

Enterprise and innovation in manufacturing

Making it in Leeds

Future Proof

Siemens chief on the investment challenge for UK manufacturing

Fire engineering

Barkston's new body building venture

The perfect mix

Food manufacturers growing fast

Revolution in medical technology

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Making it in Leeds

Manufacturers in the city of Leeds are rising to the challenges of globalisation with a winning combination of enterprise and innovation that is enabling them to build market leadership and win new business in the face of fierce global competition.



Picture left: David Seymour, managing director of Everbuild, the UK's largest independent manufacturer of sealants, adhesives and chemicals for the construction industry and DIY market, has built a thriving £60 million business and succeeded in positioning the Leeds-based company as the No.1 Builders' Brand.

Leeds is the UK's third largest manufacturing centre, with nearly 1,800 firms employing around 36,000 people. The sector accounts for 8.6% of total employment in Leeds and generates over 10.8% of the city's total £15 billion annual output.

Productivity is also higher than in many other sectors of the economy, with average output per worker for Leeds as a whole standing at £38,400 per annum, compared with £49,000 (+27.6%) for manufacturing.

So, while Leeds has rightly won a reputation for itself as a leading centre for financial and business services, the city continues to be a great place to make things, with a highly diverse product portfolio and key strengths in specialised engineering, print and publishing, food and drink manufacture, textiles and healthcare technology.

Phil Cole, Leeds City Council's head of business and enterprise, is bullish on the city's manufacturing future: "There are some

highly innovative companies based in the city, pushing the boundaries and, in some cases, leading the world in their respective fields.

"The sector is also incredibly diverse – the majority of companies are small to medium sized businesses. They play a key role in the economic life of the city, adding to the diversity and vitality of the economy and ensuring the city's fortunes don't depend on individual industries or employers."

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Phil Cole, head of Leeds City Council's business and enterprise service



Quality not quantity

Investment, collaboration and skills will drive manufacturing growth

Juergen Maier, managing director of Siemens UK industry sector, argues that investment on a huge scale is required to drive the growth of UK manufacturing. Maier talks to 'Making it in Leeds' about the investment challenge and the prospects for the future of manufacturing in the UK.

“There are huge opportunities for growth, particularly in emerging sectors such as renewables but investment, or rather the lack of it, is the single biggest obstacle to the growth of the sector. If manufacturing is to play its part in rebalancing the UK economy, we need to get Government, banks and manufacturers on side and change the culture of investment – for too long it’s been dominated by a short term, cash flow mentality – and we need the banks to start lending again, particularly to SMEs.

“Investment and how we stimulate investment in plant and machinery is top of the list. Government certainly has its part to play in making investment more worthwhile through things like capital allowances and regulation.”

Despite what people say Maier is of the view that the regulatory environment isn’t that bad in the UK. “The problem is that we tinker with it too much. Manufacturers invest over a ten to 15 year period. You need consistency in

regulation and government policy over a similar time frame.”

He points to the carbon reduction commitment as a classic example of the short term mentality of government. “The incentives were taken away two years after the initiative was introduced. As manufacturers we are investing in assets and we need to be able to write those investments off over a longer period of time.”

The same ‘make do’ mentality exists in industry. “It’s no secret that investment rates in manufacturing in the UK are way behind those in other countries. “UK manufacturers tend to sweat their assets for a lot longer. Even when machinery is working at less than optimal output and it’s clear that the payback on new plant would be much quicker, cash flow rather than business strategy dictates that we ‘fix it’ rather than replacing it.”

But how can business invest if it can’t – and quite often doesn’t want

to – borrow from the banks? “Part of the problem is that business isn’t smart enough in putting together the business case for borrowing but, equally, there’s a responsibility on the banks to be far more proactive in seeking out and helping businesses with financial management and investment planning in order to grow.”

The question is whether mainstream banks can provide the specialist services and long term approach that’s needed. Maier is in favour of a specialist, public sector bank with key responsibility for lending to SMEs: “Something along the lines of the green investment bank,” he suggests, although he recognises it is insufficiently capitalised to do the kind of job that’s required.

