



Searching for Fast Growth

The time has come for business leaders to go all out for growth. Criticleye finds out which markets and sectors are proving to be attractive and how opportunities can be realised

Genuinely game-changing innovation may be something of a rarity, but if companies are to prosper then it's imperative that they invest in R&D and look to find ways of standing out in what continue to be tough markets. The good news is that plenty of companies are doing just that, investing in technology, looking to conduct acquisitions and expand so as to accelerate growth.

Marnie Millard, Group CEO of soft drinks business Nichols Plc, says: "Internationally, while our core markets continue to perform, it is newly developed markets within the African regions which provide growth and development.

"Although indicators suggest economic conditions are improving, the UK consumer, we believe, remains cautious.

They are still using their weekly budgets wisely which means value for money remains very important."

It's always somewhat difficult to pick out specific sectors for growth, but it's evident that healthcare, TMT and financial services are set to be hotbeds of activity for the foreseeable future. "The recovery in the UK and global economy are macro ►

factors in increasing demand,” comments **Chris Hurley**, Deputy Chief Executive Officer at private equity firm LDC. “But at the micro level, it is technological innovation that is probably the key growth driver across most sectors.”

“The US and mainland Europe are both very interesting areas for us”

The mid-market has received a lift from improved financing conditions, although it remains a fragile state of affairs. “Various finance industry and Government schemes, plus a great willingness by banks to lend, have helped but businesses do need to be able to have access to adequate funding... Here confidence remains key all round,” says **Chris**.

AMBITION TO BURN

On the public markets, there has been a positive change in mood during the past year. **Alastair Walmsley**, Head of Primary Markets at the London Stock Exchange, comments: “The mindset of public market investors has been yield focused for an extended period of time, whether you’re talking about equities or fixed-income instruments...”

“In the broadest possible terms, I would say businesses that want to pursue growth, whether it’s geographical or in terms of product line, M&A or organic led, are finding funding

through the markets more readily than for a number of years.”

Globalisation presents the big opportunity for many businesses (not without a significant number of risks, naturally). **Mark Garrett**, COO of global technology consultancy Ricardo, says: “The US and mainland Europe are both very interesting areas for us to expand a little bit more outside of the UK business.”

Latest figures for Ricardo sees revenue up by 16 per cent to £229.7 million and underlying profit before tax increasing by 31 per cent to £23 million (the company acquired environmental consulting specialist AEA at the end of 2012 for £18 million). Approximately half of the company’s sales come from the UK and the plan is to address that by diversifying geographically.

He says: “We’ve seen Europe in the doldrums for quite a long time and there’s no immediate prospect of a bounce-back. China has been reasonably strong all the way through and, although the US has obviously had problems, it seems to be coming back strongly too.”

For **Geraint Anderson**, CEO of TT electronics, which supplies electrical systems to manufacturers in the defence, aerospace, medical, transportation and industrial markets, there are plenty of good signs. “We’re a big player in the German luxury auto market and that’s continued to perform well over the last couple of years,” he says.

“We’re seeing an acceleration of demand, particularly coming out of very strong North American and Asian [markets]. Europe is not necessarily

getting any worse, but it’s still early days to say it is getting better.”

Some £30 million is set to be ploughed back into the business over the next couple of years to develop operations. “We’re investing heavily in the right manufacturing cost centres around the world,” he explains. “So, we’ll make sure we continue to invest in Asia, Eastern Europe and over in Mexico as well.”

For many executive teams, the past few years have largely been about restructuring and change management. Now the focus is going to be on finding ways to win back customers or to identify new ones, which may be seen to require an altogether different kind of high-performing executive team. ■

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