

## Part 2:

# POWERING THROUGH

*In part two of our Shawcast series, Alex Gale talks to Rob Davenport, CEO of Shawston about providing stability for customers during times of economic uncertainty.*

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**T**he 2008 UK recession hit all businesses hard.

How did Shawston continue to evolve and adapt throughout those hard times?

**Rob:** It was tricky because we were in denial it was even occurring.

We sell products that are 'second fix'.

So as buildings are being constructed, our deliveries might happen three quarters of a year to a year after the fabric of the building has been erected.

## DIGGING DEEP

Everyone talks about the

recession, I think it was November 2008 and our numbers were great for the following 9 months.

We were probably a bit young and innocent back then and we just thought "wow we're going great".

And then the lights went off pretty much in Autumn 2009.

It affected us late which meant we had to wait for almost another year before we saw the recovery.

It was a very, very tough time for everybody, but an interesting time too, on the one hand, on a bad day, you might prefer to be under the safety of a PLC but then on the other hand, PLC's would tend to announce redundancies

SEE WHAT'S INSIDE...



Surviving the 2008 recession.

The creation of a "safe" Shawston.

Establishing the Shawston Way.

and cost cutting and they might panic.

At least having your own biz you're in control of your own destiny.

Our plan was to try and keep all the jobs safe – put some austerity in, reduce discretionary spend, but don't cut into the muscle of the business.



Encourage the people in the business and get ready to power out the other side when the recovery came.

## THE IMPORTANCE OF PLANNING

**Alex:** And now we're faced with the big Brexit question.

What are you doing as an organisation to help mitigate the risks to your customers, suppliers and your business?

**Rob:** I believe you need a really clear long-term plan if there is potential for some political or economic uncertainty.

If you've not got a long-term plan you end up in a reactive state.

We invested heavily during the recession so we could power out of it.

“ IF YOU'VE NOT GOT A LONG TERM PLAN YOU END UP IN A REACTIVE STATE ”

When I look back at what we did during the recession – we acquired a competitor in the recession, we opened another depot in the recession, and we expanded the product range in the recession – whilst everyone else was cutting back.

We invested about £5m over a 4 year period and we had to borrow

that money from the bank. It was a pretty brave decision to take because everyone else had cut back.

## A SAFE SHAWSTON

So, when it came to the first Brexit date, 31st March 2019, half a year in advance you read the papers and everyone is scurrying round.

Are you going to stock build? Are you going to cut back? What are you going to do?

Our job is to keep everybody safe. That means customers, employees, our employee's families and also our partner suppliers.

**Alex:** How do you ensure that? What are you doing to keep your employees safe?

**Rob:** The company runs what we call a 'fortress balance sheet'. We will keep the net worth of the business above the figure of "x".

It's taken us a long time to get a multi-million pound balance sheet, and we run the business to ensure we get 100 out of 100 credit scores.

This means we can pretty much







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