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# FIRM FOUNDATIONS

How gradual evolution is paying off for Milton Keynes-based SJD Electrical // page 30



## CONTRACTOR PROFILE // SJD ELECTRICAL

**COMPANY:** SJD Electrical

**BASED:** Milton Keynes

**FOUNDED:** 1996

**MAJOR PROJECTS:** Kiddi Caru, St John's Ambulance, Isotrak/Sainsbury's

**STAFF NUMBER:** 12

**TURNOVER:** £500,000 in 2010

# Steady evolution

Over the past 15 years SJD Electrical has slowly **established** itself as one of the **main players** in the dynamic city of Milton Keynes. Despite the best efforts of the recession, it still has an **ambitious growth plan** for the future



By Nick Martindale

**O**n an industrial estate in the south of Milton Keynes – under the shadow of the impressive but unfinished stadium of MK Dons – sits one of the city's leading electrical contractors. SJD Electrical is by no means a large operation – it employs just 12 people at present – but has embarked on a period of rapid development over the past five years, going some way to filling a gap in the electrical contracting market in one of the UK's fastest growing cities.

"There's a lot of business here," says Stephen Devine, who first started as a sole trader in 1992 after being made redundant from a role selling building management and security systems, before setting the company up in 1996.

"Whether we get enough of it or whether we should get more is another question. There are companies coming from across the UK every day to Milton Keynes to do contracting work. It can't be cost-effective to bring people in from those distances."

The business, though, is not yet at a stage where it could take on the major projects, such as the stadium itself or the new Network Rail headquarters that has been built on the site of the former national hockey stadium.

"We have to be aware of what we can finance," he says. "To take on something the size of the stadium where you're going

to have 50 or 60 people working for a long period of time, you'd need to have your payment terms very clearly defined – otherwise you could be out of business in a few months' time.

"A few years ago, if you had a nice working contract you could ring up your bank manager and say you'd just picked up an order for £100,000 and you'd need £20,000 or £30,000 for a month or two to finance that, and they'd just say 'no problem' over the phone," he adds. "Now it might be more difficult."

Instead, the company has carved out a successful niche on smaller projects across a variety of sectors. Companies moving in and out of the city have provided a steady stream of business, says Stephen.

"They move into new factories and want them configured to their purposes with data, power, air-conditioning, fire alarms and CCTV," he says. "Also, when they're moving out of premises they have to leave them as they were when they moved in, so there's quite a lot of work putting things back again."

Around 40 per cent of the company's work is on commercial and industrial installations, refurbishments or dilapidations,

**'The recession was a valuable learning curve because without that we wouldn't have checked what we were doing and how we were doing it'**





Stephen Devine

Ruth Devine

Photography: Richard Lea-Hair

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## £500,000: The amount the business turned over in 2010

estimates Ruth Devine, Stephen's daughter and fellow company director. A further 20 per cent comes from newbuild projects, 20 per cent from testing and inspection, 10 per cent from solar PV installations and the remainder from small works in and around the city.

### The next level

While Stephen remains the driving force on the electrical side of the business – maintaining relationships that in some cases go back almost two decades and handling the commercial and sales aspect – the arrival of Ruth, with her background working in the supply chain of a major global corporation, back in 2006 perhaps marked the start of a transition period when the business went from what was effectively a one-man band to a more established enterprise.

"When I joined, we had four sub-contractor electricians and Stephen, and within about six months we got up to 12 electricians and two office staff," she recalls. "Then we had all the problems of going from a sole trader to a larger business; we had to bring all the book-keeping in-house, start marketing, build a website, get dedicated phone numbers, invest in staff training and quality systems, and do all the things that we needed to turn it into a real business."

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## 1996: The year the company was formed

"It's fair to say she brought a fair amount of professionalism into the business," says Stephen. "I can use the word processors, spreadsheets and certification software, but Ruth is excellent on the marketing and financial management side.

"I used to have to do everything," he adds. "The biggest problem for most companies is that you spend your time looking for work and then when you get work you have to do that and manage the guys, and while you're doing that you're not doing the selling so six months down the line you run out of work. We were doing that time after time, so we thought the way forward was to get our own unit, to spend more money on marketing and advertising and to try and grow the business."

