



PRESS RELEASE

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Cambridgeshire Engineering Business Celebrates The First Decade Of Successful Trading Thanks To Its Strategy of Continuous Improvement and Despite The Worst Economic Recession for 60 Years

Ten years ago, two highly experienced March based Engineers, Gavin Goates & Kevin Miller recognised the tremendous growth potential of the new Hi-Tech businesses evolving within the region and a potential gap in the market.

The gap, according to Gavin Goates, Commercial Director was for the provision of sub-contract engineering manufacturing services, which acted primarily as an outsourcing function for the individual customers, rather than just supplying components to drawings.

“The emerging Hi-Tech businesses in the region were looking for partners”, says Gavin Goates, “Customers needed organisations that possessed the resources & skills to work with them throughout a product’s life cycle and particularly from the concept stage to launch where the future success of all products and services are effectively determined.”

As a consequence of the above, Precise Component Manufacture Limited (PCML) commenced trading in August 2000, working out of a 1500 sq ft single start up unit on the Fenland Business Centre, March. With 3 full time employees & one part timer, four manual machine tools and three customers, the company generated sales of less than £200k in its first trading year, manufacturing precision components used in innovative digital inkjet printers and electron beam welding applications.

Today PCML is a multi-million pound turnover business and occupies premises of 10,300 sq ft served by a sophisticated ICT network linking all the key business functions together. In addition the company now has dedicated presentational and in-house training facilities with state of the art SmartBoard and Video Conferencing hardware & software.

“Our recent significant investment in new offices and the very latest presentation and video conferencing facilities, is crucial to our strategy of continuous improvement, particularly with the way we communicate with both our customers and our employees.” Says Gavin Goates

Also today PCML employs 40 full time employees and its customer base has also grown significantly, now exceeding more than 50, the majority of which work in leading edge hi-technology sectors, including semiconductor, life sciences, analytical & scientific equipment, laser based, electronics and many more.

Cambridgeshire Engineering Business Celebrates The First Decade Of Successful Trading

“As our customers’ components became more complex, materials became more exotic and tolerances became much tighter, the demand on our design, production engineering and manufacturing services has increased exponentially”, says Kevin Miller, Engineering Director.

A consequence of the above has been a fundamental shift in market demand for more complex components, delivered in much smaller batch sizes on a just in time basis. As a result PCML has made huge investments in all areas of its business including the range of services it provides, manufacturing & production facilities, in-house processes, quality assurance functions, finishing & despatch facilities as well as production planning and scheduling.

PCML has always recognised the need to continuously improve the way it manages and runs its business, consequently from day one PCML has worked in partnership with organisations providing key support functions including Marketing, Finance, HR, Quality and Health & Safety ensuring that it is always working with the most up to date professionals in these key functional areas.

Throughout the last decade in its quest to continuously improve its business performance and strengthen key stakeholder partnerships with its customers, suppliers and employees, PCML has made significant investments in its operations, personnel, marketing and management functions.

PCML won its first business award in 2003 when by winning the Telegraph Small Growing Business Award it was able to show the judging panel how it had achieved sustained financial growth since it was launched, through the skills of its Managers and Workforce in the key business areas of finance, production, personnel, marketing and business planning.

More than three years from its launch PCML was still enjoying tremendous success. It exceeded its first year income & profitability target by 200%, doubled those figures again in 2002 and doubled them again in 2003, by turning over well in excess of £1 million. Along the way the company had invested over £400,000 in plant and equipment including several state of the art CNC machine tools. To cope with its rapid growth PCML had also increased its workforce to 23 full time employees from the 3 it initially set up with. Finally from its initial single startup unit on the Fenland Business Centre, PCML then occupied six units with plans to expand further.

“It was thanks to the dedication, skills and hard work of all our employees, that we had developed an excellent reputation in our market place and we firmly believe that the Small Growing Business Award 2003 was recognition of that fact” said Gavin Goates.

