

THE BLACK COUNTRY GROWTH REPORT

SPECIAL EDITION

MANUFACTURING WHY WE'RE STILL NUMBER ONE

*THE WORLD'S ELITES WANT A
PIECE OF THE BLACK COUNTRY*

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MANUFACTURING

WHY WE'RE STILL NUMBER ONE

The world's elites want a piece of the Black Country.

The highly desired second-generation Range Rover Evoque, for example, uses components made by Wednesbury-based Star Precision Tools, which in December received a £100,000 cash injection from Frontier Development Capital's National Tooling Loan Fund.

And Growthdeck, an exclusive private investor network, last October pumped £1m into Dudley-based CFP Composites as part of a

£1.8m funding round. Why all the fuss? Maybe it's because the Black Country was central to the industrial revolution and continues to play a vital role.

Today, the Black Country continues to be synonymous with manufacturing excellence, and the region is determined to keep things that way.

The Elite Centre for Manufacturing

Skills (ECMS), featured on the back page of this insert, is the latest affirmation that the Black Country is betting on a manufacturing-led future.

The ECMS builds on the success of the Black Country Skills Factory, set up in 2013 to address skills shortages in advanced manufacturing, transport, construction, environmental technologies and business services.

The Black Country Skills Factory has engaged 800 businesses, especially



in manufacturing, and supported the expansion of high-value engineering apprenticeships across the Black Country, which have doubled in the last five years. But it's the businesses in the region that make a real difference.

Read on to find out more.

NICOLA COOPER
Senior Manager
BDO



MANUFACTURING ANALYSIS

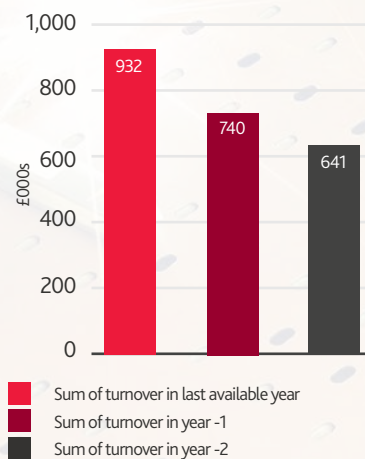
STILL GROWING STRONG

Manufacturing is not only the Black Country's strongest industry but also one whose leaders continue to grow. The top 20 fastest growing companies in this sector have increased their revenues by a combined 44% over the last three years.

Leading the league table is Wolverhampton family-owned paper products maker Task Consumer Products, which has grown 62% over the period. Dudley-based Davro Steel, at number 2, grew 44%, and Walsall's SPG Packaging UK rounded off the top 3 with 32%.

Fully half of the manufacturing top 20 saw average three-year growth in excess of 20%. And all companies managed a very respectable 13% growth rate over the period.

TURNOVER BY YEAR



The district that has benefited most from this growth is Sandwell, home to seven companies in the top 20. In the last year under review its representatives in the manufacturing top 20 brought in 58% of all the revenues in the group, down only slightly on 60% two years previous.

Dudley's six companies on the list brought in 27% and Wolverhampton, with four names in the ranking, has a 10% share of total revenues.

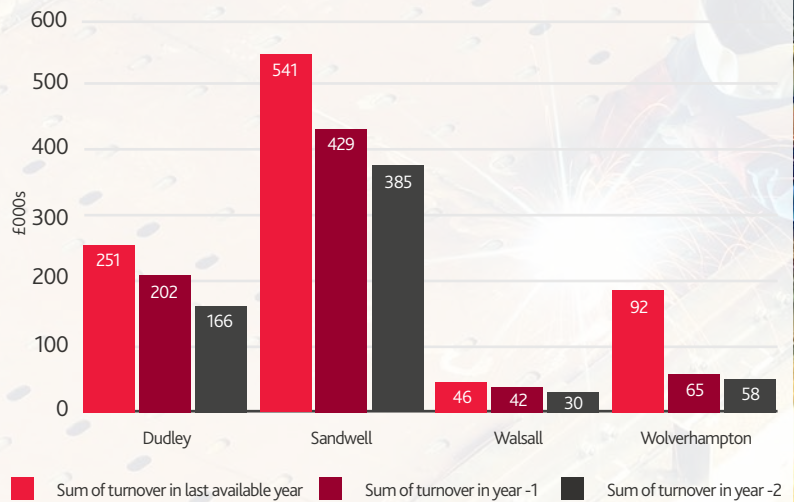
The three Walsall-based companies on our list managed to grow enough to maintain the district's small share of total revenues, at 5%. Average three-year growth was strong in all districts, with Wolverhampton's companies increasing revenues by 57%, Walsall's by 52% and Dudley's by 51%.

