking how we could do it better." That's emphasised by a poster in his office which reads: 'It's not about ideas - it's about making them happen'.

"My motivation? Money is the way that you measure success in business, but I'm obsessed by growing companies," he avers. "Each of the businesses has its own CEO, and when it shows signs of plateauing, then I think of ways to spike it up. In time it will plateau again, and we might move it on then.

"I've never set out to invest in a business with the intention to sell. It isn't planned; it just kind of happens because our fast-track growth policy gives the business visibility and an offer is made. Our strategy for every business is growth as fast as possible. If the company can gain 200,000 customers, why spread that over a five-year plan if it could be done in a year? To succeed we need to be disruptive and grab market share. Otherwise competitors will cotton on to what you are doing. With our approach, they will want to take us out."

According to the Richest.com website, and The Sunday Times Rich List, Phillips has an estimated personal wealth of over £50million. At the age of eighteen he sold the web business, Dot5Hosting, he had started in his bedroom to Endurance International Group (EIG), based in the USA and one of the world's largest website hosting companies for "millions". Now aged thirty, he has some twenty-four companies in the Just Develop It portfolio which the group owns to a greater or lesser extent. They include Jessie and James, the childrenswear brand, Bishops estate agency, Vintage Pig (personalised gifts), and the Astoria nightclub in Portsmouth. Those sold include My Chat Agent and Support Buddi.

"When a business starts up," he says, "you're there until midnight and running on adrenalin and then when it gets bigger, it needs systems, and everyone goes home at five o'clock. Then everything needs to be signed off and there isn't the excitement anymore. The problem with having to go corporate is that it's all about policies. Before if someone had a problem with childcare, you'd give them some childcare vouchers. Once systems are in place, you'd have to refer them to HR.

"The ideal is to be able to have a start-up mentality and a corporate structure, or at least a balance. From my point of view, the frontline of the company needs to keep the start-up approach; the back office becomes corporate. And that's necessary. "

And Phillips is pragmatic about barriers to growth: "We have a construction company and the CEO is always talking about the legislation he has to deal with. But I think these are the rules, and if we dislike them that much, maybe we shouldn't be in that market sector. Do I agree with them all? Of course not, but why get bogged down by things you can't change? That's why I just wouldn't work in a large corporate because I don't think I would be able to make enough of an impact."

Where he does is in identifying the next possible Just Develop It business. "I am always prepared to listen if someone asks if they can have ten minutes of my time to explain their idea," he says. "I just feel I'm lucky enough to be in a position where they would want ten minutes of my time, why shouldn't I. Of course it never is ten minutes."

Just in time for premium gin

"A new business can have the vision and product, but you can always do with a bit of luck. We put ourselves in a position where we could take advantage if that came our way."

Before he launched a new gin, Mark Dawkins had twenty-two years in the drinks industry, working for a raft of household-name companies and then settling at Gonzales-Byass where he rose from being a sales rep to board director. Having a young family prompted him to leave to become a consultant, which is how he met Mark Crump who was to become the co-founder of Charter Brands.

They agreed to meet in October 2011 at The Restaurant Show to talk about the future. "I felt I had a brand in me and I needed to do something while I still had the energy and passion," recalls Dawkins. "I ordered a gin and tonic, and it was crap. No, I'm not telling you what brand it was. I remember wondering what had happened to the classic English gin."

Actually, gin was beginning to have a renaissance, with a number of independents coming to market, similar in a way to the resurgence in artisan brewers. Sufficient in fact to irritate a certain M Ricard, the third generation of the French dynastic drinks business. "I'm struggling with the definition of craft spirits," he told the media. "Does it

Mark Dawkins, Charter Brands

have to mean small? Or an entrepreneur with a pot-still in his garage?" Arguing that the heritage and savoir-faire involved in distilling Beefeater gin or the 300-year-old Martell cognac brand are more important than size, he declared: "We need to communicate to consumers what 'real' craft is."

