# COLT 1980-1997

In 1980 the North Sea oil industry provided Colt International Ltd with its single largest order to date. This was to supply the Universal Louvre system for an oil platform. The Universal Louvre was another of Fred Price's innovations. It was the winner of several design awards, for as well as possessing very low resistance to air flow and being a stout barrier against penetration by the weather, it was used by many architects as an integral part of a building's aesthetic appeal.

The early 1980s were a period of economic recession throughout Europe, beginning in the UK in 1981. The British operations were badly hit.

Over the years the focus of research and development in the UK had narrowed and the well of ideas which had maintained Colt's competitive advantage for so long began to dry up. At the same time a trend away from labour-intensive production was eroding Colt's traditional customer base of manufacturing companies while there was a move away from purpose-built factories to the building of industrial units for letting which had a minimum of heating and ventilation.

This affected the UK company's performance. To resolve these problems, radical restructuring was undertaken and alternative sources of work were sought. The company moved rapidly into the commercial sector by modifying existing products to meet the requirements of projects such as the many shopping centres being planned up and down the country. The company also targeted niche categories such as major civil and marine engineering projects. As a result of this move, the company found itself negotiating not with owner-occupiers as before but with contract managers in an environment where competition was keen and margins slim. New negotiating skills had to be learned rapidly.

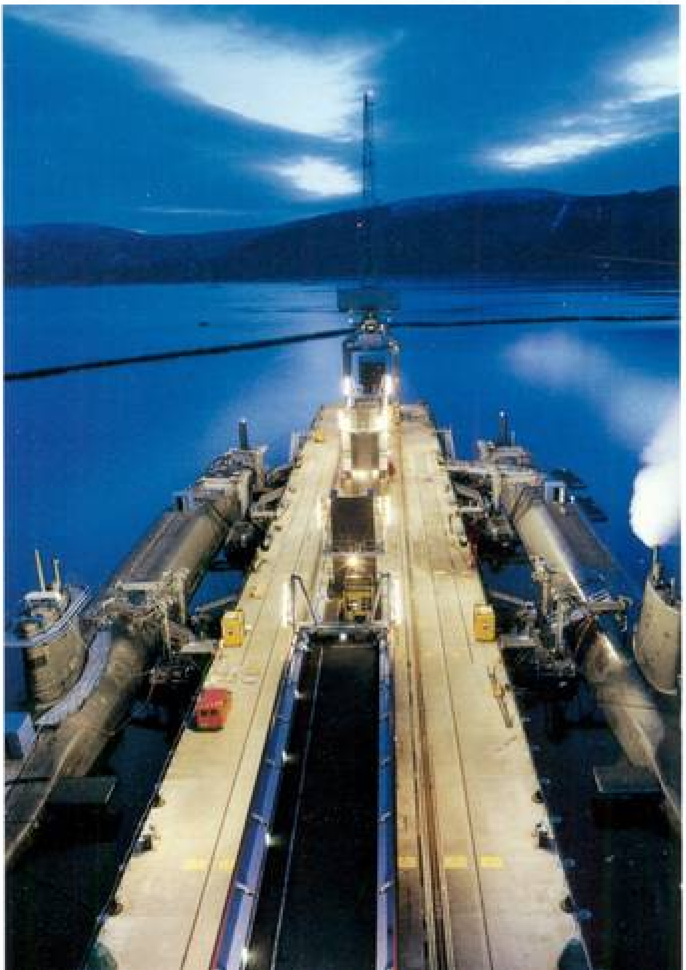
As part of the process of slimming down to cut the cost of overheads, the company subcontracted services which it had once provided itself. In some instances the businesses performing these services were run by former Colt employees who had been encouraged to set up their own ventures upon leaving the company. This was one way of retaining the loyalty of those linked with Colt in the UK despite the severity of the economic situation.

The company's belief that Continental Europe would provide a counter-balance to the economic cycles of the United Kingdom proved to be correct. The group was sustained by the continued success of the Continental businesses which came under the overall control of Adriaan van der Sluijs in the mid-1980s. While Colt was forced to retrench in the UK, growth continued to be obtained on the Continent where a Swiss operating company, Colt International (Schweiz) AG, had been formed in 1982.

Duplication of products in Continental Europe was largely avoided by close co-operation between the Dutch factory at Cuijk and the German factory at Kleve with each one specialising in particular products. The facilities at both locations were repeatedly expanded during the 1980s and in addition the German company opened several new regional offices. The German and Dutch companies were also more aware of the need to maintain the quality of their research and development.

