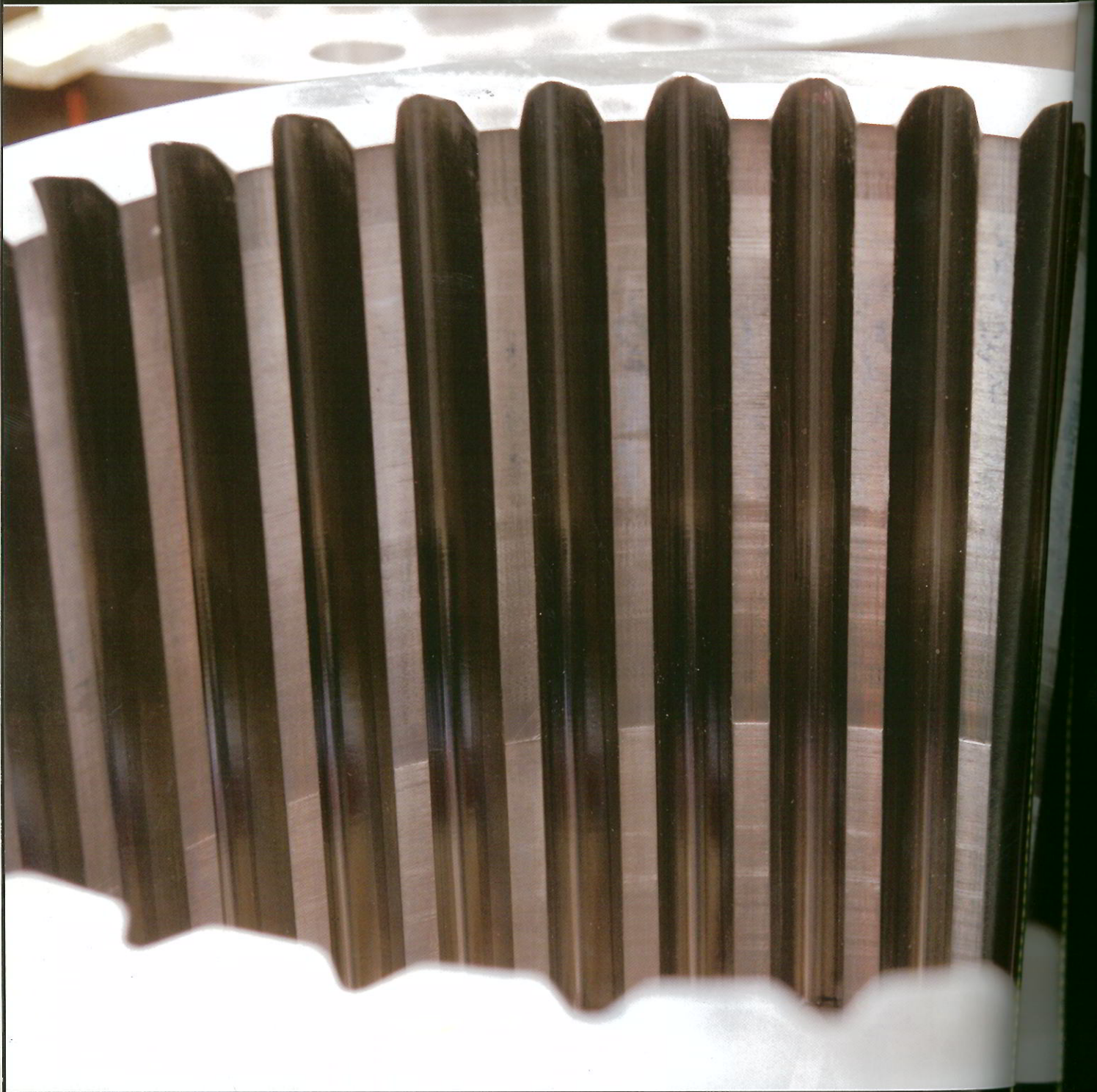




BIG IS BEAUTIFUL

STORY BY JIM SIMPSON IMAGES BY NIGEL BARKER

**SWISS WATCH PRECISION ENGINEERING
ON A MONUMENTAL SCALE IS
BRINGING GLOBAL SUCCESS
TO A SOUTH YORKSHIRE
MANUFACTURER.**



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Watching brief: Kevin Parkin, Managing Director, DavyMarkham.