Evidence then that the emergence of the new, independent, premium brands was sufficiently strong to cause corporate concern. "When we launched Langley's Gin two years ago I think we were just in time," muses Dawkins. "There were significant advantages in choosing to produce a gin. It can be done without having to lay the product down before it can be consumed. With gin you make it, bottle it, and sell it. And we wanted to produce a product which wasn't driven by a trend or fad."

What helped of course was their industry experience, knowing how to do the research, in particular identifying not just defining the target audience but identifying where they shop, where they go to eat. Then came the focus groups, the blind tasting, the packaging (Langley's Gin is poured from a bespoke over-sized old-fashioned apothecary bottle).

They had also made the decision to self-fund the business. "Look, if I had my time again, and knowing now what it would cost, I don't know if we would think again about having outside investment," says Dawkins.

The kind of bar which he wants to see Langley's in will probably stock Gordon's, Bombay Sapphire, Beefeater, and then one or two from the best part of 100 independent brands. In the four years up until 2014, seventy-three new spirit distilleries opened in the UK, prompting an addition to the business lexicon, the expression 'gin-trepreneur'.

Langley's sell on a mix of heritage and contemporary look. And Dawkins acknowledges the company had two big breaks. "We wouldn't have been able to build our own still, but we were introduced to the director of an independent, family-owned contract distillery which has been around since 1920. We discovered they are contacted by forty potential new brands a year - and usually take on one. I think because we wanted to produce a classic sipping gin, not reliant on any tonic, we captured their imagination. We were able to work with them on the recipe, to get the right number of botanicals, the flavour profile, and strength.

"Then we started the creative process to come up with a brand. I really liked the name of the distillery, Langley's, which means long meadow in Anglo-Saxon. So I phoned the director we were working with. I didn't really know how to start a conversation about wanting to use their name, so I happened to mention that we were still searching for one and jokingly said that I presumed they had registered theirs as a trademark. There was silence at the other end of the phone. It's just that we would love to call it Langley's, I blurted, but obviously that isn't going to happen if you don't want us to. He said he would have to talk to the family. Ten minutes later, he's on the line, so I thought the answer was no. But he said the family wasn't planning to launch their own product brand, so we could go ahead."

The other key event was finding a partner in the US (a vitally important market) straight after Langley's was launched in the UK. How did it happen? "Contacts from years in the trade," explains Dawkins. Today the brand is available in twenty-five states and more than a thousand outlets, including the Ralph Lauren Bar and Grill, and Trump Tower. The US is a valuable market because consumers tend to ask for a particular brand and tonic rather than the 'I'll have a G&T' uttered across a bar in the UK.

By the end of 2016 the intention is to be in sixteen different countries, including Spain, the largest market for gin in Europe. "It's a very mature market," explains Dawkins, "and we felt we needed some traction before going there." To build a spirits band for either exit or legacy, the main markets which are prerequisites to be in are the US and the Far East, he says. Of all the gin sold in the UK, 93% comes from domestic producers, while

28% of gin consumed worldwide has come from this country.

The next step has been to put some KPIs in place, including one to measure their performance in gaining market share. And this typifies the edge that Charter Brands have. “We’ve got the blue-chip background to introduce procedures and controls, and to be comfortable with them, yet we’re independent, and entrepreneurial,” observes Dawkins.

Which is why they knew from the outset that they should sell in the domestic market through a distributor, in order to get immediate leverage with the bigger licensed trade customers. “The flip side is that we’re only one of a number in their portfolio,” cedes Dawkins.

And they were disciplined enough not to immediately chase more retail exposure after getting into Harvey Nicholls. “It needs to be the right time, when our marketing has created the awareness, otherwise the product won’t leave the shelves,” explains Dawkins.

The marketing investment to achieve that includes having pop-up bars at the Badminton horse trials, Henley regatta, and Cowes week. Charter Brands hand over 70% of the takings to the event organisers, but then they’re doing it for brand awareness.

It’s easier to launch new products once that brand awareness has been achieved, because the distribution is already in place, so the company value should grow exponentially. “But I don’t think Langley’s can do anything which isn’t gin related,” avers Dawkins.

“A premium brand can afford to become slightly less exclusive - for example BMW will have lower price entry points, but there’s a line they won’t go below and the brand is still aspirational, even if they are competing with Ford and Vauxhall with certain models.