Prospects for growth

“Growth for the sector as a whole will not come from a resurgence in ‘traditional’ commodity-based manufacturing. Growth will come off the back of emerging sectors and



Clr Richard Lewis with Simon Nadin, general manager at the new Siemens plant in Stourton, Leeds

Recent investment in a new Leeds plant by Siemens has seen the transfer of mechanical gear assembly and servicing to a purpose built 50,000 sq ft factory in Stourton, close to the city centre of Leeds. Part of a strategic move into offshore power generation, the investment will allow the mechanical drives division to handle additional and bigger contracts, including gear assembly and servicing for the growing renewable energy sector as well as rail, utilities and general industry. By the end of 2013, Siemens also expects to be manufacturing wind turbines at a new factory located at the Associated British Ports development in Hull.

innovation. Offshore and renewable energy technologies, for example, are certainly areas of opportunity as well as innovation around automotive manufacture.”

With industry sources quoting growth rates for renewables of up to 25%, compared to 2-6% in traditional markets, there’s serious business to be won and not just for the ‘big beasts’ of the manufacturing world. There are plenty of opportunities further down the supply chain, particularly for smaller manufacturers.

“SMEs need to be thinking now about how they can grow into these areas. Partly it’s an issue of investment – you need to invest in the capacity and manufacturing plant that will equip you take advantage of those opportunities.

“Of course, you also need to spot the opportunities and activity at the new technology innovation centres, for example, offers some pretty big clues about the sorts of projects companies should be looking at. They also provide relatively cheap entry tickets because most of the funding comes from larger companies. A ‘big clue’ for anyone looking to start selling up the supply

chain would be to look at Nissan’s plans to build The Leaf – the new generation electric car at its Sunderland plant.”

Joint ventures, strategic partnerships or a looser consortium-based approach offer ways for SMEs to take advantage by pooling resources, sharing risk or expertise and gaining the production capacity needed to compete for and fulfil larger contracts. “You can cut these things all sorts of different ways. We’re talking about collaboration, to use the most general term, and again technology innovation centres by their very nature present an easy way to get involved in collaborative projects.

“Ultimately, future growth, whether you’re a large, small or medium enterprise, depends on investment in skills.” For that reason, Maier is delighted that apprenticeships are being promoted so strongly once again.

“There’s an ageing workforce across manufacturing and we need to replace skills, as well as equip young people as they enter the workforce but it will take a good ten years to change the mentality of parents, teachers and careers advisors and get them to recognise that apprenticeship-based

qualifications, in particular engineering apprenticeships, are as good and as valuable as a university qualification.

“There’s a huge upskilling agenda we need to address. It’s less about quantity and more about quality. Although we expect a resurgence in manufacturing, there isn’t going to be a massive increase in the numbers employed in the sector. Growth will come from increased productivity and automation and that means having people with higher level skills and qualifications.”

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**INVESTMENT
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Juergen Maier,
managing director
of Siemens UK
Industry Sector

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Pictured (L-R): trainee Ross Forrester with Airedale International's HR director Steve Joyce.



School for skills

Airedale opens high tech training facility

Global air conditioning manufacturer Airedale International is tackling the skills shortage within manufacturing by investing in its own high tech training school, based at the company's manufacturing and research facility in Rawdon, Leeds.

The new centre of engineering excellence combines on-the-job training and theoretical learning, allowing Airedale to grow its rolling apprenticeship programme and to update the skills of its 380-strong UK-based employees. The school also provides air conditioning and industry training courses to external companies to help develop engineering skills within the supply chain.

Employing 425 people globally and 360 in Leeds, Airedale International is part of US-owned Modine Manufacturing Group. The parent company employs approximately 6,000 people worldwide, specialising in the manufacture of thermal management systems and components used in light, medium and heavy-duty vehicles.

Airedale International is the UK's largest chiller manufacturer and the leading UK provider of precision air conditioning and data centre cooling solutions, with a £36m turnover including £6m of exports. Airedale designs, manufactures and distributes air conditioning and cooling systems to more than 50 countries.

“ WE WANTED TO MAKE THE STATEMENT THAT HERE IN LEEDS IS A WORLD CLASS, VERY SUCCESSFUL BRITISH COMPANY COMMITTED TO THE INVESTMENT IN TRAINING AND SKILLS. ”

Clive Parkman, Airedale International managing director

Leeds has a thriving food and drink manufacturing sector. Arla, the UK's biggest dairy foods producer, dried foods specialist Symingtons and soft drink manufacturer Britvic are all based in Leeds. But while the big brands are strongly represented, there's plenty of room for newcomers and the success of fast growing food firms Enjays and Exquisite Handmade Cakes proves that there's still plenty of room at the table.



