

2014 / 2015

MANUFACTURING EDITION

# *The Parliamentary Review*

A YEAR IN PERSPECTIVE

## ■ FOREWORDS

The Rt Hon George Osborne MP

The Rt Hon Anna Soubry MP

## ■ REPRESENTATIVES

Essilor

Heat Trace

Gabriel-Chemie

Henry Squire & Sons

Russell Finex

Calder

Abacus Lighting

Thomas Dudley

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Vale Europe

McConnel

Nice-Pak International

## ■ FEATURES

Review of the Year

Review of Parliament



## The Rt Hon George Osborne MP

Chancellor of the Exchequer

The UK grew faster than any other major advanced economy in the world last year, and is set to do the same again this year. Over the past 5 years we created two million new jobs. And the deficit – now 3.7% of GDP – is a third of what we inherited in 2010.

But all that progress could be put at risk if we don't continue with the plan that is delivering for the working people of this country.

Economic security is at the heart of that plan. It's not enough to simply eradicate the deficit – we have to reduce our unsustainably high level of national debt. At the Budget I published a revised Fiscal Charter that commits us to running a surplus in normal times to bear down on debt. In the autumn the House will vote on that charter and I hope it will mark the start of a new settlement for Britain's public finances.

Improving productivity – the amount that British workers produce for every hour they work – is the key route to making the UK stronger and families richer, and it's the greatest economic challenge of our time. We've set out concrete steps that we're going to take to improve the infrastructure, education and skills of the UK – and to make sure that this time it's a truly national recovery. Some of the biggest reforms include setting up a new roads fund to pay for the sustained investment our roads so badly need and introducing a

radical new apprenticeship levy on large firms. We're also devolving even more powers to local areas over things like planning, skills and Sunday trading rules. And to back British businesses and encourage them to invest we're setting the annual investment allowance at £200,000 and cutting corporation tax to 18% by 2020 – making it the lowest in the G20.

The final part of the plan is to make sure work always pays, so at the Budget I announced a new national living wage, reforms to our welfare system and lower taxes for working people so we move Britain to being the higher wage, lower tax, lower welfare economy we want it to be.

“Improving productivity is the key route to making the UK stronger and families richer, and it's the greatest economic challenge of our time”

# Calder



Lord Jones of Birmingham (left), Jilly Calder-Potts and Ian Calder-Potts (Chairman and founder of Calder Ltd) at the opening of Calder's new facility in Worcester in 2011



A 2,500 bar high-pressure water jet cutting through 100 mm high-strength steel plate

Calder was born in a hole, installing a high-pressure pump in a very deep hole, almost 2 miles down, near the bottom of the Western Deep Levels gold mine, one of the deepest mines in the world. This experience confirmed the need for high-pressure pumping equipment that will work safely and reliably in some of the most inhospitable, technically challenging and potentially dangerous environments on Earth. Forty-one years later, Calder's early primary focus remain unchanged

## ABOUT CALDER

- » Located in Worcester, UK
- » Revenue of £25 million in 2014–2015
- » Team of 85
- » Specialising in the design, build, installation and servicing of high-pressure pumping equipment
- » Markets include oil and gas, nuclear, petrochemical, automotive and civil engineering
- » Delivering equipment to customers around the world
- » Owned and managed by the four directors

Starting a company in Worcester in the teeth of the early 1980s recession was considered by many to be lunacy, especially our new-found friendly bank manager. Finding potential customers was relatively easy, but finding companies actually prepared to place orders with an unknown supplier proved far more challenging. In a crowded marketplace of 17 competitors (the majority of which were not making a profit), we had to find a way to differentiate ourselves.

One option was to buy market share by undercutting the competition. However, that would inevitably have led to a swift and painful demise. Initially we had no choice but to sell at low margins in order to keep cash flowing. The traditional market for high-pressure pumps was oversubscribed, but this market was the fastest route to generating cash. When our first customers discovered that we were true to our word, delivering on our promise of 'safety and reliability', with a resultant dramatic drop in their running costs and assured trouble-free continuous operation, we won a few friends. Many more have followed.