“In the early days of developing brand awareness, social media is important by a country mile. I wouldn’t say I was sceptical, but I did think it was all about teenagers and students, not our twenty-eight-year old plus market, but social media has evolved. And not only does it have reach, but it’s free, although voice, tone, and personality has to be monitored if the brand is not to go off target.”

The problem for Langley’s - and every other gin for that matter - is the quality of the tonic (which makes up 90% of a G&T). “Our recipe is formulated to make all tonics taste good,” says Dawkins. “The gin shouldn’t be overwhelmed by the tonic, but if people have a poor experience, they blame the gin, not the tonic.” Which is why he would have been heartened by a particular observation of his product. “The kind of gin you can drink on its own with a touch of ice,” opined Richard Siddle, editor of influential trade journal Harper’s Wine and Spirit.

And Dawkins has one piece of advice for anyone setting up a business which will be tilting at multinationals. “Our background means we are used to surrounding ourselves with good people because we know we can’t do it all ourselves and that we’re not going to be the best at everything,” he says.

Sometimes slower is better speed to take

In the normal scheme of things, a company will be keen to speed up its rate of growth if there’s the opportunity to do so. But Mick Gibbs actually wants to slow things down a little at Norad Travel Group.

“If you run too quickly you start to lose the basics, especially if growth means you’re bringing new people in,” says the travel agency chairman and chief executive. “One of the challenges for a fast-growing business is scaling up efficiently. It’s easy to go from one to five people but scaling from five to fifty is more difficult; for example, when the business gets to a size where it needs a marketing team and an IT department for the first time. That’s really nice but the founder has to be able to articulate the values of the business, explain where it is going, and needs to have learnt to delegate.

"The grown-up part is knowing when to step back and let someone else add more value than I can. One of my big learning curves has been to have people around me who could challenge me and my thoughts. And to acknowledge that I needed to take a step back. It's been brilliant watching the team grow up and the big challenge for me is getting people to the next level, training them up to make sure they can deliver."

As a former football apprentice (at Middlesbrough), Gibbs says team sport is a useful analogy for business. "If one of us isn't able to perform, we're all more at risk of going down." Right now that next layer of management is pretty young, and Gibbs is aware that while training them up he mustn't "suppress them or treat them like kids". His own step-daughter is a by-product of the in-house training academy.

Gibbs says his staff are one of his key drivers. "This is a way of life, not an ego trip for me. I know I wouldn't be here without them and what keeps me going is that I know fifty-five families depend on the business."

For that reason he says he has no intention of selling, despite getting offers "all the time." He states: "I won't put those people's lives in hands that don't understand them. There are only so many cars and houses you need. I could go out and absolutely prostitute this business, take a big chunk of money and run, but that's not in my psyche."

Fundamentally, says Gibbs, the success of the business is due to its staff, its impressive cash flow the direct result of their work. "I get a bigger uplift from my people than anything else. It's more about my legacy than the money."

Which is one of the reasons Norad set up the in-house academy, because Gibbs wants to bring through young people, particularly those from disadvantaged backgrounds or who had a bad start in life, having had a challenging childhood himself. The academy is self-funded. Gibbs believes businesses should undertake such projects themselves instead of waiting for handouts from government: "I'm a big believer that you should fund things yourself; then you commit to it more. Growing up in a children's home taught me it's important to rely on yourself. I've never relied on anyone. I'm not into handouts. You don't get anything for free; if you get grants you have to spend the money on what the funder wants you to do, and I don't want to have to justify what I invest in to a third party."

Intriguingly, sales targets are also specifically related to the funding of new apprentices, an approach which Gibbs says creates "real, tangible human engagement" as sales people know their work directly develops business growth, not just an increase in sales and profit."

Numbers for numbers' sake, says Gibbs, are not the primary goal. "If we continued to grow at our present rate we would be at £50million turnover organically in four years [from £35million currently] and I'm not sure I want to be at £50million if it means diluting what we do. I need to make sure that growth is aligned with what customers want. I want to slow down and enjoy it."

