



ACHIEVING YOUR AMBITION

Interview with
Adam Hooper
Operations Director
Martin's Rubber

Commissioned by

Avonglen

Financial Direction for your Business

Ironically, as an independent company grows and becomes more successful, so the day-today demands on the owner-manager increase and the emphasis on the 'here and now' can become the focus of the entire business.

It might be that the business has never been more successful financially, but the reality is likely to be that it has never been as vulnerable because it has never been so inward looking, less innovative, and more likely to be victim to a disrupter (the role which it probably played at the outset!).

But are there other reasons why those which have the potential to go further plateau instead and don't actually achieve what should have been possible?

In an independent report commissioned by Avonglen and to be published by DECISION magazine, business owners share their experiences and ambitions.

This is one of the papers to be published in the report.

This could have been the hardest decision for the owners of the business to make. Should the family-owned company cease the very activity which had been a mainstay since it opened for business more than 150 years ago?

But actually, it wasn't. "After a century and a half years of trading, Martin's Rubber has seen more change in the last five," explains co-owner and operations director Adam Hooper. "In the past twelve months alone we have created 196 new rubber moulding concepts which we have taken through to manufacturing, and over time we have developed 469 different rubber compounds."

The original line back in 1865 was selling a rubberised surface in order to make canvas waterproof; indeed on the founder's death certificate he was listed as a waterproofer. The company went on to provide what today would be described as a one stop shop, selling rubber sheet, adhesive, mouldings, and clips, with a workshop in the basement. In 2017 that changed completely.

"The internet meant that increasingly for the customer, buying off-the-shelf products was becoming more of a commodified purchase, and we could see new entrants to the market not just from other companies but individuals working from their back bedrooms without commercial overheads," explains Hooper.

"So even though our trade counter had been a staple of the business ever since the beginning in Victorian times, the decision was made to close it. It would have been harder to slay what you could describe as a sacred cow of the business, except that the data didn't lie, and we could see that selling other company's products wasn't going to create enough of a return compared to devoting ourselves to manufacturing our own."

Adam Hooper



What had happened back in the second world war was that Martin's Rubber was drawn into manufacturing, building a factory for that very purpose after the end of hostilities. "My dad joined after being a chief engineer in the merchant navy, when he married the owner's eldest daughter," says Hooper. "That led the company to take a more formalised approach, adding toolmaking to the repertoire for example. Every SME needs to move on from a seat of the pants approach to growth."

Which was the attribute that enabled Martin's Rubber to make the biggest adjustment in its history. "And to avoid our manufacturing activities becoming commodified as well, we've stayed away from high volume," Hooper explains. "So in every sector we've looked to find a niche; in automotive that means Formula One and luxury car makers. And niche markets change as they develop. For example, components for windfarms have now become commodity purchases, but then new opportunities emerge in energy storage, with rubber seals for battery

systems which will insulate electrically but conduct thermally. Other new developments include radiation resistant robbers for nuclear reactors and their decommissioning, which National Physical Laboratory tests have shown to outperform existing products.”

Not that something which makes sense strategically will necessarily stack-up commercially. As Hooper explains: “We decided to acquire a company making products from polyurethane foam, which is a fantastic material, but we didn’t really have the knowledge to define which products would consistently be right to make, and we didn’t have the resource in place to stop a project in time if a problem arose. What we learnt from the experience is that data is vital, and you need to be really passionate about what you are doing, and we weren’t with polyurethane foam.”

Interestingly, it was experiencing what can happen to a company after it has changed hands which resulted in Hooper joining the family business.



Previously he spent seven years with a long-established, family-owned electronics company with 350 staff in four locations, which was sold and became a group subsidiary. “They built us a brand new factory but we lost the culture,” he recalls. “I wasn’t wedded to joining my family’s business because once you make that decision, it’s usually a one way trip. Once you become part of it, you can’t just leave, and I wanted to know that I would be able to contribute rather than just having a job.”

His younger brother Paul was already in the business. “It can be difficult for two family members to run the company, but we worked out how to split our responsibilities,” Hooper explains. “I run the operations and Paul has taken on a group company set up to manage our property interests (Martin’s Rubber own and have added to their valuable city centre site, including the conversion of a next door pub into their offices).

“My task,” says Hooper, “is to grow the operating business with our senior management team. At some level they will want more control



of the business they are responsible for, and Paul and I don't want the next generation of the family to simply assume there is a career here for them. For the business to continue successfully, they will have to bring something to the table and demonstrate a passion that they really want to be here. They shouldn't see it as a meal ticket, and nor should they feel obliged.

“Having the property arm provides another option. It means that the new generation can receive the financial benefit of a property company rather than felling compelled to join the family business. My ideal would be for us to be able to invest in a small industrial estate where we will be one of a cluster of companies.”

What is important, says Hooper, is that a business needs to have distinctive characteristics, something that the customers want and are drawn to. “We used to have the usual type of mission statement until it was pointed out to me that If we weren't doing everything listed, then we shouldn't be in business,” he recalls. “It made me realise a mission statement needs to have a distinctive voice, and that the voice has to be consistently delivered by the company.

“So with the senior management team we looked at how we could formalise our culture, which resulted in us underplaying the family nature of the ownership of the business because what the client wants to know is that we are professional, and technically competent. In other words it's about a family business ethos rather than it being a family business. That translates into the need to look after people in a way that a corporate wouldn't or can't. In simple terms, hire the right people and look after them. Then they will deliver the right service and will stay with you longer.”



The wording of the company's mission statement is no longer static. 'We dare to do the difficult' is an example. But that has to be backed up by resource and deeds.

"In addition to 3D CAD modelling, we have made the investment so we can digitally apply the anticipated strains and stresses to what eventually we will be manufacturing, a simulation process which means we don't make it until and unless the design is exactly right," says Hooper. "That is an investment in IT and people which we have to make not just to enable us to deliver our mission statement but because that's the future.

'But while we've made sure that what we need financially is in place for what we want to do, it's important that having invested in property for long-term family value, that it doesn't create tension between that and the shorter term requirements of the operating business, such as acquiring another new machine tool for example.

"We have a five-year strategic plan with specific goals for the twelve months ahead. Having a good plan and measuring progress against it needs to be accompanied by making sure it's updated regularly. We have

two formal meetings a year to discuss it, because unless you drive strategy, it won't happen. Before, businesses needed to reinvent themselves every ten years, or because of generational change. Now it's more of a constant, and we have invested in predictive analysis so we know what is making a profit and the margin we are achieving. We also use the meetings to consider our core competences and culture as well as our objectives."

"Closing the trade counter," says Hooper, "meant that for the first time we felt in control of our own destiny, because we had been able to make an objective informed decision of real magnitude. It was a catalyst to energise ourselves, a realisation that you don't have to take two steps forward and then one back."

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