From a small creperie selling around 30,000 pancakes in its first year, Enjays is on the verge of becoming a national operation with sales of its 'secret recipe' pancakes heading for £1 million annual sales. Theme parks and leisure operators are key outlets for the business, launched in 2005 by university colleagues Neil Tipping and Jon White.

The duo originally met while on the same degree course at Leeds Metropolitan University and started their operation from a small shop unit in Headingley. Fast forward to 2011 and the business has just secured £300,000 of investment, enabling a move to a new manufacturing and distribution headquarters in Leeds.

A loan from NatWest and equity capital from a number of business angels has financed the new 10,000 sq ft

facility in South Leeds with additional capacity enabling the creation of new lines. The expansion includes a brand new production line that manufactures various sizes of pancakes, including blinis, at rates up to 18,000 an hour.

"In the last few years opening retail outlets has been extremely difficult due to high start up costs and low levels of lending. We considered all our options for growth and decided that targeting leisure operators with a 'free to loan' model would allow for the most sensible growth and limit the investment required to expand," said Jon White.

Enjays now has 30 UK outlets selling its pancakes including Butlins and Merlin Entertainments, which operate Alton Towers theme park and Warwick Castle visitor attraction. Expanding into other markets is a key priority for the Neil and John. The firm's recently launched

e-commerce operation is already contributing a healthy six-figure sum to annual sales, but there is potential for further ambitious growth.

Craig Hindmarsh, who has a highly successful track record in managing large blue chip food manufacturing businesses, joined the Enjays board to assist in driving the expansion forward. "I saw the potential from the first time I met Jon and Neil. The growth of Enjays since its beginning has been phenomenal, showing that there is a fantastic demand for its products."

"The new facilities are enabling us to expand our range and offer our existing customers exciting new products as well as allowing us to look at the food service sector and retail sector in more detail. We feel we're at the start of a much bigger future," Craig says.



Exquisite taste

Expansion is on the cards for fast growing Exquisite Handmade Cakes, set up by former chartered accountant Viv Parry.

A lifelong dream of running her own business and a passion for quality home baking inspired her to buy up the assets of a small Leeds bakery for £20,000.

Seven years on, Viv and her 30 colleagues at Exquisite Handmade Cakes are celebrating turnover of £1.7 million and 30 per cent year on year growth for the past two years.

“It was tough at first, cramming all the product samples into a small car for sales trips, then, with no credit lines, dashing round to pay ingredients suppliers in cash before they would release the goods. But by not compromising on the home-baked and hand-crafted quality ethos and listening

to customer feedback, the business took off,” says director Viv Parry.

Exquisite’s basic ranges are gateaux, loaves, tray-bakes and wrapped products selling across the UK, predominantly through major distributors and into outlets including cafes and leading airlines. Starting with two units at Cardigan Works in Kirkstall, Leeds, the operation has more than doubled in size to occupy five units spanning 6,000 sq ft.

The hand-crafted approach and commitment to new product development also creates the flexibility to work with existing and potential customers in developing new lines, key factors in a recent new business win with a major sandwich bar group.

Production director and master baker Chris Parrington manages the process.

He joined the company five years ago and clearly shares Viv’s vision and passion for the products and the dedicated team making them.

“We have regular tasting panels and if a line doesn’t retain the great ‘just home-baked’ taste, it doesn’t go out,” says Chris, adding: “And that’s a very rare occurrence.”

Further growth is planned and, according to Chris, need not be inhibited by the labour intensive production processes: “Mechanisation just wouldn’t work for us. Within two years, we will acquire or build larger premises from scratch, but as close to here as possible in order to retain the current staff.”



Changing the game

Leeds is the UK's largest centre for print and publishing outside of London. Agfa and Kodak, two of the world's leading suppliers to the printing industry, have major production centres in Leeds, while companies such as Communisis, TLG Ltd and Scientific Games are employing the latest technologies to provide total communications and secure printing solutions for leading retailers, financial service providers, the satellite broadcast and gaming industries.

Investment powers Communisis growth

Recent investment of £3 million in a second HP T300 digital output device has given marketing services provider Communisis what it describes as 'game-changing print technology'.

The machines are the only two of their kind in the UK and built for highly personalised mass communications. They will allow marketing campaigns to become more relevant and creative than before.

The Leeds-based division of marketing services provider Communisis PLC is the UK's largest print and direct mail production site, employing 420 staff on round the clock shifts.

It is a key part of the £193m turnover group which has a 1400-strong workforce across the UK managing

total marketing campaigns and services across all media streams.