For Gibbs, growing successfully is about the quality of what a business does and not its size. But how does he measure that quality? "Not losing customers and staff; everyone knocking on your door wanting to deal with you," is how he sums it up.

Selling travel, he says, is simple. "Find out what the requirement is and give the customer a solution that meets it. Actually it's common sense – offering choices and options. Of course everyone thinks they can get a good deal if they just go online, but really they're being led to the supplier's best margin."

Gibbs joined Norad as a shareholder-director in 2002, going into partnership with Linda Foote, who is now managing director of leisure travel. It was a difficult time for the travel industry. "After 9/11 I went to the bank and asked for money to set up on my own. They said no, that travel was on its backside, and I replied well in that case it can only go up then. The bank still said no. Banks don't do entrepreneurial. They give you a brolly when you don't need it, not when you do. Now every bank's knocking at my door," he adds.

Critical in the early days, he says, was surrounding himself with people he could trust and "not letting anyone in any way dilute my belief in my definition of success." Self belief is vital, he says.

Having opened overseas offices in places like Miami and Switzerland, Gibbs likes hearing Norad referred to in the trade as a 'global player' – though he adds that "rather than claiming to be global we're more interested in operating locally in those places with regard to their particular nuances."

Gibbs has young daughters and says one of his personal challenges as a self-made man is ensuring they are not spoilt. "I had nothing as a child and I didn't take wages when I was building up this business," he says. "My step-daughter gets it; she remembers what it was like when we had nothing. I don't want my younger kids to grow up thinking this is the way the world is and not knowing how to earn money. How can you train your children to make sure they value money? That's a really tough personal challenge."

That aside, what is Gibbs's credo? "I want to get up every day and be excited and say to the rest of the travel world I don't care what you're doing, this is what we're doing and we're doing it well."

Opportunity to leave a legacy

"We have an opportunity to create a legacy business, says Gerard Price. The founder/chairman of Bargate Homes sees being a house builder as an opportunity to shape and sustain communities.

Building more houses on larger schemes but with the same number of actual sites is the goal. As is working with local communities to ease the way to new schemes. But Price says local opposition to development, any development, can't be overestimated as a challenge. "I went to a talk by Lord Digby Jones [former director general of the CBI] and he said people had gone from being NIMBYs (not in my back yard) to BANANAs (build absolutely nothing anywhere near anything). Most people genuinely don't want development in their area. No-one says to my face 'go away, we don't want you to build houses here' but they will say 'we have a problem with traffic or drainage, or kids getting places at schools, and you will make it worse'."

But these are things you can work with local people to resolve, he points out. "Barton Stacey, where we have a development of three, four, and five-bedroomed houses, is a beautiful village with a shop, a school, a pub, and it can be a struggle for them to keep going. If I move twenty families in, that will help them."

Of course Section 106 agreements mean that the developer will also be contributing to community facilities as a condition of their planning permission. "I know this sounds really boring and old-fashioned but we will give money to parish councils to build footpaths and sports facilities. One village said it wanted super-fast broadband and we paid for it. No-one else will step in to do that.

"We're not the bad guys," explains Price. "The number of houses is allocated through the political process and every government has missed their own housebuilding targets. And we're a credible alternative to the national housebuilders because we specialise in bespoke."

He sees his mission as delivering "beautiful houses with a variety of tenures," not just luxury but also social. "My favourite is building for people nominated by parish councils through rent to buy or shared ownership as a way of enabling them to stay in their area," he says. "After births, marriages, and death, moving home is the most stressful thing to cope with, and I can't begin to tell you how wonderful it feels to deliver their dream homes to customers, sometimes after working with them for two or three years."

The strategy remains to build within a forty-five minutes drive of the head office, a catchment area which gives Bargate the manageable opportunity to get more involved as local authorities write their local plans. "It means we can work with local people under the localism agenda to ask what they would like in their areas," says Price.

Turnover is £20million this year, and the targets are £35milion for next and £60million in 2018/19. "But a more interesting statistic than turnover," points out Price, "is how many homes we can build. If sites have twenty houses instead of eight, turnover naturally increases."