In the belief that Colt could no longer guarantee the primacy of its traditional business, a group-wide strategy to broaden Colt's base was initiated. Colt Solar Control Ltd had already been formed in 1975 to sell external solar shading blinds in the UK. Under Roy Wallace, a dynamic manager who had previously been UK sales director, the business had made great strides.

To expand into the Continental European external solar shading market, in 1981 Colt acquired Alco Bouwspecialiteiten BV. Alco was a Utrecht-based business which specialised not only in external solar shading but also in movable walls with a high degree of acoustic insulation. It proved to be an extremely good investment.



The Colt triple bank Universal Louvre, supplied to the HM Naval Base Clyde, has to provide air circulation while preventing rain penetration in this extremely exposed location. Colt smoke control systems protect the stores areas. The architects were William Nimmo & Partners and Baxter Clark & Paul.

In 1987 Jerome O'Hea once again became joint group managing director with Alan. The brothers realised that, although Colt had come through the transformation wrought upon British industry by the advent of high technology in a better state than many other organisations, there was still a need to adjust the way the business was being managed to meet new challenges. The traditional philosophy that Colt's dynamism would overcome any recession had been dealt a severe blow in the UK by the events of the 1980s and this would have ramifications for the future management of the whole group.

Under Alan O'Hea's leadership, the drive of men like Fred Price (who retired in 1983) and Adriaan van der Sluijs had been harnessed during the 1970s and early 1980s to the overall benefit of the group. This policy of encouraging strong operating companies in individual countries to gain market leadership had been very successful. But Colt's traditional business was now much more competitive and there was a feeling that the policy of decentralisation adopted in the past was no longer entirely appropriate.

Changes had first been made in the early 1980s when it had been agreed that the managing directors of the operating companies should be given clear objectives and specific targets by the main board. In 1987, the group board reaffirmed its belief that each managing director had 'reasonable discretion and encouragement to further the progress of his company with minimum direction and interference from the centre' but stated that the main board had to assume overall responsibility for the character of the business, its long-term viability and the achievement of growth.

This led to the formulation of a new vision for the future of the Colt Group in 1988: to be the best and most profitable business in its field in Europe. This was quite a challenge.

To turn Colt's vision into reality, the group realised the need to create a co-ordinated and integrated pan-European organisation to meet the challenges of the Single European Market which would require standard products and systems.

Alan and Jerome O'Hea took several positive steps towards this end, starting with all the group's top executives spending a week at Ashridge Management College to debate Colt's future direction. Bain & Co., the management consultants, were asked to report on how best the group might generate profits in the future.

Paul O'Hea, Alan's son, had joined Colt in 1979. He had gained a wide experience of group activities as a result of holding management roles in several Colt companies, including periods in Germany and France. In 1988 Paul was seconded from his current responsibilities to form a part of the Bain team assigned to investigate the Colt business.

Bain reported that Colt's core ventilation and heating business had considerable future potential and recommended that the group should concentrate upon widening and strengthening its primary business. As a result of this, the main board decided to dispose of the group's non-core interests. Only the solar shading activities were retained since these were regarded as forming part of Colt's overall environmental control business.

Bain also recommended that air handling should be added to the group's range of products. This was achieved in 1990 when a UK air-handling business was acquired through a joint venture between Colt and the Dutch market leader for air-handling units, Holland Heating Beheer BV, who together formed HH Airpower Ltd (now Colt Holland Heating Ltd).

A particularly significant part of the Bain report was the suggestion that Colt could enhance its profitability through the concentration of its sales upon segmented markets. Under segmentation, Colt identified customers with similar buying preferences. If Colt organised itself to meet those individual preferences, it could obtain a valuable competitive advantage and reduce overheads. Segmentation would also provide the group with the flexibility to take on contracts it could not have considered before.

Segmentation was vigorously promoted by Jerome O'Hea, who took over as group chairman and sole group managing director upon the retirement of Alan O'Hea in 1989. He was supported in this by Roy Fairchild, who became deputy group managing director two years later.

Jack O'Hea believed that anything was possible, that no limits should be placed upon what could be achieved. He inspired those around him to feel the same. As a result, he lived to see the company he formed in 1931 grow into a multinational group with activities spanning the globe.

As the Colt Group approached the 1990s, clear leadership from Alan and Jerome O'Hea ensured a continued commitment to innovation and worldwide growth. The policies pursued by the group over the last few years have seen this commitment translated into reality.

Firstly, both brothers recognised that the issue of management succession was crucial if the group was to prosper in the future. This applied not only at board level but throughout the business at home and abroad. The new generation should have the freedom to introduce new ideas and to make changes which built upon existing foundations.

