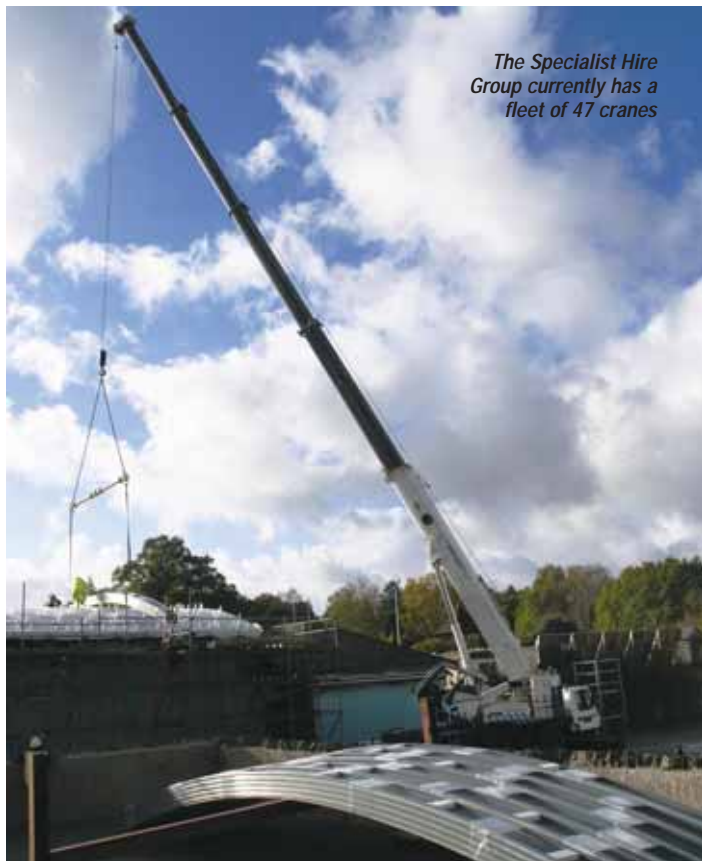


A specialist crane group?

The UK-based Specialist Hire Group brought together all of its crane rental operations – Jardines, Marsden, Telford and Heartlands as well as cranes from Steelforce Bowmech and Beck & Pollizer Northern - under one umbrella on 1st October. This growing crane company, which made it into the UK Top 100 fastest growing private equity funded companies in 2008 and 2009 has another side which includes industrial and heavy-duty fork trucks. Mark Darwin travelled north to one of its depots in Wigan, Lancashire to find out more.....



The Specialist Hire Group currently has a fleet of 47 cranes

Specialist Crane Hire Ltd was officially formed on 1st October pulling together several 'independent' crane companies into a single crane company. Managing director John Chappell explains how and why.

"In 2002 co-founder and partner Peter Cosgrove and I launched a shell company called the Specialist Hire Group with a view to 'buy and build' suitable companies. With both our backgrounds in forklift trucks the first company we bought

was Bishop Auckland-based fork truck hire company Rushlift. I had 30 years and Cosgrove 20 years experience in fork trucks but wanting to grow the company we were soon offered Lake District and North Lancashire-based Jardine Crane Hire. We both wanted to be involved in mechanical related capital equipment so the crane company fitted the bill and at that time the crane market was doing ok. Owner Andrew Jardine wanted to sell the company because he



Operations manager Lee Marsden (L) with managing director John Chappell

had no-one to take it over when he retired."

In 2003 Specialist Hire Group added Marsden Crane Hire which operated specifically in Wigan and East Lancashire.

"Both Marsden and Jardine were family run businesses, Andrew Jardine left at the time of the take-over but Keith Marsden remained for a few years which helped us as we knew very little about running a crane business," says Chappell. "His son, Lee, is now operations manager."

At this time, Cosgrove ran the crane and Chappell the fork truck division. Cosgrove however had contacts with finance/venture capital companies which helped when adding a further six forklift companies – including Lex Komatsu South, Peter Turner Fork Trucks and SMH - to the expanding group. These were eventually consolidated under one name - Rushlift - and all the different operating systems standardised - not an easy task given the number of acquired companies and the combined fleet of 4,500 to 5,000 fork trucks.

"Implementing a single operating system is very expensive yet we managed to maintain profitability

during the reorganisation period," says Chappell. "We spotted a gap in the market when we noticed that the service offered by the large forklift providers could be better. Most customers are not particularly interested which make of fork truck is provided, they just want a company to take away the hassle of running a fleet of handling equipment. Our aim was to provide the national players with an alternative, hands-on supplier, with a flat management structure so they can easily speak to senior personnel regarding their needs from Aberdeen down to Falmouth."