That goal has required a refinancing, and with this in mind Bargate have been through a process of seeking funding for growth. Price notes that venture capital investors have got really involved in housebuilding but he points out Bargate were not interested in that kind of investment anyway. They managed to find a partner, a private family trust which is a fourth generation property company, to take a stake.

"Their investment also enabled us to go to the bank and get a revolving credit facility," says Price. "It used to be that we might have had to say 'we would love to develop your site and we will come back when we have finance'. But now we can say the money's available straight away."

The investor has 30% of the business and a seat on the board – the latter at Bargate's volition. "The investor said 'just deliver the business plan' but we said we would like a family member on the board," says Price. "That gave us more certainty that they were really involved."

The investment means Bargate has the funds to develop larger sites and implement the gameplan; the number of active sites is about the same as now – eight or nine – but each will have more homes on, say thirty instead of ten or fewer.

Finding the key to double turnover

Choosing the right clients to work for is almost as important as being selected by organisations as a potential supplier when you're growing a business, believes Paul Fox. Is the work being offered ultimately cost-effective to take on, he asks. He'd go as far as to say that actually, it might even be "toxic."

So asbestos removal specialist Merryhill Envirotec, where he is MD won't go after work just for turnover's sake. Fox says a business that's good at what it does should be a little choosy about who it works for. And that means avoiding trying to win business based solely on price.

"Very often, companies focus on getting clients to choose them, but it's equally important that you choose the right clients," he says. "I don't want to work with those who haggle over every pound, or make life difficult for their supply chain. I won't choose toxic work that doesn't turn a profit; I can't afford to do that. How would too much work bought at break-even help a company to grow?"

Clearly that kind of work is not beneficial to a company which wants to double turnover to £8million and staff numbers to 100 by 2019. Of course this is all very fine in theory, but Fox knows what needs to be done for it to become practice.

He believes that the key is building relationships. "I'm quite old fashioned about that, He says. "I don't want Merryhill Envirotec to be faceless; I like to sit down with customers to understand their concerns and opportunities, not just be at the end of the phone when they need to buy our services. As a small business we should be able to get closer to clients. My contract managers won't get moaned at if they're devoting time to build relationships."

"Because of our size, a new idea can be up and running in two weeks. In a big company, by the time a decision has made it up a dozen levels, months have gone by and it's lost the impetus and passion, whether the idea is good, bad or indifferent."

Indeed, not all ideas deliver, he admits. "And that's OK – if I said that every plan succeeds I'd be lying. But we always have the flexibility to crack on without having to wait for anyone else's approval."

One idea, and area of innovation, has been in using IT to improve communication between office and site, something the construction industry has not always been good at, says Fox. By providing site workers with tablets, the business has enabled an easy flow of information between the office and each contract, negating the need for site managers to carry cumbersome folders of health and safety documents for example. "We thought there had to be a better way of doing it but knew that ten-inch laptops wouldn't have had much of a life-span in the hands of construction workers on site," explains Fox.

And the tablet project was rolled out in just six weeks. "Big competitors would have gone through a long trialling and procurement and process and I'm not sure they would have ended up making that investment at all," says Fox.

Another example of the ideas culture is Merryhill erecting their own staff units on site, complete with water and cooking facilities, rather than piggybacking off those of the main contractor. Such an investment gives staff a sense of security and well-being, Fox thinks.

Focused investment produces a quality 'product' and bottom-line benefits, say Fox, pointing to a margin which is a factor of five more than the industry norm of about 2%. Main contractors account for about sixty to seventy per cent of turnover but that could become more of an issue because of market trends. Fox predicts some will be swallowed up by consolidation. That won't help Merryhill. "We have had to fight to get onto the lists of the top twenty contractors and if clients get eaten up by bigger behemoths we could lose them as customers through no fault of our own."

What Fox is addressing is how to manage the speed of growth. "It's very tempting to take on additional work but if we allow the business to grow unchecked it could result in us taking on four or five six-figure contracts simultaneously which would have significant cashflow implications."

