



Enterprise Ireland

Company Case Study BCD October 2012



Overview

Company Case Study

- ▶ BCD's Roots
- ▶ Development of Pharmaceutical Competencies
- ▶ New Offerings, New Brand
- ▶ Consolidation
- ▶ Export Focus
- ▶ Current Challenges





BCD's Roots (1983 to early 1990's)

- ▶ BCD was formed in 1983
 - ▶ Roots, competencies and markets were those developed by Golden Vale Engineering
 - ▶ Manufacturer of stainless steel vessels and provider of associated site services.
 - ▶ Focus was on Brewery, Chemical and Dairy industries.
 - ▶ Engineering focus was manufacturing-driven vessel design.
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Pharmaceutical Markets (to 1996)

- ▶ Economic downturns led to the requirement to develop in new market sectors.
- ▶ This requirement coincided with the development of the pharmaceutical industry in Ireland.
- ▶ New competencies: validation, GMP, traceability.
- ▶ Identified a market need to shorten project lead times, which led to the development of skid build capability (vs. traditional stick build capability).





New Offerings, New Brand (1996 to 2005)

- ▶ The challenge of customer perceptions led to the genesis of a new brand and a new company: Skidtek
- ▶ Two separate companies (BCD & Skidtek) ran as two separate businesses.
- ▶ Skidtek activities developed new markets and fostered a new and broader client base.
- ▶ Development of CIP & other skid prototypes under EI R&D support.
- ▶ Turnkey capability developed.
- ▶ Revenue ramped up in line with these new markets and the increased project delivery scope.





Management Buy-in (2003 to 2005)

- ▶ Set-up of new company in the UK in 2003.
- ▶ Management buy-in led to business review.
- ▶ Business model had evolved significantly:
 - ▶ Developed from a ratio of 4 to 1, to 2 to 1 direct chargeable employees to each technical support employee.
 - ▶ Large fixed-cost base, requiring maximisation of revenue from this base.
 - ▶ Provider of increased value-added engineer services.





Consolidation (2008/2009)

- ▶ Significant market contraction globally, and in Ireland in particular.
- ▶ Market had been 80% domestic, 20% export; a focus now on international market development:
 - ▶ Brand (BCD & Skidtek) consolidation to simplify sales and marketing, and to emphasise range of in-house delivery scope.
 - ▶ Cost structure critical; need to eliminate duplication of overhead.
- ▶ Service business bought in the UK in 2008.
- ▶ BCD & Skidtek businesses merged.
- ▶ Major investment in facilities, with new offices and workshops.





Current Challenges

- ▶ Export led business (75% international vs. 25% domestic).
- ▶ Highly competitive marketplace.
- ▶ Financing critical:
 - ▶ Requirements for bank guarantees and bonding
 - ▶ Cash management & cash flow
 - ▶ Timeliness of management information important
- ▶ Cost base significantly reduced:
 - ▶ Manufacturing streamlining to drive greater efficiency.
 - ▶ Growth Fund support from Enterprise Ireland.
 - ▶ Review and implementation of Lean Systems commencing with engineering and procurement, and progressing into manufacturing.





Foreign Exchange

- ▶ Primarily in Euro
- ▶ Sterling:
 - ▶ UK Company
 - ▶ Natural Hedge
 - ▶ Sterling Hold Account
- ▶ Other Currencies:
 - ▶ Difficult to Get Appropriate Cover
 - ▶ Expensive





Letters of Credit

- ▶ Time Consuming
- ▶ Language – Be Precise, at Start
- ▶ Changes – Difficult and Expensive
- ▶ Suitable for Certain Countries





Invoice Discounting

- ▶ Not Suitable for Long Term Contracts
- ▶ Matching Ownership
- ▶ Changing – More Flexibility
- ▶ ‘Quasi’ Invoice Discounting





Credit Insurance

- ▶ Quality of Customers
- ▶ Can be Expensive





Bank Guarantees / Performance Bonds

- ▶ Becoming much more prevalent for Long Term Contracts
- ▶ Advance Payment Guarantees
- ▶ Vesting Certificates
- ▶ Performance Bonds
- ▶ Warranty Bonds
- ▶ Necessity for more and more Customers
- ▶ View of the Banks – Guarantee Facility Vs Overdraft Debt
- ▶ Provided by Others?





Thank You.
Any Questions?

