

SME300 PROFILE: FLEXIBLE MANUFACTURING GROUP

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Livingston-based Flexible Manufacturing Group (FMG) is number three in our SME300 Jim Jamieson founded the company in January 2001 to acquire and develop leading sub-contract businesses, delivering a one-stop shop in mechanical manufacturing

Jamieson, who has been in subcontract manufacturing for over 30 years, wanted to create a business that was very different from the traditional sub-contractor. He wanted to create a scottish-based group which would not be reliant on a few local companies or individual markets for their work, as was the norm during the eighties and nineties.

"I wanted a company that would be proactive and would work as part of a diverse range of customers, doing things differently, thinking out of the box, providing not just a build to print service but one that would challenge our customers to act differently," he explains. "By working with customers to design their products for ease of manufacture, and designing cost out we could add margin in for all involved."

Matching the innovation in design with consistent investment in the latest technology has allowed FMG and Jamieson to not only compete with the "low cost regions" but to undercut them and competitively deliver parts round the world from their base in Livingston.

The business model rolled out across FMG seems to be working with growth of 30 per cent in 2010 and

Jamieson says they are ahead of plan to grow an additional 30 per cent in 2011.

FMG comprises three complementary businesses: Deans Engineering for machining; Livingston Precision Engineering, which manufactures sheet metal components, assemblies and integrated electro-mechanical solutions; and Flexible surface technology, which electroplates, paints and e-coats. The businesses operate independently but seamlessly with common sales, accounts and transport functions.

Most readers have probably never heard of the group but it is safe to say everyone reading this article has used something manufactured with some pride in Scotland by FMG. When you fill your car with fuel, draw money from an ATM, use a mobile phone or the internet, go on the underground, a bus or a taxi, use air-conditioning or an escalator, have a body scan or eye test or are taking a flight, it is almost certain you have used a product that was manufactured and influenced by FMG.

Jamieson believes very passionately in what he is doing. First in the office every morning, his enthusiasm, understanding and detailed knowledge of his business and market is very clear. It is no surprise to learn he has been immersed in manufacturing since leaving school at 15. Even while serving an apprenticeship as a tool maker in Edinburgh he showed an ability to understand technology and processes while seeing what was actually needed.

He still remembers fondly the awards he received from his employer's suggestion scheme. A number of the patents he developed at that time exist and remain in manufacture today.

His business ethos is based around his ability to understand the technical demands of the customer's products and having the knowledge to quickly know the best way to make them.

"What we are here for is to understand what the designers need and to tell them the best way to manufacture it. Working together we have made huge savings. It is giving

people what they want when they want it at a price that is acceptable to them," says Jamieson.

With strong family roots in West Lothian, the Jamiesons are all proud of the work ethic and sense of right and wrong that was instilled in them by their parents. Today seven out of the eight siblings have all run their own businesses.

Jamieson had an incredibly fast rise through several businesses. At 20 he was made charge hand in a tin box manufacturing company he had originally joined as an apprentice but he left that company six months later because he was disillusioned and started work as toolmaker in a subcontract company. Within three years he became production manager with the responsibility for 300 staff.

It was not a surprise that by 28 he had started his first business, Eraba, undertaking sub-contract work for British Leyland at Bathgate. Having secured a £25,000 loan from the Scottish Development Agency, he bought the best equipment he could afford and set up in a 6000 sq ft factory in Livingston. The loan was repaid in six months and none of his businesses has had a loan or overdraft since.

At the core of all of Jamieson's businesses is a commitment to reinvest in technology, driving profits back into each of the businesses, creating the capacity for growth and future earnings.

From modest beginnings Eraba developed consistently and profitably into a £10m business before, under Jamieson's direction, and with the help of 3i which introduced some new management, they bought Optima Enclosures and GGS Engineering. Combined with Eraba this became the Walker Dickson Group.

The new business flourished during the nineties, adding US company Electronic Enclosures, which had three manufacturing facilities in Los Angeles, Dallas and New Jersey, to the group. In late 1998 the Walker Dickson Group was bought out by Pentair Inc.; Jamieson worked for them for a short time before retiring at the age of 48.

The transition from running a business seven days a week across two continents to a very early retirement did not sit well with Jamieson and within weeks he was planning a return to business.

Having a two-year non-compete contract he decided to do something different but after a few months it became clear he only wanted to do one thing and get straight back into manufacturing determined to use the experience he had gained.

In the intervening period he helped some friends set up the Arran Brewery, becoming popular with family and friends who for once were delighted to sample what he 'made', and spent the rest of his time gardening, golfing and looking after his elderly father who had become ill.