And there's another reason why growth will be measured and steady. "Companies get tired, just as people do," suggests Fox. "You can't operate at full tilt - and expect the staff to do so - 100% of the time in perpetuity. There will always be part of me that wants Merryhill to go at full tilt, but sometimes you have to take your foot off the accelerator, take stock and make sure your people aren't burning out because they haven't taken a break in six months.

"I'm very mindful that decisions I take affect people who have mortgages to pay. Many people get stressed if they are driven too hard. It's the live to work/ work to live balance. I want my people to be able to go home at five-thirty and see their families. I want people coming to work, not signed off sick because they've been pushed too hard. My greatest thrill would be in five years to have doubled the number of people but have the existing people still here, with them having had the opportunities to be promoted, learn new skills and earn more money."

Fox says he talks to the staff a lot about strategy so they don't feel "dragged along" on his journey. "It gives them comfort and security," he says, "if they know what the management is trying to achieve."

And it's not easy to find good people. "I'm going to need up to eight extra employees a year but there are only about 5000 people who can strip asbestos and most of them live elsewhere in traditionally industrial parts of the country."

Opening a branch in a more industrial part of the country could give access to more skilled workers, but at the same time the market there would be more competitive, so geographical expansion is not necessarily an answer.

The company has an in-house training scheme but no formal apprenticeships. "The HSE [Health & Safety Executive] isn't keen on very young people working with asbestos," explains Fox, "so you don't find many eighteen-year-olds doing it."

Interestingly, Fox makes the point that 'small firm' doesn't have to meet 'less professional'. He is currently studying part-time for an MBA, at Warwick Business School, having previously studied to become a chartered director. "We all have to keep learning and doing the MBA will give me knowledge I can bring back to Merryhill," he explains.

This academic understanding has perhaps reinforced his belief in careful planning as a business tool. He thinks growth can come from "luck, leadership, charisma, being in the right place at the right time". But first and foremost, he says, it comes from planning.

"Strategy leads everything. If you don't have a strategy in place you do yourself a huge disservice. But as part of that strategy you need to have enough padding, enough fat, to be able to resource opportunities when they come along. I don't want to not have enough stuffing to finance the equipment or whatever we need to take on an opportunity."

He tells of a rival who did a £250,000 job only for there to be a dispute which meant payment was withheld, causing them to go bust. "That's the risk you take," says Fox, "if you have no spare in their system to deal with that kind of situation."

When there hasn't been that spare fat in place, Merryhill have even been known to turn work down. "We had the chance of a £70,000 job on the Isle of Wight," recalls Fox, "but we were operationally at capacity and I could foresee that taking it on could mean we would be in danger of over-trading.

"Of course you do question yourself afterwards as to whether you made the right decision," he adds. "But in business, when something is done, move on."

Adding in mission critical USP

John Eynon used to wake up at night worrying about something which was the exact opposite of what would disrupt the sleep of most economists. "My anxiety was that we wouldn't continue to import so much from China," he explains, "but that hasn't been the case in the thirty years we have been in business."

Clients pay Import Services to bring product into a country, store it, and deliver to retailers when required. Just under 10% by volume that the company gets shipped out from the Far East - China is the primary source - goes straight into mainland Europe.

"Nobody gets an award for importing, only exporting," says Eynon, the founder and managing director, "but I would point out that we are a nation of traders, and that means having goods going in and out of the country."

He started the business after being the disillusioned director of a packing and warehousing group. A kindred-spirit client sought him out to say they felt they really needed to move their account, and would he be able to suggest an alternative service provider. "I said I've got a better idea," recalls Eynon, "and I started Import Services on the basis of a handshake and an order to bring toys in from the Far East."

"We are an asset light organisation," he

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John Eynon, Import Services

explains. "The company rule is that we won't buy our own vehicles because we can buy in transport more flexibly. We pay Argos for their trucks to come to our warehouse to pick up their order for example - it makes sense to do that rather than bring in a third-party; we've got to pay someone."

That doesn't apply to how the company procures IT though. "If we went out and bought an off-the-shelf package instead of continuing to develop our own bespoke software, it would mean our IT can only be as good as everyone else's," suggests Eynon. "What is mission-critical is that our IT has to work perfectly with the clients', with their customers (the retailers), and also the couriers we use. There is satisfaction from seeing processes work efficiently and smoothly, enabling clients to grow their businesses and for us to grow with them - being able to raise those two flags up the flagpole is the basis of a sustainable business."