It was in 2004 that PCML made their first significant investment in a state of the art business and production control system called Progress, which was to transform the way the company managed its day-to-day operations. Progress delivered fast, accurate access to information that enabled PCML to track, manage and develop every aspect of their manufacturing process. It provided end-to-end visibility of all their production processes to give total traceability. Benefits to the business were a reduction in fixed overhead costs, measurable increase in shop floor/production efficiency and more importantly improvements in quality of customer service.

Cambridgeshire Engineering Business Celebrates The First Decade Of Successful Trading

2005 was a significant year for PCML and marked a step change in the development and growth of the business. PCML was faced with some major challenges including increasing market demand and strong competition, particularly from low cost countries in Eastern Europe.

In response to these major challenges PCML made further significant capital investment of £0.4 million in new state of the art CNC machine tools and computer controlled CMM technology for quality assurance applications. In addition the business set up a brand new Electroless Nickel Plating facility in direct response to customer demand. The Board also carried a major restructuring of the business around the key business functions of Operations, Finance, HR, Marketing and Strategy Development, and increased manufacturing & production facilities by a further 25%.

According to Alan Melton, Portfolio Holder for “Open for Business”, Fenland District Council, “PCML is a good example of the Council’s work in promoting business in Fenland and we are proud to have the Company as one of our tenants.”

2005 was also the year that PCML developed a new quality management system in order to maintain and further develop its commitment to very high standards of service quality. The business was awarded BS EN ISO 9001:2000 accreditation for ‘The Manufacturing of Precision Engineering Components To Customer Specifications Including Light Assembly Work’.

In 2010, PCML’s 6th year of accreditation, they were once again re-accredited with **ZERO** non-conformities.

“The organisation’s dynamic management team continue to develop the business utilising state of the art machines, tooling control and management processes, no areas of concern were noted in the areas assessed.” John Cooper, BSI Management Systems UK (2009)

PCML was recognised both regionally and nationally in **2006** for its outstanding Customer Care and Service.

The Directors of PCML were overjoyed to be welcomed back on stage, by TV presenter Eamonn Holmes, at the 11th annual Evening Telegraph Business Awards held on Friday 17th November 2006 in the Holiday Inn, Peterborough, and this time to receive the **Customer Care Award for 2006**.

The Evening Telegraph Business Awards are held annually to recognise and celebrate the tremendous achievements of organisations in both the manufacturing and services sectors and their contribution to the economic prosperity of the region. To win the award, PCML had to demonstrate a high standard of customer service and staff training programmes which accentuated the importance of pleasing the customer.

Earlier in the year PCML proudly announced their success in the Metalworking Production Awards 2006, where against intense national competition they won the **Best Subcontractor – Partnership Development Award**.

Cambridgeshire Engineering Business Celebrates The First Decade Of Successful Trading

PCML's success was announced at the MWP 06 Awards dinner held in the Hilton Birmingham Metropole hotel on 16th May, where TV Presenter Kate Humble and Tony Steels, Managing Director, Agie Charmilles Group who sponsored the category presented them with their award.

By winning the award PCML were able to demonstrate to the judging panel (drawn from the worlds of academia, industry, and journalism) the part it has played in the initiation, development and growing commitment to partnership relationships with its customers, whereby they act as a vital, dedicated and integrated part of the development, design, manufacturing & supply team.

“We were absolutely delighted to receive both awards”, PCML Commercial Director Gavin Goates said: “A real vindication of our key corporate strategy of continuous improvement”.

2007 was a year in which the business made more significant internal investments to further realign its operational personnel to meet and exceed customer expectations.

PCML was the first business to be awarded skills development funding from “Towards 2010”, the biggest skills development project ever undertaken by the East of England Development Agency (EEDA).

The £4 million project, jointly funded by EEDA and the European Social Fund money was run by Essex Development and Regeneration Agency (ExDRA) and aimed to develop the skills of people working in small and medium sized companies; it focuses on demand led training, with the eventual aim to increase both productivity and skills within the business.

According to Dr Stephen Mahon, Chief Executive, CSEng, “PCML are just the type of ambitious fast growth businesses that we are looking for to benefit from this funding opportunity. PCML have clearly demonstrated that developing the skills of their Team Leaders will have a real impact on the future success of their business, consequently we were very happy to recommend a significant training grant award for their Team Leader Training & Development Programme”.