Managing director Gurdev Singh believes the continued high level of investment is vital in pursuit of becoming the UK's leading market services provider and speeding client's products to market.

"Our expertise and capabilities are constantly evolving to take advantage of the proliferation of channels to market, which includes highly targeted direct mail and an increasing range of online as well as social media.

Strategic rather than tactical marketing lies at the heart of the company's success, underpinned by scale of operation and the agility to adapt swiftly to changing market requirements.



World class print shop trials new Kodak process

A Leeds print company's reputation as an industry leader in direct mail has led to it becoming a Beta site for trialling a revolutionary technique for a new, four colour ink-jet process developed by Kodak.

The Lettershop Group has been selected to run the trials on the process that

allows total personalisation of printed items on runs from one to a million and at rates of up to 500ft a minute. As part of the pioneering development project, two Leeds technicians have just returned from a spell with Kodak in America.

The new system is 100% variable and means that

brands such as Marks & Spencer, Sainsburys and Sky can individualise every promotional mailing they send to each of their customers.

The Lettershop Group has been at the forefront of print colour technology since launching its 140,000 sq ft purpose-built headquarters

in 1992. Continuous and substantial capital investment keeps it ahead of the global game with 200 skilled employees and a £25 million annual turnover.

Pictured: The Lettershop Group's production manager Mark Ward and executive director Simon Cooper.



Fire engineering

Leeds-based plastics firm Barkston are pioneering fabrication in a material new to the UK for the manufacture of fire engine bodies that are safer, lighter, stronger and more durable.

Barkston has been chosen by Guildford-based coach builders John Dennis to co-operate on the production of the bodies in the co-polymer Polybilt, in place of the traditional glass fibre and aluminium.

John Dennis is the UK market leader in fire and rescue vehicle coach-building and supplies fire services across the world. It has exclusive UK rights for the material that has been used by the US Fire Department for the past ten years.

In the past 18 months Barkston has supplied some 80 fire engine bodies and the order book stretches ahead to put Polybilt fire engine bodies in towns across the nation.

According to Barkston operations director, Mark Carter the new material has a unique combination of heat and impact resistance making it ideal for fire service vehicles.

“The co-polymer used in PolyBilt has a unique combination of compressive strength and flexibility giving it superb impact resistance.

“This translates in the field to little or no damage when impacting street furniture and walls. Even in a high speed collision, there is no shock transfer through the body, keeping damage to a minimum.”



Competing in a global economy

Engineering is the largest manufacturing sub-sector in Leeds with major players such as Schneider Electric, Sulzer Pumps (UK) Ltd, Cameron, ATB Morley, Winder Power and Siemens specializing in the manufacture and servicing of heavy duty equipment and components for the power generation, oil, gas and renewable energy industries.

The world's biggest centrifugal pumps, manufactured for use in the offshore oil industry, are being produced by Leeds-based Sulzer Pumps as part of an £11 million order placed by Azerbaijan International Operation Company.

Driven by Rolls Royce RB 211 gas turbine engines, similar to those used to power jumbo jets, the 36,000 HP pumps – the world's biggest – are used to inject water, deep below the seabed to maintain well pressure and enhance oil production. Seven of the 27 megawatt multi-stage centrifugal

pumps and associated spares are being shipped out to the Caspian Sea where they will be installed on offshore oil rigs.

Full speed and load tests using the RB 211 have now been completed at Sulzer's new Leeds test building, recently expanded at a cost approaching £2 million and acknowledged as world leading.

Sulzer Pumps is one of the city's largest manufacturing employers and recently signed a further deal, with an undisclosed value,

to provide oil pumps for the transcontinental pipeline running from Eastern Siberia to the Pacific coast.

"We have been market leader in the supply of high energy pumps to the oil market for some years and we're widely perceived to have the best technology and manufacturing facilities," says Sulzer deputy managing director Richard Whiteley. "Oil will still be fuelling the world for the next 20 years and the industry is undergoing an extended boom."



Diversity and innovation

Diversification has been key in enabling Leeds manufacturers to build and maintain their competitive position. Union Industries, for example, began trading in industrial textiles but soon developed and expanded into fabrication and installation of high-speed doors for warehousing and cold storage.

Now it also produces de-contamination units and air filtration systems, which can be used either in a hospital environment or as survival capsules in the event of chemical,

biological or environmental contamination.

The success of speciality textile manufacturer AW Hainsworth also shows how traditional Leeds companies have succeeded by combining product innovation with niche marketing. The company has been in business for over 200 years and originally supplied material for the uniforms of Wellington's troops at Waterloo.

