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# Greater than the sum of its parts...

IPS - Independent Parts & Service - has just celebrated its 10th anniversary. Mark Darwin visited the Telford-based company to find out more.

In a nutshell, IPS is a parts distribution specialist and aftersales provider selling parts and service for access equipment. It doesn't rent or sell new or used equipment - although it has done in the past (more of that later). The company is owned by the management team and three directors - Tony Jennings, Kevin Shadbolt and Rick Mustillo - who worked with each other at UpRight prior to 2001.

Shadbolt and Mustillo set up the company in early 2002 sensing that there was an opportunity to provide a one stop parts source for rental companies after UpRight USA filed for Chapter 11.



(l-r) Equal partners Tony Jennings, Rick Mustillo and Kevin Shadbolt at the IPS 10th anniversary celebrations

We initially set up with four mobile service engineers on the basis that we, had product knowledge, knew the customers and where to source the parts," says Mustillo. "At the time we were the only company focussed on aftermarket access parts in the UK."

With inventory and credit lines being critical in this type of business, cash is king, with neither having a financial background the pair soon realised that they needed an additional cash injection and financial expertise. Enter Jennings, previously managing director and then part owner of UpRight UK, joining the company in 2004.

"Tony joining gave us a good spread of expertise - Mustillo (parts), Shadbolt (service) and Jennings (financial) - even though it was 'all hands to the pumps' in the early days," says Shadbolt. "We were

very much UpRight focussed, given our backgrounds and the huge population of UpRight machines, particularly in the UK."

"In the days before on-line searches and Google, finding and cross-referencing parts was a nightmare, although work by a similar company in the States - Equipment Parts Wholesale - EPW - helped," adds Shadbolt. Aerial lift parts were generally only available from the manufacturers, although while they were selling lots of new machines this side of the business was usually low on their agendas."

"There is a bit of a myth that there are huge mark-ups on parts," says Jennings. "If manufacturers were making 50 percent we might make 35 percent, and would reduce prices if we could source a part more cheaply."

The company was initially based in Newport, Shropshire, because there was a good workshop and office facility there and Shadbolt lived nearby. Mustillo had been working with UpRight in Rotterdam and moved to the UK once the business was up and running. "We bought what we thought was a huge amount of stock and it ended up on just one row of racking in a huge empty shed," says Shadbolt. "As a new company we had no reputation and people were sceptical so we had to build relationships."

## Big breakthrough

Even from the beginning, there was no reason why customers had to pick up the phone and use IPS. However the big breakthrough came when Tanfield purchased UpRight and Richard Tindale asked IPS to look after UpRight parts and service in the UK. The official appointment greatly boosted its credibility.

"Tindale recognised that as UpRight had declined, it had offered an increasingly poor level of product support and for UpRight to start selling machines again in the UK it had to have decent backup," says Mustillo. "IPS was the obvious choice, having already picked up around 50 percent of the parts and service business."



C&a

IPS

Doors started to open and the next big breakthrough was push around manufacturer Pop-Up. "Pop-Up was selling machines by the thousand without any parts and service infrastructure," says Shadbolt. "In March 2007 we were asked if we could offer the same service we provided for UpRight. As customers called us for these machines we could sell them parts and service for other products in their fleets."

## Reinvesting in the company

Any money made was reinvested into the business. Its first year (2002) saw revenues of £1.3 million but a £194,000 loss.

"Our plan was £5 million turnover in five years," says Mustillo, "however when the recession started to bite in 2003, sales of new machines plummeted and manufactures started to look at



The first IPS workshop in Newport

By this time the Mustillo family had decided to return to Australia - he's Australian she's British. In 2005 a subsidiary business in Australia was created with a view to him going back to help build that operation.

"After that an ex-UpRight contact approached us to set up IPS France," says Jennings. "The general investment requirement was 30 percent new investor and 70 percent parent company, so the main support is IPS but the man on the ground is the owner manager."

IPS followed this same route in Finland but soon realised that a large amount of managerial and financial resource was required so abandoned subsidiaries in favour of dealers. The company now has distributors in Sweden, Germany, Finland (now a dealer not subsidiary), Turkey, Poland and Spain.

other revenue streams i.e parts, which made it tougher for us."