Despite their overall dominance in the top 20, Sandwell's fast-growing manufacturers were the only ones with a combined average three-year turnover growth below 50%.

The district's top 20 members averaged 40% over three years, although the year-on-year pace of growth has picked up substantially in the last year. Because of this, only time will tell if any other districts can ultimately overtake Sandwell as the Black Country's engine for manufacturing growth.

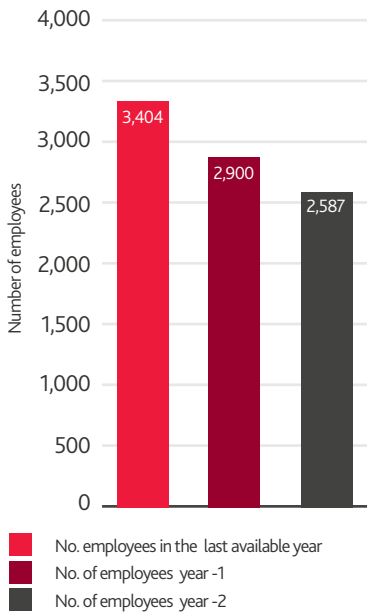
Given the dominance of the district today, though, it is safe to say it will be a long time before there is any change to the status quo. And this is another factor that hints at why Sandwell could remain at the top of the Black Country's manufacturing growth story for some time to come.

TURNOVER BY DISTRICT



Looking at employee growth in the top 20, it is clear that manufacturing growth in the Black Country has translated into jobs, albeit not at quite the same rate. While top 20 revenues grew by a combined 45% over the last three years, employment increased 32%.

EMPLOYEE GROWTH



And an analysis of employment by district shows another revealing disconnect between revenues and employment. Sandwell, which accounted for 58% of revenues in the last year, only employed 44% of the staff in the top 20. Dudley, on the other hand, accounted for 39% of employment.

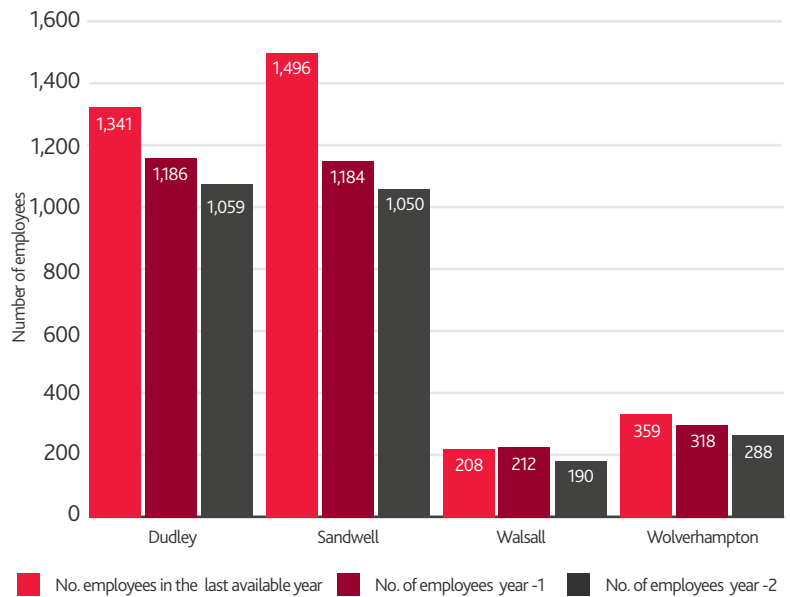
Employment was proportional to revenue shares in Walsall and Wolverhampton, though. The implication here is that Sandwell's fast-growing manufacturing businesses appear to be achieving higher revenues with fewer people, while in Dudley the opposite is true.

The absolute numbers are too small to tell whether the difference is significant, however.

Overall, Sandwell's fast-growing manufacturers gave employment to almost 1,500 people in the last year under review, up from 1,050 two years beforehand, while Dudley's companies employed more than 1,300.

And even if the employment trends are the result of productivity gains, Dudley could still boast that it had a higher share of jobs than even Sandwell three years ago.

EMPLOYEE GROWTH BY SECTOR



THE CHAMBER OF COMMERCE VIEW

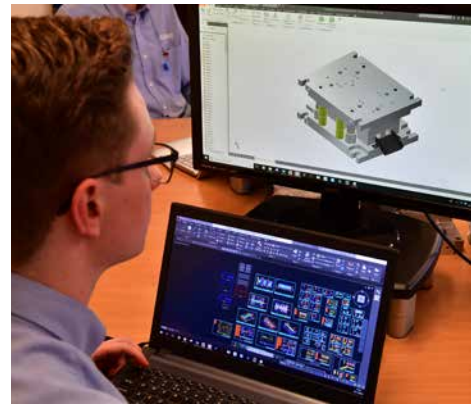
The Black Country Chamber of Commerce knows manufacturing is a big deal for the area. "When JLR goes on three-day weeks, the ripple effect into our supply chain is absolutely massive," says Chief Executive Corin Crane.

