

Getting bigger

Editor **Keren Sall** talks to Martin Ainscough about his plans for GWS

Martin Ainscough, chairman of the Ainscough Group has just bought GWS and traded 137 of its cranes against 25 new Liebherr cranes. So instead of having a total of around 600 cranes he will have in the region of 500. The rationale behind this, he says, is to rid the UK hire market of some of the overcapacity which keeps rates down.

What has and continues to concern Ainscough is the lack of profitability in the crane business. "At the end of the day being in business is always about making an acceptable return on investment," he says. "Sadly we haven't done that for the past few years. So the whole objective in buying GWS cranes, while it is nice to say you have got more cranes than anybody else in the country, was to make an acceptable profit to secure the long time future of the business. I would like to make 8 per cent net profit on revenue. In reality we make nothing like that."

Ainscough says that while turnover has grown in the 1990s, his profit has fallen. He blames overcapacity in the market and unwillingness by the crane hire fraternity to pass on the increasing costs of wages and fuel.

Ainscough believes that by putting GWS and his company together he can take costs out thus improving profitability. He is currently in the process of closing the GWS head office at Stockton taking out duplicated costs. All invoicing will move to the Ainscough head office in Wigan. Around 90 people have already been made redundant principally at the GWS head office in Stockton. However, Ainscough says he will retain the Stockton depot.

There will also be merging of operations in locations where GWS and Ainscough are in direct competition with each other. Since GWS is strong in Immingham, Ainscough will merge the two operations and move into the Immingham depot. In Newcastle, where Ainscough has a



stronger presence the reverse will happen and GWS operations will move and merge into the Newcastle depot.

Asked whether the GWS brand name will stay, Ainscough's reply is a firm no. "Initially our hire staff will answer the phone as Ainscough GWS for a period of three to six months so that customers don't ring off thinking they have got the wrong company. But we will eventually drop the GWS name although some people may criticise us. At the end of the day we are an eponymously named company and we intend to badge everything as Ainscough."

All new cranes, Ainscough says, will come in the standard Ainscough livery. And since the GWS machines can't be repainted overnight because of time and logistics involved, Ainscough E-Cals will be fixed to them.

At the same time Ainscough Group has awarded its mobile crane operators a 15 per cent hourly pay increase in an effort to harmonise the wages of both Ainscough and GWS employees. Included in the pay award is a restriction on the number of hours that can be worked in any one-day in an effort to reduce the drivers' dependency

on excessive overtime.

Asked if he had any regrets and would have preferred to have bought the Hewden crane business which Baldwins is showing keen interest in acquiring, Ainscough's reply is a firm no. "The reality is that the GWS business fitted in very well with our company. And you also have to remember that the Hewden fleet is much more modern so its value would be considerably in excess of the GWS fleet. So in all honesty we are happy with the GWS acquisition and will obviously be watching with interest to see what happens at Hewden."

As for the Ainscough strategy for the coming 12 months, Ainscough says it will be about digesting and harmonising the GWS acquisition. "You need to appreciate we have gone from having 200 cranes and 600 employees to 500 cranes and over 1000 people, even with the 90 redundancies and divestment of 137 cranes. Our depot network has grown to 32 units in different locations."

Now Ainscough says his job is to make the acquisition work since all eyes will be watching him. "The proof of the pudding will be in the eating," he says. ■

Will weak hire rates be a thing of the past as a result of recent consolidation? *Cranes & Access* looks at what the winds of change mean for the industry.

It has been an amazing time for the crane and access industry which has seen consolidation on an unprecedented scale in the past month. Crane hirer Ainscough has bought GWS from Rentokil, making it the biggest crane hirer in the UK while crawler crane manufacturers R-B International, which has been in administration since the Summer, now has a new owner Langley Holdings. On the same day that it acquired R-B, Langley also bought the Clarke Chapman overhead crane and harbour crane manufacturing businesses from Rolls Royce. It indicates that Langley Holdings is intending to be a serious player in the specialist crane marketing sector. How other crawler crane manufacturers feel about this remains to be seen.

Similarly Lavendon, not content with being the largest access equipment hirer in the UK, has been busy in the past six months buying up access fleets left, right and centre. At the beginning of the year it acquired Lex Access. The purchase marks the departure of Lex Access from the powered access rental market which it entered in July 1998.

Peter Harris, executive director of Lex Access, said of the deal: "Lex Access did not have the necessary scale within our business. Lavendon is the market leader in powered access and we believe that the business will thrive under its new ownership." ■



Nationwide latest acquisition is Lex Access

Consolidation: good or bad

Plettac nsg and Vibroplant both sold their powered access fleets to Lavendon for the same reason.

So it is not surprising to learn from Martin Ainscough, chairman of Ainscough Group, that it is for this very reason that he has cut his access powered access fleet from 100 to 60 units. "Where we fell down is that we just didn't have the volume of equipment to penetrate the market. We will only be offering access to our core customers now."

It will be interesting to see which company Lavendon has its eye on next. Will it be interested in Hewden's access business?

The biggest surprise at the end of last year, however, was a £322 million bid by Canadian Caterpillar dealer, Finning International, for Hewden Stuart. The deal, which has already been accepted by 90 per cent of Hewden shareholders, will see Hewden losing both its independence and stock market listing. It remains to be seen whether Finning, more used to the earthmoving market,

will keep Hewden's crane and access business and make a success of them. It may however, decide to sell them. Baldwins is reportedly interested in Hewden's crane business with its chairman Richard Baldwin stating that he would be very interested in buying the business from Finning.

If Baldwins succeeds it would have the largest UK crane fleet, pushing Ainscough into the number two spot in the league table of Top 10 crane hirers. (see C&A vol 2.4)

What does all this consolidation mean for the cranes and access industry? Is it good or bad news for the industry? According to the major national and regional players it is good news because they think it will lead to a hardening of hire rates making business profitability a notch better. As Eugene Lee, regional operations director of Independent Access Supplies says; "If rates don't start hardening now they never will." Let's hope for the sake of the crane and access industry they do. ■