One of the first indications of this approach was the appointment of Paul O'Hea to the group board in 1989, by which time he had obtained considerable experience within Colt. Confident, enthusiastic, and with plenty of his own ideas for taking the business forward, he became managing director of Colt's UK operations in 1991. While he was compelled to cut jobs in response to one of the most severe recessions for half a century, he also laid the foundations for the UK company's future prosperity by embarking upon the division of the business into five strategic business units. Under his direction, and that of his successor, Charles Green, this plan paid off. Colt International Ltd did more than survive the recession. Leaner, fitter, and profitable once more, it was in a much stronger position to take advantage of improved economic conditions.

As the size of the business grew, Paul O'Hea was appointed to the new role of group chief executive in 1993 where his experience in tackling the impact of the recession in Britain was invaluable in steering the group's operations in Continental Europe through similar problems.

Two more members of the third generation of the O'Hea family, Jerome O'Hea's two sons, Simon and Peter, have also joined the business. Simon undertook an MBA in Holland after graduating from Oxford University. With fluency in several languages, sales experience and two years as general manager of the Swiss operating company, he joined the group board in 1993. Peter, having obtained his first degree from Portsmouth, completed a postgraduate diploma in environmental practice and joined Colt in 1993 as a member of its air-pollution control team.

It is not only the younger generation of the O'Hea family upon which the group will rely to take the business forward. At the top of the group, in Britain and on the Continent, Colt has achieved a potent blend of experience and youth in its management team. The departure of managers such as Adriaan van der Sluijs in 1990 and Andre Konings in 1993 after many years' service with the group has been balanced by appointments such as that of Josef Dorninger in 1990 to take over the Austrian company and Gerard van Haren in 1995 as managing director of Colt Benelux.

The group was also determined that a difficult economic period should not deter it from sustaining its traditional business while simultaneously diverting resources into geographical expansion and new products.

This aim has been pursued in several ways. A prerequisite for the group's expansion during a recession has been the tight control of costs and an increase in productivity. In 1995 this produced a real growth in sales of 15 per cent and operating profits up more than four times on the figures for the previous year.

In the group's expansion, third-party arrangements, joint ventures and new companies have all played their part.

In 1989, for example, under the direction of Andre Konings, the French business was entirely reorganised to operate through concessionaires appointed across the country from former Colt employees running their own enterprises. This example was followed in the UK four years later when a regional network of specialist independent distributors was established, again using former members of Colt's sales force.

The focus for all new Colt distributorships and agencies in recent years, through the initiative of Andre Konings and Roy Fairchild, has been Colt Eurobridge. The Eurobridge philosophy moved away from Jack O'Hea's antipathy towards minority shareholdings. The group sought partners who were nationals of the country concerned for the promotion of Colt Group expertise in new markets. The partner's commitment to the venture was gained through permitting him the majority shareholding. The partner would also normally be a substantial organisation in its own right so that financing expansion need never be a problem. The first such venture occurred in 1991 when the group took a 34 per cent stake in its independent Spanish distributor.

When the group decided to enter the fast-growing economies of the Far East, it began by creating a wholly owned subsidiary, Colt Ventilation East Asia Pte Ltd, in Singapore in 1994. In 1995 two more subsidiaries, Colt International (Hong Kong) Ltd and Colt Ventilation (Malaysia) Sdn Bhd, were established. In the Middle East, where Colt had been active for many years, Colt Arabia Ltd was formed as a joint venture in 1994.

The pan-European marketing strategy introduced by the group has been so successful that this policy has now been extended throughout the Colt Group's global operations. As far as products are concerned, the emphasis has been upon turning technology and innovation into profits. Firstly, spending upon research and development was increased (£2 million in 1995). Secondly, the existing products were brought up to date through a range of sophisticated electronic devices. They were also more effectively deployed in markets old and new while maintaining their

In his continuing role as chairman of the Colt Group, Jerome O'Hea not only provides the accumulated wisdom of his many years in the business but also remains the continuing inspiration behind the group's innovative spirit. In June 1995 he was awarded an OBE in recognition of his services to business, training and research. One of the themes of his address as President of the Chartered Institution of Building Services Engineers in 1996 was the vital importance of increasing the level of investment in innovation.