The Team Leader training programme formed part of a new Integrated Communications Strategy, again developed in response to customers' needs, where more open and transparent lines of communication were considered essential throughout the supply chain to create a win-win situation for all key stakeholders including customers, employees and suppliers.

2008 saw the start of what was to become the worst economic recession for 60 years. However despite the onslaught of the combined 'Credit Crunch' and economic recession PCML continued to invest in new personnel, new state of the art CNC machine tools and automated tooling storage and management systems designed to directly increase productivity and reduce operating costs.

“In 2008 we were faced by unprecedented challenges to the stability our Regional, National and Global economies”, says Gavin Goates, “An abnormal condition, where a group of symptoms came together to create a situation not seen since the depression of the 1920's. A genuine recession, coupled with a credit crunch and a

Cambridgeshire Engineering Business Celebrates The First Decade Of Successful Trading

rise in the cost of living, created a huge loss of confidence in both the business to business and the business to consumer markets.”

According to Gavin Goates, as a direct result of the above, customers become much more value orientated; businesses became concerned about cash flow and employees worried about their jobs, the net result was a significant cutback in spending by all.

Key to dealing with the sudden loss of confidence was to understand how the needs of key stakeholders such as customers, partners, suppliers and employees had changed and subsequently adapt the organisations business strategies to the new reality.

Prospects for PCML at the time were good, their Financial situation was strong, they had strong cash flow management, they also had a core team of personnel who were highly skilled, committed, loyal and very motivated.

PCML's Manufacturing/Operations were sound as a result of ongoing Investment in plant and equipment and their sophisticated Progress MIS planning & control.

From a Marketing and Innovation perspective they had excellent market segmentation, targeting and positioning strategies in place, they only focused on profitable business and were well advanced in the development of new and innovative customer services known as 'Capacity Watch' and 'Stock Watch'.

“Capacity Watch, what a simple but effective idea! Nobody else is doing it, I will have some of that capacity next week, 10 out of 10 for innovation” says John Baker, Consultant Design Engineer, BD Engineering

In summary the key issues facing PCML at the time were

- a. Protecting their customer base
- b. Employee engagement
- c. Maintaining their key supplier partnerships
- d. Continuing to invest in marketing and innovation

To address the challenges and opportunities PCML developed a 10-point plan, which focused on:

1. Providing Strong **Leadership**
2. Continuing To Tightly **Manage & Control Cash Flow**
3. Maintaining a Major Focus On **Retaining Customers**
4. Continuing To Provide **Outstanding Customer Service**
5. Increasing **Investment in Marketing**
6. Continuing to Concentrate on **Selling Only Profitable Services**
7. Continuing to **Invest in Staff Training**
8. Developing Online Customer Services
9. **Streamlining** Manufacturing & Production **Operations**
10. Applying a **Lean Manufacturing Strategy** Across All Business Functions

For the **past 12 months** the Directors of PCML have provided **strong leadership** in actioning the 10-point plan in many ways.

The main focus has been on working even more closely with existing **customers** through regular face-to-face communications in order to understand the key supply chain issues

Cambridgeshire Engineering Business Celebrates The First Decade Of Successful Trading

that need to be addressed. By clearly understanding the issues facing key customers the Directors were able to show real empathy and flexibility in terms of payment and delivery requirements by sharing the risks.

According to Carl Dean, Production & Procurement Manager at CVE, "PCML are a key long term supplier of components and assemblies. We started working with PCML in 2000 when they first started trading and ever since day one they have worked in very close partnership with us at all times, providing a very personalised service. This high quality service ensures that we always receive our components and assemblies on time and to our very high standards".

"Today PCML's customers demand much more than they did in 2000", says Gavin Goates, "consequently over the past decade we have developed what we believe to be a unique range of services in response to exactly what our customer's demand in terms of:

- Our speed of Delivery From Initial Quotation to Final Component
- Providing bespoke MRP Services
- Providing Just In Time Manufacturing Services
- Delivering Components and Assemblies Directly to the Production Line
- Holding Consignment Stocks at our cost
- Providing Innovative Added Value Customer Services, such as Stock Watch and Capacity Watch"

"As a result of the current unprecedented market and competitive challenges we are being faced with, the way forward for PCML is very clear", says both Gavin Goates & Kevin Miller, "It is now fundamental to our survival and long term future success that we are able to continue to satisfy our changing customer needs. We must continue to focus on the critical areas of Quality, Efficiency, Productivity and Waste Reduction in our business, where we must aim to get it right first time every time."