Already occupying 500,000sqft of warehousing in the south, Import Services needed to find an additional 150,000sqft, couldn't, and instead signed up for 185,000sqft at London Gateway. "Although 65% of the UK's GDP is in the south, most of the available warehousing in the Midlands," muses Eynon. "But what is the point of transporting product up from the port of Southampton say to Daventry, and then back south again? To fulfil orders quickly, we really need to be port-centric."

Quickly is fast becoming instantly. There's the equivalent of an elephant in the room as far as retail logistics are concerned, and it's name is Amazon. "They have radicalised customer expectations," explains Eynon. "Turnaround times are shorter, with a requirement for next day delivery, but actually, Amazon don't hold that much stock compared to demand. Which means we have less time to pick, label, and configure the products correctly on the pallet. And if Amazon are setting the bar, then John Lewis, Asda, Tesco, and the other major retailers will all have the same requirements." And the penalties for being late are dire; Import Services could be fined £3000 by a retailer.

But there's a kind of silver lining. "In the same way that this ratcheting up would make it tough for a direct competitor to Amazon to emerge, it would now be that much harder for a company to compete with Import Services," Eynon suggests.

"I'm way past retirement age, but I'm here because I enjoy it," he says. "One of the reasons why it is really better to strive to keep an existing client is that the relationship you have with them is part of the pleasure of working."

In a position to be inspired

"What enables an entrepreneur to get the company to the next stage is to be in a position to draw inspiration and expertise from having a team of talented people." Jeremy Bucknell, is chairman and chief executive of Codestone Group, and there's something else which motivates him on a daily basis.

"There is nothing like being able to see the difference you can make to a customer's business, and getting great feedback from them," he says. "What's important is for that mind-set to run through the company, and that as the CEO you connect people with the wider business objectives so they fully appreciate their role. At the very least that has to mean that the results of their work is communicated to the people who have made it happen."

With a BSc from the University of Southampton, Bucknell's first job was as a programmer of enterprise resource planning (ERP) systems, where he "learnt how things work under the bonnet." He went from coding to customers, taking a consultancy role. Then with some like-minded colleagues, he set up Codestone. "Personally, I felt I'd done as much as I could within the framework of someone else's company," he explains. "They would do bespoke work for the customer if they had to, while I could see innovation as a real opportunity to set a business apart."

Codestone now major in ERP systems from SAP, writing bespoke software if clients need it. With a staff complement of more than a hundred, the group also operates its own cloud infrastructure

"As a reseller you can build a great business with other companies' products, but that isn't enough for us: we like to disrupt the status quo if it is going to be to our customers' advantage," says Bucknell. "And we're not shy of re-inventing ourselves either if that's necessary. A company of our size has to have solid processes, but it's important we ensure we're still agile enough to seize opportunity.

"We have to make sure we continue to see every customer as unique, even though they might be of similar size and in the same sector as others. Otherwise there can be a tendency to make assumptions about the customer's requirements, which means that it's more likely something will go wrong downstream.

"Every business will tell you they're different, but I strongly believe this is something which sets us apart. We're not just another company selling technology for profit - that would be a soulless journey. You have to tune in to the customer, learn about their aspirations and objectives and then mesh everything together if you are going to deliver outcomes based on realism. You can have the best products in the world, and we think we have them in our portfolio, but they're only the tools. Ultimately it's how people work with those tools which is the difference between being a market leader and mediocrity."

"When it comes to finding the right people to join our team, first and foremost we prioritise character and aptitude," continues Bucknell. "If someone has those aptitudes, then you can develop their skills because the likelihood is that they will also be a sponge for learning. I take a holistic approach. We have a person function rather than an HR function because we don't see people only as a 'resource'. Look through that prism and you miss the point. We put the investment into training, but you can't just spoon feed someone to make progress. The company can provide the right environment and resources for them to progress but they have to have that drive and hunger to push themselves, to challenge themselves, to want to learn from colleagues. These are people, for example, who will want to be doing things with our technology in their own time because it's a passion for them. If your only strategy is to take on ready-made people who can slot straight into a role, then you're probably going to struggle to find them."

