

MANUFACTURING MATTERS

Interview with
PETER ADLINGTON
MANAGING DIRECTOR
PLASTIPACK



In a series of interviews with the partners of Knill James, manufacturers talk about their ambitions and reveal the issues which are mission-critical for them to address in achieving their goals.

The interviews will be brought together as a report to be published by DECISION magazine and then as a digital book.

ON THE FLOOR ARE jars of water containing algae. Peter Adlington is experimenting to learn more about the effects of light on the scourge of swimming pools. Specifically, the co-founder and MD of Plastipack wants to demonstrate how the cover materials his company produce can inhibit its growth.

It's science which has enabled Plastipack to successfully develop their niche in making swimming pool covers, and Adlington says that without this kind of investment the company would not have survived, let alone be a flourishing manufacturing business.

Founded in 1998, Plastipack supply the pool and water storage cover materials to pool cover fabricators around the world. There are different formulations of the material, depending on the location in which it will be used. For example, pool covers for use in hot countries need to block sunlight in order to keep the water cool and minimise evaporation and water wastage; while those for use in temperate climates need to absorb light to keep the water warm, without allowing algae to flourish.

All the material is made at the company's factory and then shipped out on a just-in-time basis. Plastipack will also 'weld' the different size rolls together to make material of the right width for a particular order, though most fabricator

customers prefer to do this themselves.

Research and development has been to the fore with the company being part of a four-year knowledge transfer partnership with Brighton and London Metropolitan universities. This project helped to develop a thicker and more technologically-advanced patented design called GeoBubble. This is designed to last about six years - at least twenty-five percent longer than traditionally - yet costs only about five percent more. GeoBubble already accounts for about half of total production and that could rise to ninety percent, Adlington believes.

"Developing it ourselves would have been out of the question from a cost point of view," he says, "but the knowledge transfer partnership basically gave us heavily subsidised product development, using the expertise of the universities.

"And with the help of Surrey University's physics department and a knowledge transfer partnership over five years we have successfully produced a patented swimming cover material, EnergyGuard, that deals with the algae issue."

The universities also benefit from a share of the royalties for successful patented products, and their academics got the chance to work with a real businesses and live products.

"If we had not done the knowledge transfer partnership we would not be in business today," Adlington suggests. "Early on, we used to be a bit me-too; we made a lot of low-priced products because that was what customers were asking for. But we decided that was not where we wanted to be. If you are making a commodity that can be made cheaper in another country, you won't be successful. If we had continued to do what we were doing we would have been overtaken by the Chinese."

Adlington says one of the most important things they got from the knowledge transfer partnership, aside from the new knowledge that it "embedded" in the company, was the construction of five testing tanks in a £140,000 investment. "Being able to show people our test facilities and say 'this is what it tests and this is what it proves', has really helped us."

The experience leads Adlington to advise manufacturers to always be on the lookout for any grants that are available. "We've had financial contributions for our lighting as well as machinery," he says. "Whenever we need to make an investment I look to see if there are grants available to fund it. The problem is that applying for funding needs stamina; it involves a lot of paperwork and sometimes there are too many

hoops to jump through, so it's not always worth it."

Adlington now has his sights set on lean manufacturing. "We will be modifying existing machinery to be more efficient to make sure that we continue to be competitive," he explains.

But as much of a challenge for a manufacturer which is pushing on with technology is educating the customer, he says. "They can easily equate innovation as meaning that a product is available in a different range of colours. It's like producing high quality sunglasses; what's actually important is that the lenses have 'selective transmission' to protect your eyes in changing light conditions.

"As we brought in new products we had to think about how to market them. When we explain that while the covers are more expensive but that they will last six years plus instead of three, it's very rewarding when that registers."

Up to ninety percent of production is exported, which meant that the exchange rate volatility after the Brexit vote turned out to be beneficial, at least in the short term. "But I don't view that as real profit," Adlington points out. "You have to take that out of the equation. We have had years when we lost money

through exchange rate variations and we're manufacturers, not playing at the casino; we have to think long term."

And part of that process involves securing relationships with key suppliers, especially when a shortage of materials means there isn't enough to go around. "We see suppliers as our partners, so it's important we know each other's businesses and the constraints we all face, so that when we get a situation like that we hear about it in advance and we can resolve it."

The global water shortage will continue to create new opportunities for the product, says Adlington. "Water is becoming a big issue in the world. For the past few years in South Africa, the reservoirs were very low and the government put restrictions on how often people could top up their swimming pools if they didn't have a cover. There was suddenly a tsunami of people demanding pool covers; we went from selling five containers a year to our customer there to selling thirty. Our customer ran out of stock in weeks. The trouble is it takes six weeks to get the product out there but it showed us that things can happen so quickly."

He is now looking at possible commercial applications arising from the need to conserve water. For example, the covers can be used to stop evaporation of

reservoirs, or in hydroponic crop-growing to keep the water cool and stop it from evaporating while it waters the plants. And Adlington is talking to companies which need solutions for commercial water storage to prevent evaporation .

Recruitment to meet those opportunities can be challenging given the specialist skill-set Plastipack require, he comments. "The machinery we use is not standard so it's not like finding somebody to operate a lathe. It's not that the skills are not there; it's that we have trouble finding them. And you have to be prepared to put in more time to filtering out people who wouldn't fit our culture, to make sure that people have the right skills and aptitude."

It's sometimes said that people don't want to go into manufacturing because it is not seen as "sexy", but Adlington disagrees. "The unsexy stuff has gone," he says. "It's a bit like the car industry; those jobs that remain are the highly skilled ones. There are fantastic opportunities in British manufacturing now to do really exciting work, using the latest technology and lean manufacturing systems, and to sell all over the world."

Adlington wants to keep learning, too. He is involved in networking groups for manufacturers and says he learned a lot from doing a business development

course at Cranfield University. "That was really helpful. I had been running a business with my partner for twenty-five-plus years but I didn't have any qualifications, just an entrepreneurial spirit and the feeling that one day I could be successful doing something. So a while back I wanted to benchmark myself as to where I was in my life. It was fantastic: I learned about marketing, finance, HR, even psychology. I learned a lot not just from the tutors but the other people there, all from non-competing businesses."

What of the future? "We are already a world leader in our niche, and I don't believe we can look just one year ahead; it has to be three to maybe as many as fifteen," says Adlington. "It's true that turnover is vanity and profit sanity, but profit is very healthy too. Whatever I do, I want to leave this company in an extremely good state, so that means never taking the foot off the accelerator. We need to make sure we have a strong team of people that can run the business and take it forward."

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The specialist manufacturing group at Knill James provides in addition to audit and tax services:

- Strategic development and business improvement consultancy services, encompassing 'lean manufacturing' guidance.
- Advice on profit maximisation through examination of product and unit costing and implementation and management of stock control systems.
- Assistance with evaluation of proposed investments and examination of options for financing decisions.
- Production and analysis of benchmarking reports, examining Key Performance Indicators against peer group and competitors.
- Advice on optimisation of factory plant and machinery tax allowances.
- Guidance on Research and Development Tax Relief.
- Management of cashflow especially where exposure to exchange and interest rate volatility is involved.
- Assistance with management accounting systems and the production of internal financial reports.

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