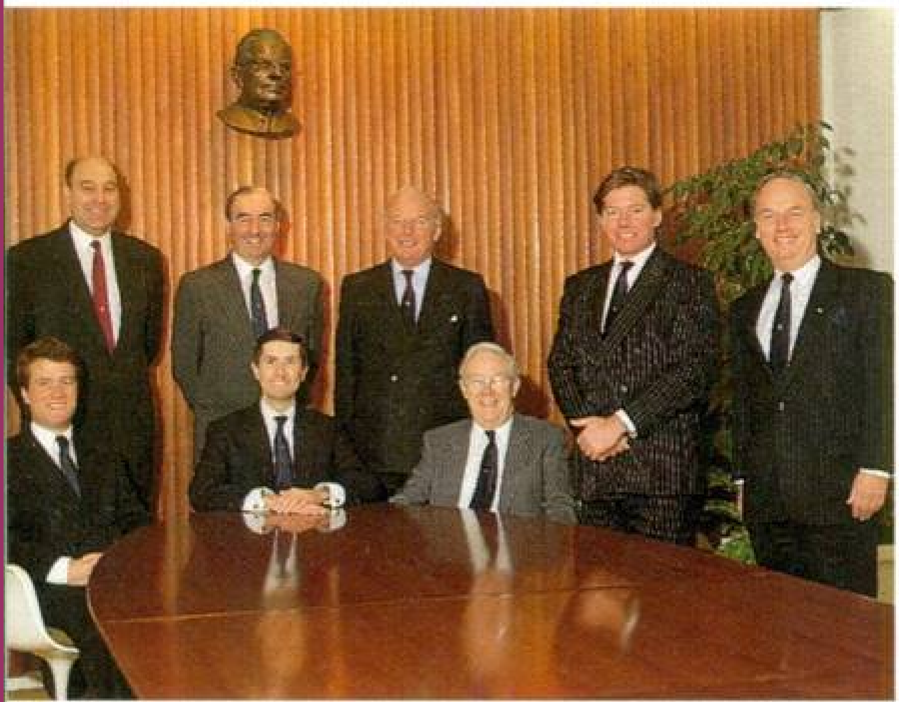
The Nuisance Odour Solution Evaluator, or NOSE for short, is used to demonstrate on a customer's site the alternative ways of reducing unwanted smells. It has an impressive record of solving odour problems in food processing, pharmaceutical production and in animal feed preparation. It is managed by Peter O'Hea, one of Jack's grandsons.


competitiveness. Thirdly, the group invested in product growth areas, such as air cleaning, sophisticated control of daylighting levels in commercial buildings, and solar power.

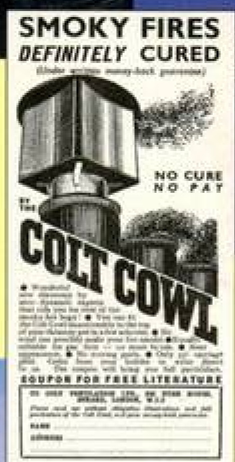
During the 1990s this policy has seen the creation of Colt's air-pollution control division and the development through the Swiss operating company of a shading system incorporating photovoltaic cells. These cells draw upon the sun's energy and convert it into electricity. Colt have used them to devise a combined solar shading, daylighting- and electricity-generating system for the façades and roofs of buildings known as Shadovoltaics.

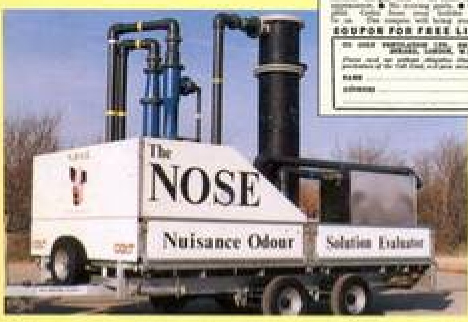
The benefits of greater investment in research and development can be seen in the very successful One Per Vent system, which was launched in February 1995. Using modern technology – One Per Vent stands for one computer in every ventilator – this is a cost-effective system which permits each ventilator to be controlled both individually and as part of an automatic control scheme.

Technological innovation also saw the creation of Colt Virtual Reality Ltd in 1993 to devise computer-based solutions to fire emergency planning in buildings with specific reference to the design of the means of escape in multi-storey buildings. Provided for the construction and building services industries, these have also involved the use of computational fluid dynamics to illustrate the heat flows in and around a building.



*Top:* The board of directors of Colt Group Ltd, standing left to right, Mike Ward-Penny (group company secretary), Peter Lebus, Alan O'Hea (group president), Paul O'Hea (group chief executive), Jerome O'Hea (group chairman). Seated left to right, Simon O'Hea, Eddie Powell (group finance director) and Patrick Ault.
*Above:* The Havant-based members of the executive board, left to right, Hugh Trotter (group production director), Graham Marshall (group research and development director), Mike Ward-Penny (group company secretary), Paul O'Hea (group chief executive), Eddie Powell (group finance director), Peter Delve (managing director of Colt International Ltd) and Barry Parr (group IT director).


SMOKY FIRES
DEFINITELY CURED
NO CURE
NO PAY
COLT COWL
COUPON FOR FREE LITERATURE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NOSE
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