In 2003 sales increased to £1.7 million (with a £70k loss), in 2004 - the first year after Jennings joined - it was £2.2 million with a £42,000 profit and in 2005 it went to £2.9 million with a £75,000 profit. 2006 was £4 million with a big jump to £7.8 million in 2007.

"Two major changes occurred in 2007 - we formed UpRight Powered Access Sales UK (UPAS) - to sell new UpRight machines in the UK and we were also awarded the fixed price servicing contract for SGB's 780 strong powered access fleet," says Jennings. "This continued for three years and enabled us to build our service division, taking on another 15 engineers and extending our coverage from Aberdeen to the south coast."





The company outgrew this parts building in 2008

Unfortunately revenues dived to £4.8 million in 2009 when SGB quit the aerial lift market and UpRight machine sales dried up. "We were given two weeks' notice of SGB closing its powered access operation," says Jennings. "That left us with too many people and not enough revenue, so we had to make 10 redundancies. We then started discussions with other companies, including Genie and in July last year we acquired the service division of Planet Platforms which doubled our service engineers from nine to 18."

At the same time Genie undertook a major reorganisation of its after sales service and formed a partnership with IPS. It put its customers into five tiers, based on their annual parts spend. Genie looked after customers in tiers one to four - those spending over \$15,000 a year - around 60 companies in the UK - while 850 smaller-spend companies were classified as tier five and outsourced to IPS. "Although a good idea in principle, Genie changed its discount structures, eliminating discounts for tier five customers. In hindsight the transition could have been handled better. We ended up with a lot of disgruntled customers who blamed IPS for the changes," says Jennings. "This was a difficult time for us but it has settled down and is now working well."

According to Jennings, Genie now sells more parts in the UK than before the change, while IPS has benefited from a further boost to its credibility.

"Genie and JLG are the market leaders, so being the Genie parts and service provider is huge," says Shadbolt. "Genie probably has the most engineers in the UK - five of its own plus 19 IPS engineers - giving nationwide coverage.

We haven't really seen a recession in the parts business, as revenue has gone up every year - the SGB

episode aside. The current split is £5 million parts to £2 million service."

"One of our earliest innovations is our mobile parts vans which take 350 to 400 line items into major rental depots every two weeks," says Shadbolt. "Companies like this as it saves delivery costs and keeps their fast moving items replenished.

We currently have four mobile parts vans with another due shortly, each van typically visits three to four customers a day."

"We are also helping customers manage their fleet maintenance by advising on the essential stock items they should keep. £1,000 of parts at each location can save a huge amount of downtime, caused by not having a small, cheap part when a machine is inspected between hires. Some of the UK's largest rental companies operate this system and are all very positive about it and the benefits they receive."

#### Hi-Tech operation

Computer systems play a big part in the operation. Its latest bespoke system can interrogate customer order histories and give detailed information on parts bought for each machine. Service and parts van operators have a mobile link to the system and the £1 million inventory. A major breakthrough was when the service engineers started logging service reports while still on site, using digital reader pens and special paper allowing work to be recorded instantly, improving accuracy and speeding up invoicing.

"We currently service 2,000 platforms so the amount of information we need to have at our fingertips is huge," said Shadbolt. "What is impressive is that we can instantly supply every document relating to a particular machine - critical if the platform is involved in a HSE issue. Marketing plays a big part in promoting the company. We realised from the start that little things help and every parts order ships with chocolate or sweets in the box - it works.

We have been going 10 years and over the next decade new opportunities will arise. The UK may represent 80 percent of our sales, but this a long way from saturation."



IPS management: standing (l-r) John Mckie (service) Tony Jennings (MD), Tony Lock (workshop) Kevin Shadbolt (operations director) and Sander Mellaard (parts) Sitting (l-r) Angela Cooney (financial controller) Lucy Bebbington (marketing) and Natalie Hedges (service admin)



The current workshop facilities in Telford



The parts packing area



Telford parts store





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