

MANUFACTURING MATTERS

Interview with
PHIL CUTTING
CHIEF EXECUTIVE
COMMERCIAL LIGHTING SYSTEMS



In a series of interviews with the directors of Dynamics Consultants, manufacturers talk about their ambitions and reveal the issues which are mission-critical for them to address in achieving their goals.

The interviews will be brought together as a report to be published by DECISION magazine and then as a digital book.



"WE CAN BUY this from China for £5.88," says Phil Cutting, taking a light fitting out of its box. "If we made a similar product here, it would cost us £22 to buy the components, and the labour would be £4. Despite our guarantee of a higher quality product, if our light fitting costs the client £45 and they could buy that one for £10, that temptation to save money is pretty strong."

Cutting is co-founder and chief executive of Commercial Lighting Systems, a manufacturer and distributor of energy efficient lighting systems which sells to, primarily, the architects and designers responsible for retail, industrial, residential and office fit-outs.

And their customer base is increasingly cost-conscious, hence the challenge of competition from Far East imports. "Understandably specifiers will want best value for money and will look to get something for a few pennies cheaper, but inevitably product quality starts to suffer," he muses. "More and more contractors are being pushed solely down the price route and at the end of the day, if it looks about right and is in a box marked CE (the international standard for electrical equipment) then it will do - even if CE has been spelled wrong."

There's truth in the old adage about buying cheap and buying twice, he

maintains. "A couple of years ago a competitor sold a Chinese manufactured product to contractors all around the country; then the fittings failed. All credit to them, in order to keep the firm's reputation intact they went to every site to swap the fittings for no charge. But that's not sustainable. Focusing on short-term savings will sometimes work out far most costly in the long run. How can you sell something for ten quid that cost you five and then spend 100 on changing it?"

But as with many UK manufacturers, rather than competing on a like-for-like model basis, Commercial Lighting have instead decided to focus on bespoke production. "Since day one," Cutting recalls, "we've taken the approach of 'here's the product we're offering but what specifically do you need?' For most jobs we adapt a standard fitting to make it more appropriate for the individual project; for example, powder-coating the housing to match a particular decor. Or we buy in product, rip out the insides and install our own LED components to ensure it meets our own higher standards. It's crazy that it's cheaper to do that than make the entire products here."

The bespoke approach does come with its own logistical challenges though. "We don't get an order typically for 300 pieces and simply press a button,"

explains Cutting. "More likely is an order for three pieces, of something which we've not made before. I have not yet discovered any IT system flexible enough to cope with that kind of order book, or at least one that could be built at a price that is viable for us. It's one of the reasons we've kept the business relatively small-scale, to ensure that we can give each project adequate time and resources."

The advent of LED light technology over the past few years has had a big impact on the industry, mainly thanks to its energy saving potential. A 600W bulb can be replaced with an 80W bulb and yet be just as bright, Cutting says. So it's no surprise they are attractive to building owners. The downside for suppliers, points out Cutting, is that while the markedly increased longevity of LED lights is a real positive for the environment, it means customers don't need to buy so often.

On the flipside, there are new opportunities, with work to be had refitting existing lamps with modern interiors. "We've been converting hundreds of thousands of them," he claims. "That's a great feeling, because we're continuing to provide the most energy efficient systems while simultaneously reducing unnecessary waste."

Cutting says this is a great example of how an otherwise throwaway society is trying to re-use rather than buy new. And his role is partly an educational one. "Sometimes it's a case of making customers aware that they don't need to buy new. When I get inquiries about new products my first question is why don't we refurbish your existing lamps for you instead? "

For Cutting, the role of the business is not so much about selling light fittings, as about creating projects. "Yes, I know it's a cliché but we are customer focused. We aren't pile-it-high-and-sell-it-cheap merchants. We like to find out what the customer requirements are and tailor the product to them. I don't want to sell too many standard, untouched products because the customer can buy them anywhere."

Technological advances are making ever-more exciting things possible with lighting, says Cutting, but that brings its own problems, as he explains: "The technological wizards are constantly coming up with some wonderfully clever things you can do with lighting in response to new scientific research. For example, our increased knowledge about circadian rhythms and light's affect on our health has led to new concepts such as Human Centric Lighting; the

warmth of light can automatically change according to the time of day. The problem with these new more sophisticated lighting control systems is the practicality – it takes time for things to be fully understood and adopted industry-wide, especially by contractors used to simple plug-it-in-and-leave lighting projects. Software coding and complex sensor systems require a whole new area of knowledge and expertise across the industry.”

And that’s before the Internet of Things with all its potential brings more of the same issues and cost implications. Cutting predicts that the lack of skills will increasingly lead to after-sales issues and that prices will have to be increased to include site visits. “Contractors,” he says, “will need to raise their game to ensure they understand the technology being developed by the manufacturers.”

Cutting’s son has joined as digital marketing manager to promote the company as an expert in its field – something which he says they’ve never felt the need to shout about before. “When we first started, it was all about building one-to-one relationships and gaining new business through word-of-mouth and personal recommendations. In today’s market place we have to make a conscious effort to do more sales and marketing.”

Among the thirty staff, Commercial Lighting Systems have a number of apprentices, including one in sales and another in CAD design. Cutting believes in the importance of supporting and developing young people: “I want people who can grow with us,” he explains.

But there is a challenge in finding good staff in more affluent areas of the south, he says, “Until we get across that UK manufacturing is something to be proud of, it won’t be seen as attractive. Although there’s a noticeable positive shift in young people’s attitude to practical apprenticeships, it’s still seen as less worthy than going off to University.”

The difficulty in finding applicants locally means that Cutting has been employing more Polish nationals, and he’s noticed a cultural difference. “We once had two people doing the same job; one was British and one was Polish. The UK national would assemble what was required and then he would just sit there. If the Polish worker had no more assembly work, he would find something else to do; he was always busy.”

A related challenge is employment regulations. “I’m all for workers’ rights and making sure that people are looked after but sometimes the regulations themselves have the opposite effect,”

observes Cutting. "Three of our staff have been here for twenty-five years and I wanted to reward them by giving them an extra week's holiday - I had previously given them vouchers for twenty years service and I couldn't do that again for tax reasons. But I discovered that technically giving them extra holiday would be age discrimination against younger workers."

Regulations also adds to the costs of production. "The degreasing fluid we used was deemed to be a chemical hazard so when the barrel was empty we had to put it in a secure cage and then pay to have it collected. That cost £330 each time. So we now use industrial wet wipes instead, which then go to landfill. Where's the sense in that?"

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