

Evolution maintains the competitive advantage

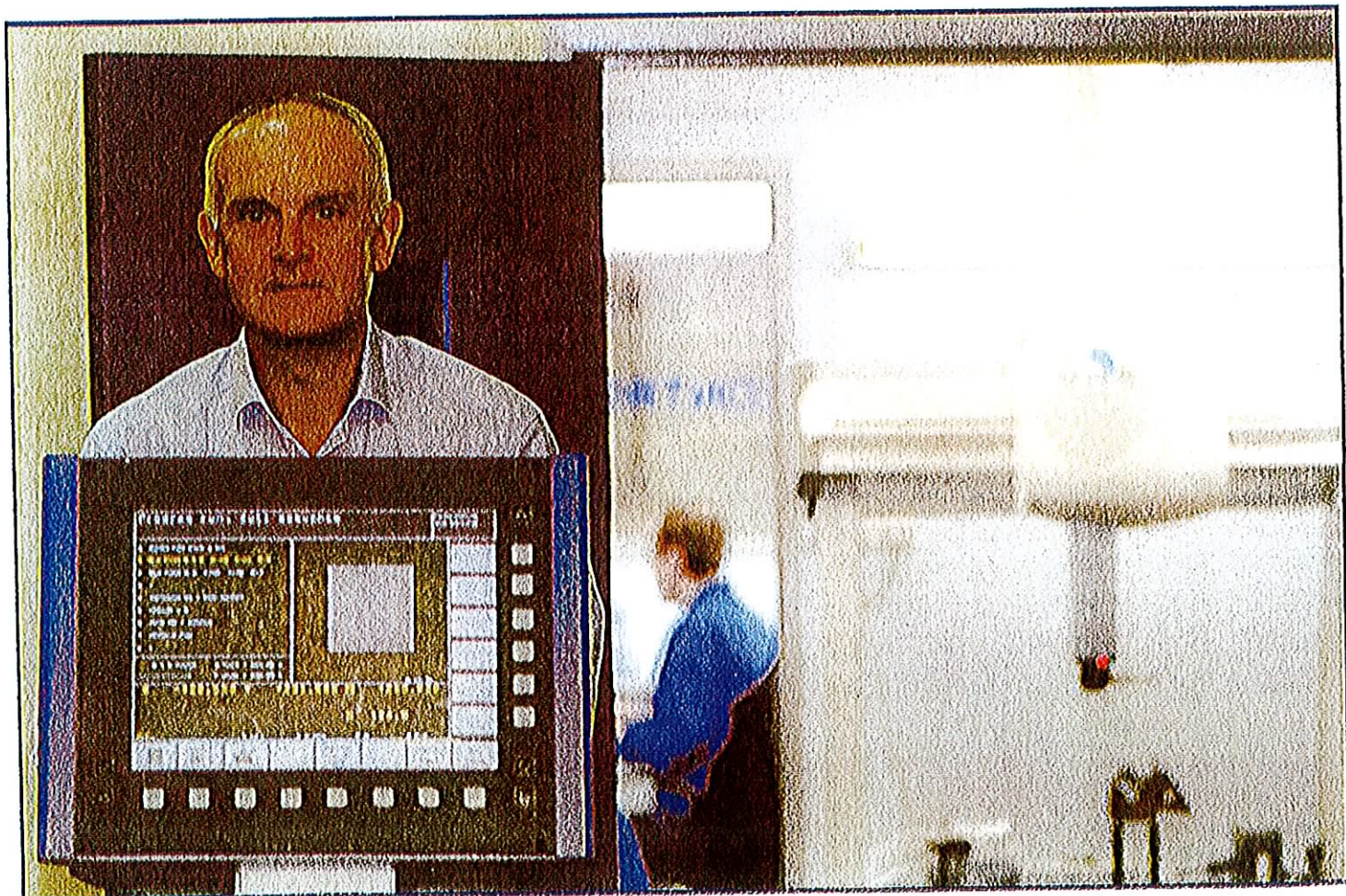
It's not just about quality, delivering on time and at a competitive price - another requirement is solving problems for the customer by being able to apply your knowledge and vision," suggests David Light, managing director of The Di-Spark Group.

