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Arleigh International rides through the downturn

Supplying equipment and consumables to the caravan and narrowboat markets doesn't sound very glamorous. But with turnover up a fifth since the start of the recession, Arleigh International must be doing something right.

Some companies don't waste any opportunity, however small. Arleigh International is one of them. When you're on hold, its switchboard doesn't play some insipid version of Greensleeves or have a "business casual" voiceover artist telling you that your call is important. Instead, you get to hear about special offers and new products.

"Our customers are busy people," says chief executive Alastair Thomas. "They can learn something about our products, even in that short time on hold." It's a fairly typical approach from a man who's been hands-on with the business since day one.

Thomas founded his first company, Marine Mart, in the early 1990s. "We had a Portakabin by the canal selling narrowboat engines and gearboxes," he explains. "We were in a niche market, and if you know your products and your customers, it's easy to get a business going."

By building up a strong reputation, Thomas got to know the management of Rugby-based Arleigh International, a long-standing supplier to the static caravan market. They needed someone to help open up new markets, so he agreed to work two days a week handling their French customer base. Narrowboats and caravans share many of the same products – such as gas appliances and plumbing equipment – so it was a natural alliance.

The problem was that Marine Mart was doing too well. Even with just two employees, it had built up a turnover of £500,000 a year – and when Thomas came back to the office after one of his part-time stints with Arleigh and found 45 missed calls, he knew something had to change.

"I stopped working for them to concentrate on my own business," he says. "But when Arleigh's founder sold up, I stayed in touch with the new owners and six months later they agreed to buy Marine Mart; I became managing director of the enlarged company."

While the role suited Thomas's hands-on approach and product knowledge, he had moved from being a business owner to an employee overnight. The good news was that his parent company left him to his own devices. "I managed to get the business completely off site from the parent company," he says. "Having our own self-contained operation in Nuneaton ensured we could develop our own culture – we had a great work ethic."

But he had no stake in the business, despite the fact that in 1998 3i had bought into the reorganised parent group, Firstserve. So when the opportunity presented itself, Thomas had no hesitation in suggesting a management buy-out (MBO) allowing his company to capitalise on its independent culture and strong performance; and finally give him a stake in his own company.

Thomas got advice from accounting firm Lovewell Blake on doing a deal and ended up getting backing to buy the business from NVM Private Equity. "They're probably used to dealing with a managing director, a finance director and perhaps a sales or operations director when they do an MBO worth in the region of £5 million," he says. "With Arleigh, it was just me. But having been a sole trader, you do understand every aspect of a business in detail. And we learned a lot about reporting and accounting from the parent company over the years."

Major reassurances for NVM, then. And from Thomas's perspective, working with NVM's Richard Gibson was a big plus. "He has real gravitas and an understanding of the business that gives you a lot of confidence," he says. "There's almost a family firm feel to NVM – you know you're talking to real people who are able to take decisions there and then."

A whole new structure has emerged during the past five years enabling Arleigh to flex and grow freely. Exceptional financial performance – turnover rose from £4.5 million in 2004 to £8 million in 2008, not including the revenues from the company it acquired last year – means Thomas and his team have been left to get on with it. But Gibson's advice has helped ensure the company now has a broader management base and has been able to bolt on additional acquisitions since the MBO.

Those deals include the purchase of Midlands Chandlers in 2006 and Crown Products in 2007. "I did most of the running on those deals myself – which can be pretty stressful," Thomas explains. "But having a backer makes it easier to get round the table for a deal in the first place. NVM's support brings kudos and credibility into the equation."

It's hardly surprising, then, that Arleigh International has continued expanding throughout the recession, creating jobs rather than cutting them. Arleigh now has 52 employees, compared with 30 at the time of the MBO. Like-for-like trading is up 18% since the economy started shrinking. Alongside a dynamic and positive company culture and solid backing, the business has benefited from the popularity of "staycations" – holidays in the UK – and sterling's weakness.

The company's success is also benefiting the local economy. In March, Arleigh moved into a new 35,000 sq ft warehouse in Nuneaton. "We'd ended up juggling five different rented sites and we had absolutely no space left to grow" says Thomas. "Bringing everything under one roof means that a whole load of operational and logistics issues have just evaporated. We can be more efficient in a number of different ways now." For example, one of Arleigh's suppliers recently went bust. With the spare capacity at the new warehouse, it was able to buy up the company's remaining stock from the receiver, ensuring continuity of supply for its own customers at great margins.

At a company where even the hold music is a sales pitch, that approach to efficiency and fleet-footedness go a long way to explaining why Arleigh has bucked the recession.

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Notes to editors:

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For further information please contact:

NVM

- Liberty Bollen (Marketing Executive) - 0118 951 7017 liberty.bollen@nvm.co.uk