

MANUFACTURING MATTERS

Interview with
KEVIN LANCASTER
FOUNDER/DIRECTOR
AQUA COOLING 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.



"IT'S NOT THE strongest that survive, nor the most intelligent, it's the ones that are most adaptable to change," reads the aphorism neatly written on the wall in Kevin Lancaster's office.

It's one of the favourite sayings of the co-founder of Aqua Cooling Solutions and is particularly relevant given that it's the ability to adapt to change and seize opportunities that has taken the business in a different direction. It was a change of tack that could result in a quadrupling of turnover and could mean the supplier of chillers and other industrial cooling solutions becomes a manufacturer in its own right.

Currently the business does not manufacture in house, buying in units from overseas and later adding components such as pumps to bespoke the products for customers in sectors including agriculture, automotive, chemical, data centres, food, nuclear, metal finishing, packaging and pharmaceutical.

But already the business does have some units made to its specifications, usually by local fabricators, and Lancaster says that it makes economic sense to use British-based manufacturers for such products. "A lot of big businesses moved their manufacturing to the far east and that gave the impression that British manufacturing was dying," he observes.

"But the high-technology stuff that we're doing, it's still thriving."

The business, set up in 2001, grew "very much on the hoof" until about five years ago. "We planned to grow but didn't really think about how," Lancaster says. To explain how that started to change, Lancaster tells first how business coaching helped him and co-founder Simon Davis to identify their personal positive traits and translate them into the values of the business. "What it boiled down to was what we were like as individuals. We hadn't really noticed or recognised our personal traits but now we were trying to spell them out as business values."

One of those values is technical excellence, which he says will give any manufacturer, assembler, or supplier an edge over the competition. "A high skill level helps the sales process as the customer can see the company knows what it's talking about and they are then prepared to put their trust in us," Lancaster suggests.

Their other values are care, integrity, and a can-do attitude. "We are adventurous in what we take on," observes Lancaster, recalling the time a customer asked the company to provide an air conditioning system for a computer room. "We'd always said that we didn't do air conditioning and had no ambition to

do it," he recalls. "It's a bigger industry but more saturated and less interesting as it doesn't require the same level of skills." But the project showed that air conditioning could, after all, be challenging. Lancaster explains: "One of our coolers was a possible solution for the customer but it used cold water and the techies were not sure about having water so close to IT equipment. Simon came up with a solution to circulate water under negative pressure so it sucks water in rather than spraying it out."

The resulting leak prevention system, LPS, now has patents worldwide and has won not only a Queens Award for Innovation but also one from the Institute of Physics. "It's evolution was an example of our problem solving trait, says Lancaster. "We chose the word 'solutions' as part of our name when it was a popular word to use but it does genuinely apply to us. We don't just sell products."

That success of that initial project has taken Aqua Cooling Solutions deeper into the niche of creating systems for data rooms. That has meant more need for bespoke products, which means more local manufacturing. Bespoke now accounts for about 15% of turnover, mainly thanks to LPS, but it could become a much bigger part of the business.

"We're speaking to the big names in digital communication platforms and retailing," says Lancaster. "They are all happy to talk to us, it's a question of time and resource to spend on developing those relationships."

"Our aim over the next eight years is to be four times our size and that will be most likely achieved through LPS, so potentially 80% of what we do could be to our own design with products made for us. Or, most likely, we will have our own manufacturing facility."

Which would be a big step, and Lancaster says there are pros and cons. "The nature of business is turbulent and not having a commitment to manufacturing in house gives us the flexibility to react to peaks and troughs in demand. We are very adaptable as we are and that's a comfortable place to be."

"But it does mean we're relying on suppliers to have the same values as us, and the benefits of manufacturing in-house would be control of delivery. It should be more cost effective once we achieve a level of business where we're sure we can keep a factory fed with work all the time; we're not currently in that place."

Reflecting on how the LPS product could prove to have fundamentally changed

the company for the better, Lancaster ponders: "I've been reading a lot of books that talk about luck. Everyone has luck, whether it's good or bad, and it's what you do with it that makes the difference. We had the good fortune to meet someone who had a requirement that made a difference to us. We could have said no, we can't produce what you are looking for, but our attitude, our willingness to explore new territory, enabled us to capitalise on that 'luck',"

That mindset can't be the preserve of the founders. "We encourage staff to think creatively," explains Lancaster. "As children the type of people we employ are the ones who would pull watches apart to see how they worked. They have that kind of inquiring mind so it's about us giving them the message that they are free to do that, empowering them to spend time looking for a solution. We don't say this is what we do and that's all we do. If we saw an opportunity that our skill sets can be applied to we would embrace that challenge.

"That way of thinking means we don't walk away or hide from problems. It's in our nature to want to make sure that the job is right, and that's where the care and integrity comes in. We would rather lose out a bit financially by doing what we consider is the right thing rather than go into battle over

something in the small print of our terms and conditions that says we are in the right. That's such an obvious way to get future business, even if it costs in the short term. Treating the customers well and meeting their expectations is a great marketing policy."

Lancaster accepts that core values can get diluted as the business grows and has other influences. "But we would like to make sure we stay in that mould," he says.

When the business, which has some fifty staff, recruits, those values are looked for in applicants. "Traditionally when we employ people it's because we feel comfortable with them and part of that feeling is that they 'fit' the type of people we are and the values we have," says Lancaster.

But can those traits really be picked up at a job interview? "It's not easy," cedes Lancaster. "You certainly don't see them on CVs and it's rare for anyone to say 'no that's not me' if we're talking about caring. But you do get a feel by talking face-to-face and asking how someone will respond to different situations. And we only employ initially on a probationary basis to make sure we're the right fit for each other."

The most difficult roles to fill are technical, particularly as the technology is quite demanding. And Lancaster says it's not all about academic excellence. "Even engineering graduates can struggle with the need to be adaptable, or be able to think outside the box and get their heads around problems that they might not have come across before."

There's also resistance to change in the context of IT. Lancaster enthuses about a new customer relationship management system, saying: "It handles everything from orders to invoices, communication with customers to sales. It's a great tool, an all-encompassing software that has become the backbone of the company. The great thing about technology is what you can get out of it if you use it properly. For instance, it makes you much more aware of how people are performing. But getting people to use it properly is a challenge as it's not in human nature to adapt to change."

Sales staff in particular don't always see the benefit, says Lancaster. "We ask them to record progress on the CRM system relating to anything they're working on, but I keep hearing 'would you rather I was doing this or selling something?'" Another phrase I hear more than I would like is 'I'm too busy to do this'.

"The answer is to demonstrate through success why it's worth doing and that is starting to happen. Our most successful sales people are the ones who are using it; they are managing their customers better and they are getting results from doing a better job."

"People are naturally resistant to change if they don't see any direct benefit to themselves or the bigger picture. So we are having to learn the skills to get people to embrace change."

They might have to embrace it again sooner than they'd like, he adds ruefully, since the CRM system, introduced only in 2015, would no longer be suitable if the business became a manufacturer, so it would have to be adapted or replaced.

As for the founders' own approaches to the risk that comes with change, Lancaster says he and Davis have a healthy blend of attitudes. "Simon is much more adventurous than I am. He's a doer, has some great ideas and, left to his own devices, when something activates in his head he would be straight off and doing it. I want to analyse it and look at the risks. Generally we find a middle ground: adventurous without being silly."



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