And currently the industry faces challenges on multiple fronts. With Brexit, "there's uncertainty around trade," Crane says. "Fuel prices are shooting up, and it's difficult for businesses to deal with that. And congestion is really holding back how people are moving goods around the area and the country."

Power reliability is also a big issue around Dudley, he says, with blackouts happening three or four times a year. "In the 21st Century you should not be having power cuts," Crane comments.

The Chamber is working on all fronts to address these challenges, but some issues, such as trade certainty and fuel prices, are not specific to the Black Country. Manufacturing may be one of the Black Country's strongest industries, but that does not mean it can always manage without help.

GREEN LIGHT FOR CLAMASON



“This area acts like a plc”



TOP 20 COMPANY Neil Geoghegan admits he gets nervous when red lights linger on his shop floor data capture system. Most of the time the lights are green, meaning the metal presses at Kingswinford-based Clamason Industries are churning out components for automotive, industrial and medical markets.

An orange light means the press needs routine maintenance. But red means the press has stopped. And Geoghegan, Clamason's CEO, can't afford for that to happen too long.

In 2016, Geoghegan led a management buyout from Clamason's family ownership group, supported with funding from Santander Bank and private equity advisors Connection Capital. Two years of solid growth and investment in key pieces of equipment followed.

From his office, Geoghegan can hear the thudding drumbeat of Clamason's new 300-tonne ZANI Motion Master press in the background. "It's the Rolls Royce of presses for the type of business we are in," he says.

The acquisition, a record investment on one individual plant item, made headlines and was the centrepiece of moves to target up to £6m of new orders, which would provide a major boost to the company's annual turnover of around £34m. Being in the Black Country should help.

"This area acts like a plc," says Geoghegan, who has worked in locations as diverse as London, Mexico, Slovakia and San Diego, USA.

Whereas a major listed business can support its operations with a raft of in-house services, in the Black Country each player can rely on an intricate ecosystem of suppliers, he explains. "Everybody knows everybody," he says.

"If we have a problem, three or four phone calls later we've got somebody who can come in. It's not just a supply chain. It's like a neural network. It's really unique."

Clamason can use this kind of support. While all is well on the machinery front, the company faces challenges in terms of human talent. The business has a highly diverse workforce but has recently lost high-quality foreign workers as a result of uncertainty from Brexit.

"The climate in the UK made some people feel like they just weren't welcome," Geoghegan laments.

To plug the gap, Clamason has embarked on an apprentice scheme and training programmes with Dudley College. Almost 10% of its UK staff are in the schemes. "It's a big investment for a company of our size," says Geoghegan.





“It’s the Rolls Royce of presses for the type of business we are in.”



parts for asthma inhalers and other mass-market medical products. Tapping into these opportunities is not easy, though.

Geoghegan says investment in infrastructure across the Black Country “is a really positive step. It will lift the entire region’s economy.”

And for Clamason, as for many other Black Country manufacturers today, having that green light for growth is more important than ever.

Brexit has also caused concern for the company by casting doubts over the future of European automotive supply chains. Foreign original equipment manufacturers have been delaying decisions on their investment and sourcing strategies, which is never good for business, Geoghegan says.

As an example, says Geoghegan, if Clamason were faced with, say, a multimillion pound manufacturing deal, starting 2020, it would first have to develop very expensive tooling well in advance of any project revenues.

“Typical finance sources are reluctant to help businesses finance that kind of tooling development,” Geoghegan says.

CLOSER THAN YOU THINK

Clamason may not be a household name. But the company, founded in 1947, has been present in the lives of most Britons for the last 70 years.

Customers don’t just come to Clamason for run-of-the-mill press work, says Geoghegan. The company has a reputation for innovation and is known for being able to handle particularly challenging work, which is why top-end presses, cleaning equipment and facilities are so important.

Government could step in, though, and “if they really wanted to promote manufacturing and productivity, in one fell swoop, they could increase sales significantly in this sector,” he says.

Over the years, the company’s metal-pressing services have been put to use in iconic products ranging from Raleigh bikes and Hornby train sets to BSkyB set-top boxes and IBM computers. Nowadays the company offers high-end pressing for the automotive, industrial and medical sectors.