"There's no point being able to monopolise a particular market segment

if it's about to dry up," says sales director Adam Hainsworth. "We are under constant pressure from overseas manufacturers we constantly have to look to open up new sales avenues."

Today, Hainsworth is still clothing armed forces the world over but it has also moved on to producing lightweight fabrics featuring wonder fibres such as Kevlar used in protective clothing worn by the fire service and the Red Arrows air crews.

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Sound Leisure sell Elvis to Graceland

Launched in the 1970s by electronics fanatic Alan Black with just £60 capital, Sound Leisure has made its mark by combining traditional skills with the latest technology. The company is now a market leader in jukeboxes and audio visual systems with £6.6 million annual turnover and a workforce of 117 in Leeds alone.

“The nature of our business means marrying the latest electronic techniques with skilled cabinet-making craftsmanship,” says

company chairman Alan Black.

“We’ve built an international business from Leeds and created 120 permanent jobs in the process.”

Latest additions to the company product line include the i-pod jukebox, a range of Elvis-branded jukeboxes, which are being sold exclusively through Graceland and a new range of classic 50s jukeboxes which have gone down a storm at trade shows in Europe.

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Sound Leisure chairman
Alan Black

”



Revolution in health technology

Across Leeds, modern laboratories, world-leading scientists and clinicians are combining with Europe's largest medical school to put Leeds at the forefront of research into new and life-saving approaches to medicine. Around 32,000 people are employed in healthcare in Leeds and Leeds Teaching Hospitals NHS Trust is the largest healthcare provider in Europe.

Investment in research and development is central to the competitiveness of manufacturing companies. This is especially true in the field of healthcare technology, which thrives on continuous innovation and new product development.

It has proved vital to the success of companies such as Xiros, a world leader in orthopaedic and ligament reconstruction technologies.

"We have a continuous process of considering literally hundreds of ideas for surgical advancement, with around a dozen

projects in progress at any one time," says innovations manager David Beevers.

The company exports 90% of its products and works closely with surgeons to develop solutions in-house and identify the best route to market. This can either be through the Xiros 'Neoligaments' branded product range, or via commercial links with global medical devices companies.

"While much of our work has been about knee joints and particularly anterior cruciate ligament repairs and similar injuries of the types suffered by sports

people, our expertise also extends into other areas of the body, including the ankle, shoulder and spine."

Award-winning Brandon Medical has developed a revolutionary audio visual system that allows surgical procedures to be supervised and viewed in high definition from anywhere in the world.

Managing director Graeme Hall sees the system, which has already been installed in UK, Irish and Danish hospitals, as having worldwide applications. The digitally-based system uses video and audio over internet protocol, offering

substantial cost advantages compared to analogue systems.

"Whereas one UK hospital recently invested over £1m equipping four theatres and one seminar room for analogue video coverage, we could cover 30 theatres and distribute the information to every room in the hospital with higher quality and greater functionality for £250,000."

Already exporting to more than 40 countries, Brandon has achieved annual growth rates of 30% and is well placed to take its new system into markets around the globe.



A world class precision engineering company specialising in uniquely innovative products for minimally-invasive surgery is poised for substantial sales growth as new areas open up for its market-leading instruments. Leeds-based Surgical Innovations Ltd has developed a new SwingTop™ version of its fast-selling YelloPort™ port access system, which offers hospital cost savings between 30% and 70%. Carrying the CE Mark in Europe and Food & Drug Administration approval in the US, the device is ideally suited to a wide range of minimally invasive operations, including stomach stapling and banding operations as numbers of obese patients increase. The new system promises to take the world by storm, with the American market alone estimated to be worth around £150m.

Manufacturing in Leeds sector profile

Leeds is the second largest manufacturing centre outside London, with more than 1,800 companies engaged in a wide range of manufacturing activities. Key strengths include engineering, print and publishing, food and drink manufacture and healthcare technologies. The Leeds manufacturing sector employs 36,000 people and there are over 150,000 employed in manufacturing across the Leeds City Region.

Employment in the main manufacturing sub-sectors

Sub-sector	Employees
Engineering	13,250
Print, publishing and paper manufacture	6,900
Food and drink	3,850
Chemicals	2,350
Textiles and clothing	1,450
Other manufacturing	8,250

FIND OUT MORE ABOUT WHAT
LEEDS HAS TO OFFER AS
A CENTRE OF EXCELLENCE
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