"This has been a successful strategy but we are now getting to a size where our local regional depots need a common IT system that can cope with bolt-on packages for customer care. This has involved developing a live, on-line fleet management system (FMS) which customers can log onto from any computer and access a machine's service history and invoices etc. It is a system unlike other forklift suppliers in the industry and it actually works!"

Rushlift is in the final stage of bidding for a major supply contract which would add about 30 percent



The 200 tonne Terex AC200-1 is the largest crane in the fleet

to its revenues. Cosgrove has been heavily involved in setting up this project and has moved more towards this part of the business, leaving Chappell to focus on the cranes and heavy fork trucks. "We have a specialist heavy fork truck side to the business Sleabond, which has more in common with the cranes than the standard forklift business," says Chappell. "Sleabond is the UK importer of Swedish-made SVE heavy forklifts. With lifting capacities between 10 and 52 tonnes, the equipment is used in a wide range of industries including steel mills, ports and timber. Because of the current economic climate my remit has been to look at the synergies between the fork trucks, heavy fork trucks and cranes. The forklift business has depots in Bishop Auckland, Dewsbury, Hinckley, Slough and Newport. A few cranes share the Bishop Auckland depot and Newport is big enough should we decide to go into South Wales, while the main crane depots are Wigan, Telford and Morecombe. Chappell took over the running of the crane businesses in March and

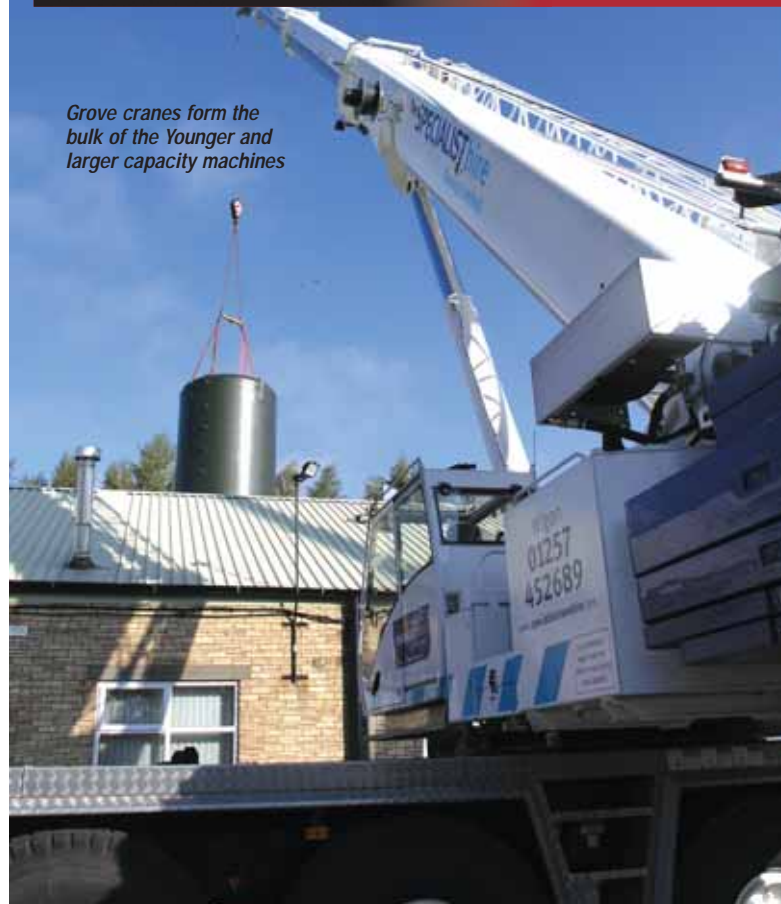
given the fact that it was not particularly well-known was questionable."

The Marsden and Jardine names were originally retained because of their local connections. However after speaking with customers, Chappell discovered that the local connections were not so strong and it made sense to consolidate the cranes into one company - Specialist Crane Hire Ltd. The acquisitions brought in 55 cranes, 27 at Jardines, 15 at Marsden, five at Steelforce Bowmech and eight at Telford and Heartlands. Eight units have been sold leaving the current fleet at 47 cranes. According to the Cranes & Access 2010 survey the company is the 10th largest crane hirer in the UK/Ireland, with cranes ranging from an eight tonne Tadano to a 200 tonne Terex AC200.