Until now, Clamason’s expertise has allowed the business to take advantage of major manufacturing shifts, such as the increasing move away from fossil-fuel cars and towards hybrid or electric vehicles.

“All they need to do would be to underwrite tooling development programmes and maybe stand surety for the finance engineering companies require to fund new tooling projects.”

As well as their UK plant, Clamason Industries has a sister plant in Nitra, Slovakia, predominantly focussed on the growing Central European auto industry.

In medical markets, the company has made more than 1.5 billion insulin pen components and also produces

As it stands, the government’s R&D tax credit doesn’t quite do the job, according to Geoghegan. While a revision of the policy doesn’t seem on the cards for now, at least public spending in another area is having a positive impact.

“Everybody knows everybody”

BAROMETER INTERVIEW

NOT OPERATING IN A VACUUM

“Where does the next generation of engineers come from?”



TOP 20 COMPANY

Dudley-based Vacuum Furnace

The Black Country location means VFE is close to major aerospace customers and other companies in its business environment. Also “there’s access to a good base of skilled people,” says David Byrne, CEO.

This is key for a company, which has doubled its workforce in the last three years, on the back of an average 26% annual turnover growth year on year, as the company continues to strengthen its position as the market leader.

VFE was founded in the mid-1980s as a provider of equipment and services to the heat treatment sector, which are particularly heavily used in the

aerospace sector. At the end of 2014, London-based SEA Equity acquired the business in a deal involving BDO.

VFE’s portfolio was expanded with the addition of Autoclave & Industrial Controls, a composite materials heat treatment specialist, in 2016. Today, VFE provides a range of new & refurbished vacuum furnaces and autoclaves, with particular focus on the servicing and maintenance of this highly specialised equipment and its ancillaries.

And while a significant proportion of recent growth has come through the addition of the Autoclave and Vacuum Pump divisions, VFE continues to

Engineering (VFE) specialises in a special category of furnaces that operate in a vacuum for high-precision engineering tasks. But from a business perspective, being in the Black Country provides the opposite of isolation.





see rapid organic growth in its more traditional sectors. To support this growth, VFE is keen to find, develop and maintain engineering talent.

Historically this has been a challenge for the business, but a change in leadership has eradicated the problem of retaining engineering excellence, through career progression plans and structured training programmes. Personnel who had left the business have now returned, feeling valued and with the opportunity to progress within the business says Byrne.

Their return is invaluable, he says, though this does not solve the bigger challenge: "Where does the next generation of engineers come from?"

VFE's management believes its revamped apprenticeship programme and state of the art training academy are the key. The company currently has six apprentices going through its advanced engineering apprenticeship, four of whom have joined the business in the last year.



the business before they decide which area they would like to specialise in.

Alongside the apprenticeship scheme and training academy, VFE has been beefing up its human resources (HR) capability. Two years ago, the

company had no HR function, says Byrne.

Since then, VFE has not only introduced an HR department but has also carried out two major staff engagement exercises to find out what employees think of the company. More than 40 issues were raised, of which "all bar seven or eight"

have now been addressed, says Byrne.

"The importance of listening to employees and maintaining the right levels of engagement cannot be re-enforced enough," he says.

They each undergo a structured apprenticeship that allows them to rotate through each division within the company, providing them with a rounded knowledge of the

Another challenge for the company has been in improving its project execution and here again the business has invested heavily to continually improve its performance. Historically on projects, VFE had taken a hit on margins through project planning and execution. Whilst this has affected the bottom line it also placed pressure on VFE's relationships with its customers, the new regime has addressed this as a top priority and in 2018 the business saw huge improvements, as demonstrated by the results from its annual customer satisfaction survey.

This has been achieved due to a number of changes, the management has upskilled the workforce and put in place gated procedures to make sure projects are now better planned as well as executed.

This has all been instrumental in enabling VFE to continue on its path towards renewed growth in 2019, says Byrne. The last 12 months have been "a year of consolidation," he says. "Revenue growth in 2018 was limited but we anticipate a return to growth in 2019."

And when that growth comes, VFE will be readier than ever to take advantage of it.

That is perhaps the biggest lesson from VFE's growth. When the business is doing well, so are its clients' businesses... and everyone wins.

THE MANUFACTURING TOP 20



Manufacturing is at the heart of the Black Country economy. But who is at the heart of Black Country manufacturing? Which companies are delivering economic growth and employment to the region? Here are the sector's 20 fastest-growing names.