In the second half on 2000 he began seriously looking at launching FMG, considering several potential businesses and a start-up as a route back into manufacturing. Then by chance he met the wife of one of his previous competitors, who asked for advice on selling their business, as they knew he had done almost two years previously. Never one to waste any time, Jamieson was in their factory that afternoon and as soon as he heard the machines working and smelled the aroma of the cutting oil, he immediately offered to buy the business.

Acquiring Deans Engineering in February 2001 created a foundation for FMG to be 'launched' and very quickly he wanted to stamp his mark on the business. His first priority was to increase the customer base and bring in people who he knew and who shared both his vision and his work ethic. He recruited Gordon Connell as sales director and Brian Moffat as engineering manager as well as purchasing, and finance expertise. This team had all worked for him previously so this offered the existing owners the opportunity to do a short hand over and then retire.

The business very quickly attracted a wide range of customers from global blue chip multi-nationals to their neighbours, supplying into automotive, telecommunications, medical, defence and retail markets. While Jamieson freely

admits the first 12 to 18 months were tough, he had faith in his own and in his team's ability to grow their business.

After 18 months a planned extension to Deans was stopped at the last moment when Livingston Precision Engineering was acquired from an American parent company that was in chapter 11.

While Jamieson thought the first 18 months in Deans was hard, LPE brought the word 'hard' to a new level. Running losses of £250,000 per month, a management team that had to be replaced from top to bottom, rent arrears, and fresh debt coming out of the woodwork were all taken straight on.

At the same time Deans Finishing was re-branded as Flexible Surface Technology as a stand-alone business with its own profit and loss account for the first time.

Despite the challenges, Jamieson had achieved his first goal in being truly able to offer his customers a one-stop-shop. "With the three business having excellent workforces, I continued to invest in new equipment and processes across FMG," he says.

When Jamieson bought FMG it had a turnover of £4.5m but it dropped to £3m in the first six months when it lost a key customer. However since then FMG have enjoyed growth that has been in the opposite direction to most manufacturing companies in the UK, where the fashion to move east for supply was becoming the norm.

But for Jamieson east was defined as Livingston.

He cites a typical example for one customer who was buying an assembly in the UK for £130, with an option to move to China for £85. As one of nine companies invited to review an opportunity to manufacture 15,000 of these assemblies a year, FMG were the only one to look differently for the solution. Jamieson and his engineers developed a concept redesigning the assembly, with the customer's engineers signed up; they jointly supplied a stronger technical solution at less than £50, while making no apology for increasing their margin at the same time. In

real terms this allowed FMG to effectively halve the Chinese cost for their customer.

FMG are working hand in hand with this customer eight years down the line, supplying a range of products around the globe which have been manufactured and engineered in Scotland. The perceived low cost regions remain FMG's largest market.

Perceptions remain a challenge for Jamieson where one of his larger neighbours in Livingston had been buying parts in Poland. They had quality problems and poor delivery when they approached FMG to help out, with Jamieson's team working 24 hours a day for two weeks to support their immediate demands.

When the customer received FMG's invoice it worked out at £10.60 per unit compared to the Polish cost of £11.20 which came as a "surprise" to the customer.

"I asked why they didn't give us a chance to supply originally?" says Jamieson. The company was following a directive to source in low cost regions but FMG is now doing the work for them.

Jamieson is convinced the need for FMG will only grow as more and more businesses lose their core manufacturing skills and an ability to truly engineer their own products. "Offering customers open access to the latest technology is one thing, but helping to engineer and design what they really need and to help them manufacture it in the best way is key," he says.

"Working together with our customers we have made huge savings for them and the reason we have grown FMG tenfold over the last 10 years is simply because of that.

"We want to work with our customers to create a win-win situation. We try and give customers what they want and because of that, and the value we add back in innovation, our customers are very loyal to us. It is a partnership built totally on trust.

"We have some excellent customers that are leaders in their field and we are very proud and pleased to be an integral part of their businesses."

The success of FMG has not gone unnoticed, with the group winning an unprecedented three awards at the Amada Worldwide Sheet Metal Technology Fair, an annual competition for companies across the globe to demonstrate the engineering innovation and quality of their offering. It has also won a collection of awards and approvals from several customers across each of the businesses.

For Jamieson, FMG and their customers, the philosophy behind the company is proving to be very successful and while he makes no pretensions to be clever enough to predict what will happen in coming years, he is looking very positively to the future of manufacturing in Scotland, and Livingston in particular.

"I believe there is a strong future for manufacturing businesses to grow," he says. "I have set a challenge for me and my team to achieve turnover of £50m; I believe it is within our reach."

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