As the company's finances improved, we focused on new opportunities, particularly in areas that involved difficult and innovative processes. This required knocking on a

lot of doors, some of which opened to reveal exciting, and sometimes ground-breaking, applications. Two new and unrelated technologies were emerging, both of which were totally reliant on high-pressure pump technology:

- » The pumping of seawater through membranes at high pressure to produce drinking water – the scaling up from development-scale equipment to industrial-sized machines was accelerated by an urgent need to deliver drinking water to the British forces during the Falklands crisis.
- » The injection of ground-up stone and rock waste material back into a deep oil well – an environmentally sound method for disposing of oil and gas drilling waste.

Converting both opportunities into profitable repeat business established Calder as a world leader in both fields.

### Standards, specification and compliance

Building on our success in the oil and gas industry, we sought out applications that had highly demanding industrial and consumer standards. Like so many companies attempting to participate in this market, we tried unsuccessfully to ignore or short-circuit the onerous compliance requirements. Sharing our frustrations over a beer with a supportive customer, he advised: 'If you are serious about entering the oil and gas market you must invest time and effort, immerse yourselves in the standards, don't just pay lip service, understand and assimilate them; understanding "why" will help you to deliver the safest, most innovative and reliable solutions, not only meeting but exceeding your customers' expectations and enhancing your reputation.'

Acting on this advice we set about enabling all sections of our business to understand the applicable standards and the actions needed to comply with



A 850 kW high-pressure pump unit on test in the Calder test bay

them. We quickly realised our worst fears – the non-refundable costs of preparing proposals are significant, regardless of project size and value. Winning the order is the critical first phase, which must be followed by timely and efficient project and cash management.

The expertise gained over this period changed our customers' perception of Calder from one of 'excellent suppliers of high-pressure pump packages' to 'experts in the supply of hazardous-area machines built to almost any global specification'. This fact is largely responsible for the recent growth of the company. It has driven product diversification and created a new worldwide marketplace.

Today, the supply of bespoke machines and services to the oil and gas industry is the backbone of our business. We have built our reputation by understanding all aspects of our customers' requirements, and engineering solutions that exceed their expectations. The disciplines our team have learnt by supplying into such a demanding market serve us well in all other sectors, ranging from nuclear to automotive.

“We have built our reputation by understanding all aspects of our customers' requirements, and engineering solutions that exceed their expectations”

## Managed growth, investment and improvement

We believe that careful investment is the key to continued growth. Since moving to the new Worcester facility in 2011, we have invested over £2.5 million in improvements. The most recent is a state-of-the-art test facility that allows us to test large (up to 2000 kW) electric- and

diesel-engine-driven machines in a temperature-controlled environment.

As with most successful companies, our customer is king – without customers we would not have a business. To serve our customers properly we need first-class, self-motivated team players with drive, initiative and courage who share our passion to deliver high-quality, reliable, safe, innovative equipment and services. Our policy of developing good people in house through providing constant, focused training means we have retained and grown a highly skilled and motivated team. Building an international reputation in high-specification, high-compliance industries such as oil and gas has been a slow and sometimes frustrating process. Perseverance and investment have delivered 260% profitable sales growth over the past 5 years, with exports to 35 countries.

Our focus is to expand our established market while actively seeking out new customers and opportunities. To achieve this we must:

- » retain, train and recruit the best people
- » deliver added value, product and services ahead of the competition
- » communicate effectively with our team, getting them fully involved in meeting the challenges we face in expanding the business
- » promote the principle that the lifetime costs of ownership are more beneficial than purchase price alone
- » build quality, value, safety, reliability, environmental responsibility and service into every machine we produce, finding challenging and unique solutions to our customers' problems (our added value)
- » ensure we remain financially strong, delivering on the commitments we make to our customers and to our people.

A 1.2 MW high-pressure pump unit during build