It worked. SJD Electrical continued to pick up work through contacts in the building services sector but also landed a number of notable local projects, including a design-and-build project at Kiddi Caru nursery in Caldecotte Lakes and the St John's Ambulance Training Centre at Greenleys. Other clients include Milton Keynes-based Isotrak, Schueco and Cranfield University.

"All our clients are either based in Milton Keynes or the sites are here," says Ruth. "We'll work nationwide for local customers or we'll work for customers that are based across the country but have work in Milton Keynes. Essentially, most

## CONTRACTOR PROFILE // SJD ELECTRICAL

### 20 PER CENT:

**SJD Electrical's growth target for each of the next three years**

of our work is in and around here, but we do travel as and when the project requires."

The biggest job in the company's history arrived when it was selected by Isotrak to roll out fleet management units in 400 Sainsbury's stores across the UK in 2007. The main installations were finished in 2008, but the company still works on new stores and refits as and when required on a regular basis. "We were in Belfast a couple of weeks ago, and in Devon and Scotland on the same day recently," says Ruth.

#### Learning the hard way

As with all electrical companies, though, SJD Electrical was hit by the downturn. In 2008 – partly on the back of the Sainsbury's contract – it turned over almost £1 million but made only a small profit, while the following year turnover halved and a single bad debt to the tune of £54,000 saw the business make a loss.

"At the beginning of 2009 we had to restructure the business," says Ruth. "We had to make some redundancies, reduce overheads and we found a new bank that was very supportive. We put some long-term finance in place, developed the business plan and spent a good six months slogging away, and then work picked up very quickly."

Last year, turnover was over £500,000 and the company returned to profitability, and this year it is on target for 10 per cent growth. "The recession was a valuable learning curve, because without that we wouldn't have checked what we were doing and how we were doing it," says Ruth. "We weren't making enough money or managing it properly. We needed the recession to force that issue; otherwise, we would have had bigger problems later on."

The sector is still struggling – Stephen laments how the number of tenders coming in each week has dwindled over the past two years and what he calls "suicide bidding" in certain parts of the market – but SJD Electrical has ambitious growth targets of 20 per cent each year for the next three years.

A core part of that growth is likely to come from renewables: something Stephen believes could eventually become the main activity for the business. For now, its focus remains on commercial installations, largely through its relationship with local solar panel company Red Solar.

It recently completed the installation of 360 panels at two factories in Chessington and has a 600-panel contract lined up for the end of this year at a site for the Metropolitan Police.

**'You'd need to have your payment terms very clearly defined to take on something the size of the stadium – otherwise you could be out of business in a few months' time'**



Photography: Richard Lea-Hair

> Stephen Devine believes renewables will be central to growth

One of its engineers completed the NICEIC's solar PV training scheme in 2010, and Ruth intends to put others through as this side of the business grows.

The business is a firm believer in apprenticeships as a means of developing its own talent for the future, and was highly commended for its training programme in the Learning and Skills Council South East Learning Skills Awards in 2009 after being nominated by Milton Keynes College. The business currently has two apprentices on its books and intends to take on another shortly.

The longer-term future of the business, however, is also linked to Stephen's eventual exit from the company he started 15 years ago, and this is something that is clearly on both his and Ruth's mind. Merging with or acquiring another company is one option, says Ruth, while the business is also equipping existing staff with management development qualifications.

"Ideally I would like to scale down my activities to part-time, so two or three days a week for a few years while there's a transition period, and then after that I'd probably retire," says Stephen. "But commercial awareness is not easy to buy in. It's very easy to make mistakes."

Both Stephen and Ruth, though, are rightly proud of the progress that has been achieved over the past 15 years, and the past five in particular. "It's nice to be able to sit back and think we've lasted more than a year or two," says Stephen. "We've been through a couple of recessions, we've always done the work to a high standard and 99 per cent of the time we've had satisfied clients. Now we're demonstrating that we have a good business with a lot of potential."

>> Nick Martindale is editor of *Connections*