Above

Precision machine tooling on a grand scale.

IN a consumer-oriented world where the emphasis is on making everything smaller and lighter DavyMarkham's Darnall factory is a bracing reminder that there is still a need for engineering on a gigantic scale.

For this is the world of monumental pieces of metal: the company will not touch anything that weighs less than 10 tonnes and machines components that weigh up to 350 tonnes. Managing director Kevin Parkin has coined a motto – "If it's big and it's ugly, we love it" – but that does not tell the whole story. Although much of the company's output will never be seen by the public – the heads for tunnel boring machines and hoists for mines two miles deep, for instance – many of its products are part of our cityscapes.

The Thames flood barrier, the opening mechanism for Gateshead's Millennium Bridge – nicknamed the 'blinking eye bridge' – and the Terminal Five control tower at Heathrow are just some of the landmarks designed and manufactured at the Prince of Wales Road factory.

These products are not just massive – they are also engineered with exquisite precision to tolerances of 0.02mm over 14 metres. "That's comparable to the accuracy you would find in a Swiss watch," Parkin explains.

The company's business plan is looking as robust as its products with DavyMarkham on course to meet its turnover target of £22m for the year, which means it has doubled its turnover in just two years.

That business plan is pinned on a notice board at one end of the massive 175,000 sq ft shop floor, for all the 170 staff to see, together with notes on work in progress and the company's performance against key performance indicators such as punctual delivery.

A quick scan of these indicators shows that the company is on track – its quality control meets high standards, products are delivered on time and it shows every sign of repaying the faith that Parkin and his finance director, Duncan Hay, have shown in buying it. The figures also show that their backer, Endless, has not only invested well but proven that not all the private equity houses bring redundancy and asset-stripping in their wake. Yet two years ago the company was a basket case with a proud history but a rapidly ageing and demoralised workforce that expected its P45s and a redundancy package.

"There was no forward planning, we hadn't recruited anyone for 20 years and no-one trusted the management," recalls John Watson, the former lathe turner and convenor who is now production director. "Every Christmas we'd take bets that the place would close. Redundancies had become an annual event as each year we failed to make the projected profits and the company cut costs by firing people as the cheapest way out."

Naturally, the cheapest people to make redundant are the ones with the least service

– so accelerating the ageing of the workforce nearer to 50 than was ever healthy for a firm with a future.

By the time Parkin became involved with the company it had already been through a series of damaging changes of ownership. The two original companies, Davy Brothers and Markham & Co, between them encapsulate the industrial history of South Yorkshire being founded in the 1830s and supplying machinery to the mining and steel industry. But a takeover by the conglomerate Trafalgar House in the 1980s was followed by both companies being sold to the Norwegian giant Kvaerner in the 1990s and so the famous names actually disappeared – they were re-named AK Heavy Engineering in 2003.

The move baffled customers, who assumed the company had suffered the same fate as much of Sheffield industry, and demoralised staff. By 2006, when Parkin was invited to become managing director by Kvaerner, the company was haemorrhaging money – £350,000 each month – while vital issues such as maintenance and health and safety were routinely put to one side to save costs.

"It was the most dangerous plant I'd ever seen. I found 650 electrical faults in the first week," says Parkin. "Management routinely put in estimates that were 30% below cost to 'buy' work, the bonus system was so unbelievably complicated it took six weeks to calculate and key machines had not been properly maintained for 25 years."

"We had plant maintenance in our schedule but if we needed that machine to complete an order we used that time in production instead," agrees Watson.

Cuts in support staff and services meant multi-million pound machines and skilled operators were standing idle because tooling wasn't ready and there weren't enough 'slingers' to manoeuvre massive work pieces into position.

In a sense, Parkin's whole career had been a preparation for the job of turning DavyMarkham around. From attending the Central Technical School in Sheffield, where the accent was on practical trade skills, Parkin studied engineering, business and marketing at Huddersfield Polytechnic. He then qualified as an accountant and specialised in turnarounds – he has performed eight so far – so Parkin could not have been better qualified. Importantly, he also knew the right person to complement his own skills – finance director Hay.