Codestone have in place a ten-year plan (yes, that's ten years), with four years left on the clock. "Of course nobody has got a crystal ball, and it's hard to predict the future by any means, but without a vision and a plan it means the future will definitely be uncertain," asserts Bucknell. "Our vision relates not only to scale and financials, but the character of the business and the experience of working for Codestone. Our plan considers what best in class means, how we can achieve it and then how we sustain that position. Without vision you can't define that destination, and without it the business is rudderless."

Every month the group has a formal board meeting with the chief commercial officer, finance director, ops director, technical director, the chief executive and another director who heads up pre-sales. "We always reserve some time for strategy," says Bucknell, "otherwise the day-to-day would consume us and board meetings become management meetings. We've also got the habit of creating internal mini-breaks. Every year we present the strategy to the company for the next twelve-months, and all of the staff go off-site for the presentations. It's not completely revelatory to them because they would have had some input, but it enables people to see not just the plans for their particular function but how it all fits together. How often do you see a developer talking to a marketer - they wouldn't necessarily seek each other out for a chat, so the Codemap events create a real sense of empathy and understanding of each other's challenges."

To measure progress, KPIs have been applied to every activity. "Each department will have at least one which relates to driving business success," explains Bucknell. "We've linked the bonus scheme to the KPIs so that everyone is striving for success and is rewarded when it is achieved.

Growth has really been organic, although Bucknell isn't adverse to making acquisitions. "It's on our radar," he says, "but while something can look right on paper, so theoretically it would be a good move, the dynamics of the company, their personality is much more complex a consideration."

While it is isn't unusual to find a firm which likes to describe its working environment as having a fun element, Codestone have an extraordinary initiative. For the last four years, and Bucknell concedes this is "a little left field", Codestone stage a music festival for staff, their families, and also family friends. They hire a location for what they call Codefest, and pay for the twelve bands over the two days. The guests chip in with £10 which is donated to the company's two charities, a children's hospice in Dorset and a school in Zambia.

"I have got very few regrets in business," says Bucknell, "although I'm not for a minute claiming to have got everything right. But when something happens and you realise you could have made a better decision, that gives you experience and more resilience. And you need resilience to succeed. "One bit of advice would not to worry about the business too much. Sure, do your level best but accept that while sometimes the outcome might exceed your expectations, the opposite can happen as well. And if you are doing all you can, then what else can you ask of yourself?"

How to recognise need for change

"If a company is to move forward, then an important characteristic is the ability of the directors to recognise the need for change. That can come out of experiences taken from one company to another, or by listening to the right people at the right time," says Paul Duckworth, partner at Smith & Williamson, the accountancy, investment management, and tax group. "It's also about recognising that change isn't just about correcting a mistake but learning from it and applying your understanding going forward."

"Of course business leaders have limitations. It's not an admission of weakness to identify and address them. There might be times when ego can get in the way, and that's understandable when you consider what they have achieved. And a necessary characteristic is dynamism, which shouldn't be confused with being flamboyant. But it is liberating to be in a position where you can bring people in to take over tasks which will enable you to spend more time on what you are best at, what will benefit the company, and to remind you why you started or joined the business in the first place."

According to Duckworth, companies can discover there is a natural saturation point in the market they are in, where it becomes increasingly difficult to get a bigger percentage. "That means looking differently at how the company can move forward with new products or markets," he suggests, "and maybe for the desire dial to be set at being the best rather than being even bigger. It isn't always a question of boldly going where no business has gone before but a desire to want to meet the actual challenge.

"And business is a challenge, always has been and always will be, but that shouldn't stop us from embracing it."

Reference

Smith & Williamson are one of the country's ten largest firm of chartered accountants, with thirteen offices in the UK, Ireland, and Jersey, and a complement of some 1500 staff. As well as providing accountancy services to owner-managed businesses, mid to large companies, professional practices, and private clients, their investment management business has over £15billion of funds under management and advice.
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