"Di-Spark evolved out of another engineering company, started by my father, which made press tools. This was a labour intensive business, but in 1977 he saw a machine at an exhibition that he knew would revolutionise the process. The machine was called an EDM (electrical discharge machining), and he was so impressed with it, he bought two of them. The technique, also known as spark erosion, removes metal by producing a rapid series of repeated electrical discharges between an electrode and the piece of metal being

machined - it literally melts the metal away, and is more intricate than conventional machining.

"Local companies heard of it and wanted us to help them out with their machining, and so my dad, recognising the opportunity, started Di-Spark in 1980 as a sideline to the main business. The business continued to grow into the mid nineties, and then dad decided to retire and sold the original company. He was looking for an exit for Di-Spark, but hadn't planned it very well. He was always more of a hands-on guy, whereas I'm more of a planner, more academic, and he ended up selling (not giving!) me the business in 1997.

"I took stock and planned, and decided to evolve the business into being a provider of complete machine parts rather than just a provider of



David Light

a specialist sub-contract machining process; I wanted Di-Spark to be a value added contractor. We also branched into other advanced machining technologies so that now EDM makes up only 50% of the business as opposed to 75% ten years ago, but we're in the top three of EDM contract businesses in the UK. Through 2011, I can see that the trend will continue, so in a sense our name – which reflects EDM – is a bit of a hindrance.

“Investing in advanced machining technology has stood us in good stead, and what I've also tried to do is aspire to world-class practices and benchmarks in all areas of the business; for instance, we have Investor in People accreditation. That said, it's all very well having the best machines, but if no-one knows who you are, or the value you can add, they're worth nothing. So we made the strategic decision to take on a new business manager a few years ago and to focus our sales strategy on ten key customers from our 500 accounts. We chose customers who were in markets which meant we knew it would mean we could have a long relationship with them.

“Most of our subsequent business has been working with them, rather than from looking for new customers all of the time. Eighteen months ago, with the world changing, a few dropped off the scale, but the rest had strong trading potential, so I feel I made a good call – or at least, an educated guess – in making that choice.

“Now we're a manufacturer in a broader market place, we have a lot of competition, but our high investment route has actually given us a competitive advantage,” Light argues. “The lowest cost model is starting to unravel now I think. If companies take into account the total cost of outsourcing abroad in terms of lead times and resolving quality problems, the low cost contractors don't come out on top. One of our aerospace customers, for example, decided to put their machining out to tender to fifteen different suppliers, driven by

their corporate owners. We made forty of those parts. Our customer audited each supplier and did the credit checks and we got into the last four. I had knowledge of the parts and quoted keenly, but we didn't win the work. I was disappointed, and the company moved the work to a precision engineering in the north which had come in at 30% cheaper. Within three months the chosen supplier had gone bust. So, I feel frustrated by people undercutting me, but not threatened, because if I can't be competitive using advanced machining technologies then I'm in the wrong business.

“I'm the thinking in the darkened room, planning man – I leave my business development manager in charge of customer relations. As the owner/manager of a small business, I can be a bit of a control freak, but that can be a constraining factor in a small business. I had a health scare a few years ago which made me really re-assess and let go a bit more.

“I'm now at a cross roads. We occupy 12,000sqft in three units on an industrial estate right alongside a motorway, but we've run out of space. I know we could do more, but do I really want to relocate my business and invest in a 20,000sqft factory? When an economy is in transition there are opportunities to be made though, so, I'm in a bit of a dilemma at the moment. We could grow by going down the acquisition route although I bought a company eight years ago which didn't work out, so I'm cautious about doing that again.

“We have all the blocks in place for growth, and although there is a lack of skills in this sector, rather than sit and moan about it, we introduced apprenticeships; half of those that I employ have come through the scheme.”

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