CURRENT POSITION	COMPANY NAME	DISTRICT	MANUFACTURING SECTOR	TURNOVER GBP (Last avail. yr)	AVG TURNOVER GROWTH
1	TASK CONSUMER PRODUCTS LIMITED	Wolverhampton	Paper and printing	29,241	62%
2	DAVRO STEEL LIMITED	Dudley	Basic metals	74,937	44%
3	SPG PACKAGING UK LTD	Walsall	Paper and printing	24,870	32%
4	WILLIAM KING LIMITED	Sandwell	Basic metals	158,597	27%
5	VACUUM FURNACE ENGINEERING LIMITED	Dudley	Industrial equipment	15,787	26%
6	ASH & LACY HOLDINGS LIMITED	Sandwell	Metal products	48,982	26%
7	UNISTRUT LIMITED	Sandwell	Metal products	38,669	24%
8	CLAMASON INDUSTRIES LIMITED	Dudley	Metal products	26,828	24%
9	FORTRESS INTERLOCKS LIMITED	Wolverhampton	Metal products	23,327	22%
10	SCHULER PRESSES UK LIMITED	Walsall	Mechanical equipment	10,158	21%
11	R82 UK LIMITED	Dudley	Mobility equipment	12,613	16%
12	CRAIG & DERRICOTT HOLDINGS LIMITED	Walsall	Electrical equipment	11,271	16%
13	SHERWOOD STAINLESS AND ALUMINIUM LTD	Wolverhampton	Basic metals	26,897	15%
14	BEVAN GROUP LTD	Sandwell	Motor vehicles	27,235	15%
15	ELTA GROUP LIMITED	Dudley	Rubber and plastic products	109,816	15%
16	H.V.C. SUPPLIES (STOURBRIDGE) LIMITED	Dudley	Rubber and plastic products	11,715	14%
17	PLASTIC BOTTLE SUPPLIES LIMITED	Wolverhampton	Rubber and plastic products	13,068	14%
18	A.PERRY LTD	Sandwell	Metal products	12,106	14%
19	STEEL & ALLOY PROCESSING LIMITED	Sandwell	Metal products	201,392	13%
20	ARCELORMITTAL TAILORED BLANKS BIRMINGHAM LIMITED	Sandwell	Metal products	54,567	13%

TRAINING WITH AN ELITE TOUCH

“*This is an opportunity to upscale what they do.*”



October 2018 saw the Black Country placing a £12.5m bet on its manufacturing future with the opening of a training facility unique in the UK.



The Elite Centre for Manufacturing Skills (ECMS) was launched to provide specialist skills to the manufacturing industry, providing training that in many cases is more advanced than in any other in the country.

A collaboration between the Black Country Local Enterprise Partnership, University of Wolverhampton, Dudley College, Cast Metals Federation, Confederation of British Metalforming, Institute of Cast Metals Engineers and In-Comm Training, the ECMS uses an innovative hub-and-spoke training model.

The hub, based at the University of Wolverhampton's Springfield Brewery regeneration project, is an employer-led facility providing specialist training, short courses and apprenticeships to upskill current and future workforces, helping to close skills gaps identified by employers.

The spokes, meanwhile, include a national press and tooling centre based at In-Comm Training in Aldridge and a Dudley College facility focusing on advanced welding.

In Tipton, the spoke has a focus on the foundry industry with the creation of the National Foundry Training Centre with moulding and melting facilities. The broad range of stakeholders involved in the ECMS makes sure no training requirements have been missed, says Ian Fitzpatrick, chief executive.

“We could have gone for a large employer,” he says, “but to get broader coverage, we've worked with industry bodies Cast Metals Federation, Confederation of British Metalforming and Institute of Cast

Metals Engineers, totalling circa 850 members nationally.”

The ECMS offering is not only broad but also highly flexible. Programmes can be qualification-driven or tailored to specific requirements, depending on the need, says Fitzpatrick, and can go right up to degree level.

Above all, a vital task is to give today's workers the skills they may need for tomorrow's manufacturing jobs. Current growth areas, for example, include sheet metal and the low-pressure die casting industry, both linked to the automotive sector.

Helping these industries to move forward often means addressing skills shortages in middle management roles, says Fitzpatrick. “We are taking people who are prepared at a practical level and equipping them with the skills to take on new responsibilities beyond the shop floor,” he says.

“This is an opportunity to upscale what they do,” he comments.

And the ECMS isn't just there for employees. Fitzpatrick says a large part of the Centre's role is to serve Black Country manufacturers. “We can go in with intervention strategies to support skills and business growth,” he says.

“The best way that companies can access our facilities is to directly contact the ECMS, where we can signpost employers to our services or via professional bodies and our provider partners.”

To find out more about the Elite Manufacturing Centre for Skills please go to www.theecms.co.uk.

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