

Your Business

WFC wants to build more success by not just keeping it in the family

FT PROFILE

The directors, who took over from their fathers, are now looking to expand with new blood, writes Jonathan Moules

Keeping it in the family has been the salvation of WFC, the construction consultants whose handiwork ranges from the National Gallery restaurant to Tiger Tiger nightclubs.

A decade ago the Devon-based business was facing an uncertain future with its founders, Brian Waggett and Lloyd Howle, trying to retire but struggling to find an exit strategy.

A proposed sale to a larger contractor fell through when the buyer decided that the business was too dependent on Mr Waggett and Mr Howle, who at this stage were close to their 60th birthdays.

Their sons, Phil Waggett and Steve Howle, had shown zero interest in joining the company and were busy pursuing separate careers. Phil was an engineer at Pedigree Petfoods and Steve as managing director of Quattro Leisure, a nightclub and ten-pin bowling alley operator.

However, both men were working in Leeds, and over a beer one evening decided that taking over from their fathers might not be such a bad idea.

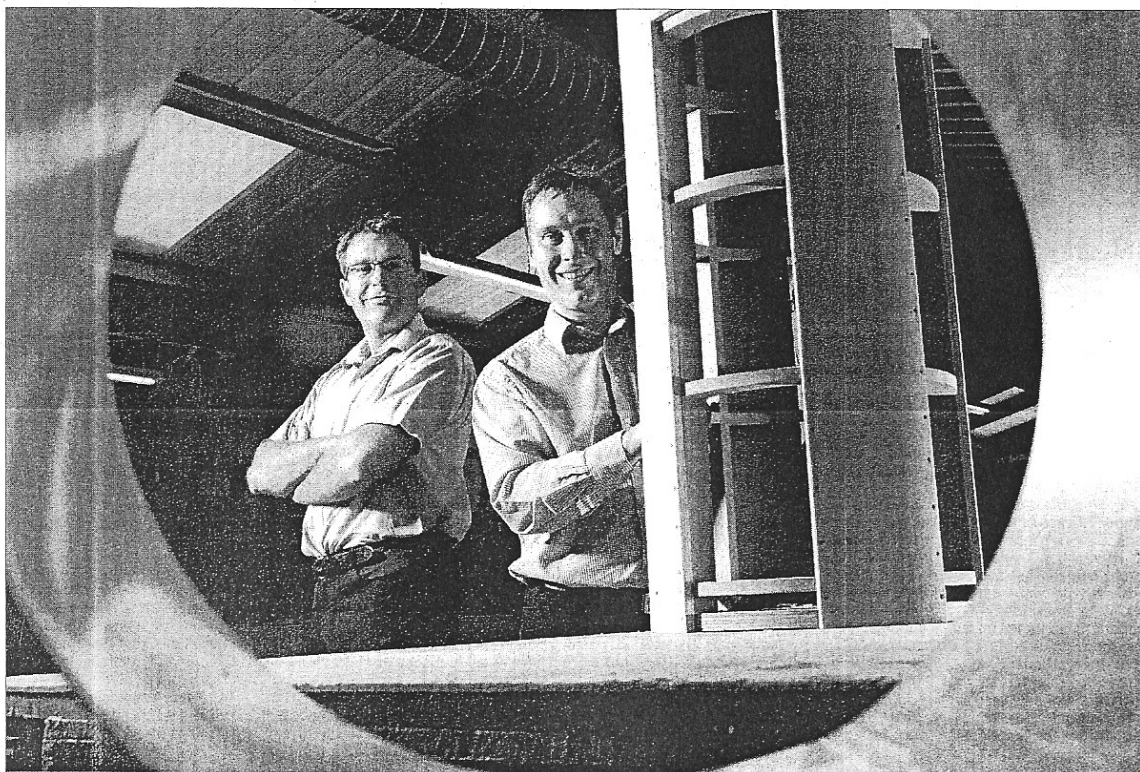
"I guess he caught me at a weak moment," Phil recalls, noting that Steve had been the more enthusiastic party. "I had just had my first child and moving to Devon had a lot of attractions."

It turned out to be a fortuitous time to join the company as several of WFC's key clients, such as Bass and David Lloyd Leisure, were going through significant expansion plans.

For instance Chorion, since renamed Novus Leisure, was busy expanding its Tiger Tiger chain of bars nationwide and hired WFC to fit them out.

A key to WFC's success was the specialist joinery team at its Newton Abbott headquarters, Phil notes.

This meant the company



Building success: Steve Howle (left) and Phil Waggett used their project management and manufacturing experience to tighten up processes at WFC

Apex

could produce in-house the unique fittings that its clients ask for, such as dance floors and reception desks, thus guaranteeing a greater degree of reliability than if WFC had been reliant on external craftsmen.

"It is a very important bit to be in control of," Phil says. "It is only 10 per cent of turnover but it is what makes a difference in terms of the finish."

Phil and Steve used their experience in project management and manufacturing to tighten up processes at WFC.

"The business had an entrepreneurial style but was not structured," Phil recalls. "We were making the same mistakes time and again and not closing the loop."

Simple measures such as making sure everyone knew exactly what day items were arriving on site meant that building staff were not wasting time waiting for key

pieces of a refit to appear.

"The effect was that we could more accurately programme the work on site," Phil notes.

By 2004, their fathers were able to resign from the business and by last year pre-tax profit was £600,000 on a turnover of £22m, up from £8m when Phil and Steve joined eight years ago.

The sons now plan to double turnover in five years. However, they realise that they cannot do this alone.

"At the moment, the board is Steve and myself," Phil explains, adding that they spend a lot of their time looking after clients rather than the finances.

"That is fine if we were to stay at £22m, but not if we want to be bigger than £40m."

WFC has no bank borrowing at present, so has not felt under pressure to report its financial position monthly.

However, the sons admit that they could do with

some sharper financial planning to take them to the next level of turnover.

At the moment, WFC tends to get paid six weeks after they have started and the sons acknowledge that a finance director could probably make better use than they currently do of their cash flow.

They are also seeking a

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sales head to help expand WFC's client base.

At the moment, about 70 per cent of WFC's turnover comes from its top three customers and the owners believe expansion could help make them less reliant on a few companies. But Phil

believes that caution needs to be exercised to avoid damaging WFC's reputation.

"We know we need to get new clients, but we want to be controlled about how we grow because the worst thing would be to bring in new clients and not meet their needs."

Being based in the west country does create some logistical challenges and Phil admits that there could be some benefits to relocating. A move, however, could undermine the company's manufacturing expertise that it has built round its Newton Abbot headquarters.

"The area is actually fairly well connected to the rest of the country by road, train and air," he says, adding that the company's project managers are based all over the country to be near to clients' sites.

"It is not quite the backwater people think it is."

Growth brings other challenges. Until now, clients

have known they can call up and get straight through to the bosses because there was a small chain of command.

"I think they like the fact that they can talk directly to Steve or myself," Phil says. "They know they are talking to someone who can make a decision."

WFC currently employs 115 people, which has made internal communication relatively easy to organise. Phil and Steve have started to build structures into the business, appointing divisional managers, each of whom are responsible for their own profit centre.

Both Phil and Steve only recently turned 40 and show no signs of wanting to stop running the business. However, they obviously wonder whether growth will damage the culture they and their fathers have built.

"We don't want to lose the entrepreneurial spark that is at the heart of this business," Phil says.