Timing was also an important factor – the demand for the skills and experience that DavyMarkham can provide is increasing as the global economy changes.

"We were lucky that when we joined the engineering industry started to get very busy. A lot of capacity had been lost and, by putting our name back in the market, customers began to come back to us," says Parkin.

"We had considerable success in Canada, a market that Markham had a long tradition of supplying, and now 60% of our business ▶

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comes from supplying hoists to mines there. But they thought we'd stopped trading." The Markham side of the business began supplying winding and other colliery equipment to mines in the 1890s and is now benefiting from the surge in demand for raw materials as the mines delve ever deeper, bringing ore from as deep as two miles underground. But even though the company's market was undergoing a renaissance, there was still the problem of an ageing and recalcitrant workforce entrenched in "them and us" attitude of antagonism that led to works meetings that lasted hours and sudden overtime bans that disrupted production. Parkin and Hay's response was simple – communication. Apart from management walking the shop floor, so they knew each and everyone of their staff by name, they invited shop stewards to board meetings and set up a 15 minute daily meeting at which everyone stood and worked to a fixed agenda on items such as health and safety, orders, invoices and quality assurance. Parkin also brought in an open door policy. "People have been battered and not listened to for so many years. There are some very good people here with very good ideas," he says, adding that if someone takes the trouble to come to speak to you, you ought to have the courtesy to listen to what they have to say. Parkin and Hay's original role was to put the company into the right shape for it to be sold but instead they decided to buy it with the backing of the private equity house Endless. "They're a set of professionals who know what they're doing and can make their mind up very quickly. In four weeks from showing them the business the cheque was written and the deal was done. And that's important

when you're up against trade buyers," says Parkin. And, again, communication with the workforce was paramount. "We signed the deal at midnight and at two o'clock I did a presentation to the night shift. And one of the slides said: 'Thank you'. That's because we couldn't have got to that stage without the backing of the staff." The future for the company is buoyant, Parkin believes. As he points out, there are not many companies that can take a project from the concept stage through design and feasibility and on to machining, fabrication, installation and servicing. Each product can, if necessary, be assembled and checked on site. When fitting one of the company's hoists in a Canadian mine, for example, the company's fitters spent three months installing it. Walking around the shopfloor Parkin points out the drilling head for a tunnel boring machine destined for India as proof that the emerging economies are also promising markets, as DavyMarkham won the contract against competition from both Indian and Chinese companies. This bullish view of the future is also borne out in DavyMarkham's investment in both recruitment and research. The company has taken on its first intake of apprentices – including one girl – for decades and is working with Metskill on creating accelerated fast-track skill development schemes for people in their 30s who missed out on the opportunity earlier in their lives. On the research side the company is working with the universities of Sheffield, Huddersfield and Leeds on improving productivity. For instance, one of the projects involves identifying the imperfections in a large casting that can slow or break the

milling machines while another is developing the laser technology and software to keep the machines accurate to within 17 microns – the most accurate in Europe. The company is also generating new business through refurbishing and maintaining the equipment that it has manufactured. As Parkin puts it, "we made the razors, not the razor blades" so the company has launched a dedicated reconditioning service that specialises in bringing old equipment up to modern standards for, in some cases, as little as a tenth of the price of a new machine. For instance, the company recently reconditioned a massive 6,000 tonne press it made in 1956 that the French company Valdunes used to produce railway wheels for the high-speed French TGV trains. After more than 50 years of turning out a railway wheel every three minutes the press was showing serious signs of wear and, after a number of patch-up jobs, Valdunes tracked down the original manufacturer to see if they could help. DavyMarkham used the modern technique of Finite Element Analysis to analyse the press and recommend design changes to extend its service life. They then designed and manufactured the necessary parts and then provided technical support and inspection services during the three week re-building process. The press now works better than ever and Valdunes has now wants DavyMarkham to work on further improvements. According to Parkin, this all adds up to a robust and relatively recession-proof business. "We don't depend on the consumer like a lot of businesses," he says. "Our future isn't determined by how many TVs the local supermarket can sell." The question now is how many other businesses can say the same? ■



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Top Left
Heavyweight champion: Lifting gear at DavyMarkham.
Above
Bright sparks: skilled engineer welding.