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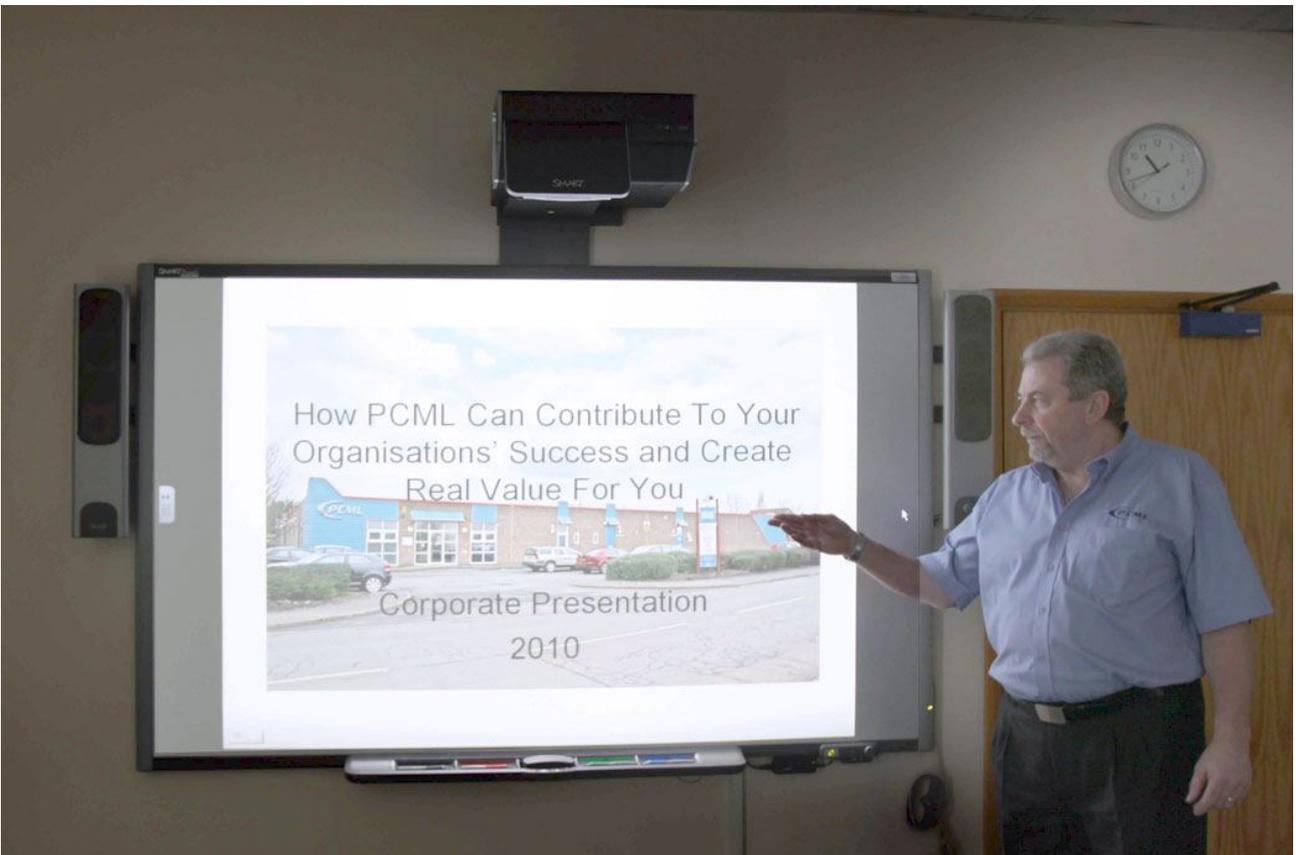
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