"Many of the cranes were in poor condition, particularly those at Telford and Heartlands, although the Marsden fleet had an on-going replacement programme and were generally better. New cranes added to the fleet are in the Specialist Hire livery, however most remain in the

C&a specialist crane group

Grove cranes form the bulk of the Younger and larger capacity machines



Sleabond is the UK importer of Swedish-made SVE heavy forklifts



Sleabond in April. Midlands-based Telford and Heartlands was the most recent crane acquisition in 2008. A further five cranes and a yard had already been acquired from Manchester-based steel erector Steelforce Bowmech and added to the Jardine fleet.

"Telford and Heartlands was not a particularly profitable business when we bought it in 2008 and struggled even more during the recession. Geographically it is well positioned so it makes sense to continue to develop and grow it, but spending time and money promoting and marketing the brand,

old colours," says Chappell. "The aim this year is to review the fleet and standardise the livery by next year so that the company has an identifiable brand. Customers want good quality cranes that have been serviced well but they also have to look the part. Safety is a primary consideration for any hire, and operating as four companies, meant differences in documentation which is now standardised. Some larger customers were aware that the individual companies - Marsdens, Jardines, Telford - were part of the same group but most were oblivious."

So why one brand?

"There are a number of national crane suppliers and I can see that customers like the security of dealing with them. However many have told me that they lack a personal level of service and some have a 'take it or leave it' attitude. We aim to provide a professional regional service and I think there is room for such a company."

"It is interesting to compare the fork trucks to the cranes," adds Chappell. "When I visit crane customers they are interested and happy to talk about cranes and it is not a pressured sales environment, whereas few want to talk about fork trucks. The crane sector is about building relationships to give customers peace of mind that while we may not be the biggest, we give a full, professional service with individual attention."

Crane suppliers

The Group has been careful not to grow too quickly. It has replaced two of its larger cranes this year - a 90 tonne Faun and 110 tonne Grove, but has a very mixed fleet - the product of acquiring different companies - and will be looking to consolidate with one manufacturer for larger cranes and one for the smaller.

"We had a 200 tonne crane delivered about 18 months ago and have not been entirely happy with the crane or the service," he says. "We have a majority of Groves which also form the bulk of the younger, higher capacity machines. The service fitters like them and the service from the supplier is good, so maybe they will be one of the chosen manufacturers - we haven't decided yet."

Two smaller cranes - 25 and 30 tonners - will be replaced in January so Chappell will be looking at all the major manufacturers. "I would also like to broaden the scope of the fleet - perhaps adding a mobile tower crane - but that may not be for some time yet," he says. "By bringing the companies together, we can take a broader view of the fleet and get a better idea of what is needed. We have been particularly impressed with the 90 tonne Tadano Faun so we will be giving particular consideration to those cranes. We expect a crane to last eight to 10 years so you will inevitably have a long-term relationship with the supplier, and long term costs and service quality are both important in keeping us and the customer satisfied."

The 90 tonne Tadano Faun has particularly impressed Chappell



A third leg?

"When we started the business we thought we would have two or three divisions – fork trucks, cranes and possibly generator hire – a few venture capitalists we talked to asked why? We thought that strategically it would be a good thing to do. To date the cranes have supported the fork trucks through the tough times and more recently it has worked the other way round.

Whether we go for another division is as yet undecided."

"Further strategic geographic acquisitions would be useful. We have looked at and been approached by a number of companies, but there is nothing that we will be moving on in the short term," says Chappell. "Our depots also offer some organic growth potential. The forklift depot in South Wales could be utilised, we already have a few bigger cranes in Bishop Auckland in the North East and we could increase the Telford fleet to cover the West Midlands.

The Hinckley and Slough depots are currently too small for cranes, but if the business continues to grow we may move to larger premises in Hinckley which could also be used for cranes.

The future

"We know how to run a profitable fork truck business, and we now think we know a little about running a crane business and in spite of the recent tough times we have grown our profits this year particularly at Marsden's, although revenues from the heavy forklift operation fell 50

The aim is to standardise livery by next year



percent. We are taking a long-term view of the group business and expect the crane side to pick up slightly through next year. Both my son and Peter's daughter now work in the company and we are confident that business will improve in the long-term. If we can get the company in the position we want, with unified systems, a more modern fleet and a good cash balance, we will be ideally situated to benefit from the upturn. Our aim is to build a company that will last within the industry."

A 90 tonne Tadano Faun



Chappell wants to build a company that will last



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