

HiS (NW) Ltd

A Short Presentation on 'Making the Transition to Employee Ownership' for the EOA Conference in Birmingham on 11 November 2009

HiS (NW) Ltd

Paul Cooper



Executive Chairman

Personal Introduction

- Been with the company full-time since 1995
- Previous experience in industry, commerce, academia
- Public and private sector
- Advocate and beneficiary of training and development
- Degrees and postgraduate qualifications in Business, Entrepreneurship, Business Excellence, Environmental Change and Strategic Management
- Fellow of CMI, Member IOD, CIM, MIE

HiS (NW) Ltd



Cowboys to Champions

Overcoming Client Resistance

- 1991 Industry tarred with 'Cowboy' brush
- 1995 Still tarnished and difficult to get meetings with LA staff
- 1996 Changes to legislation helped
- 1996 acquired ISO 9002
- 1997 Courted by LA's
- 1998 Courtship continues
- 1999 Achieved Environmental Standard
- 2000 Credibility firmly established
- 2000-2009 acquired a further 4 accreditations

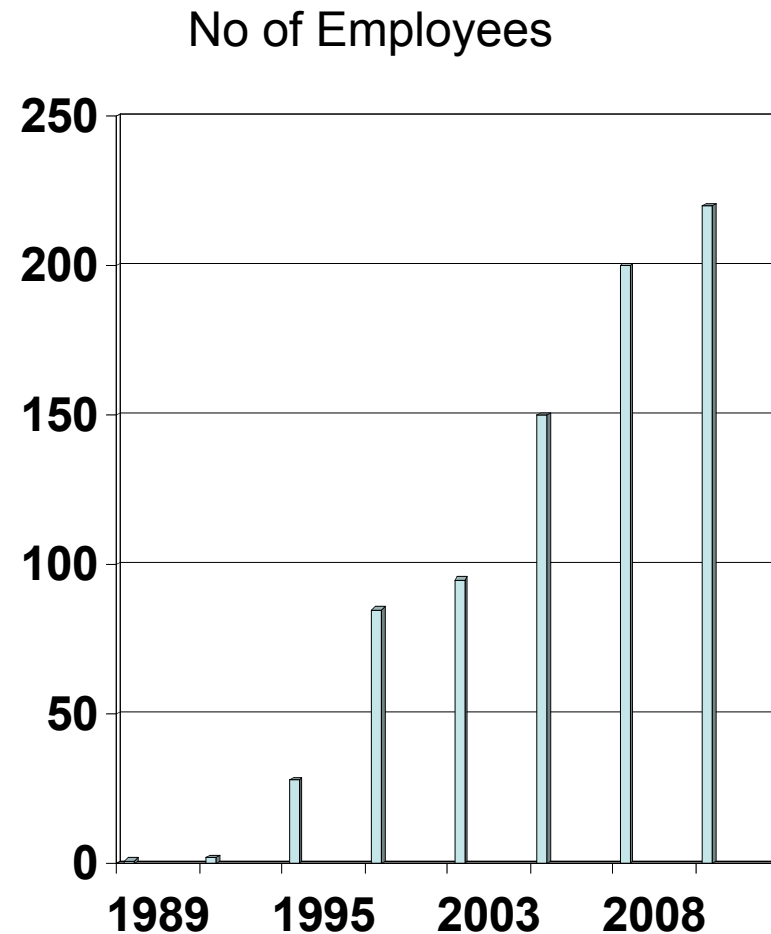


Mission Statement

- *To be a 'World Class Organisation by 2016'*
- Aspiration to achieve it by 2012
- This year we had five trained EFQM Award Assessors
- This year also saw us pick up a Certificate of Commendation from the NOEE Awards
- In 2010 We will have ten trained Assessors

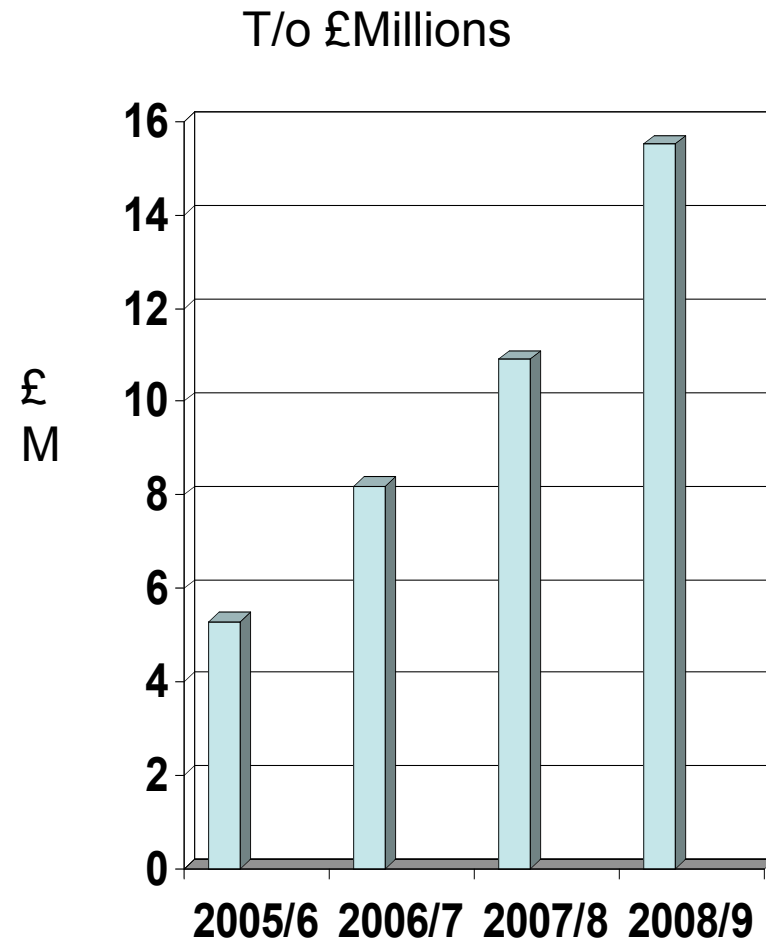
HiS (NW) Ltd

- 1989
- 1991 Eaga
- 1991 1 area
- 1995 6 areas
- 2000 9 areas
- 2003 Heating
- 2007 1st Acquisition
- 2008 Employee Ownership
- 2009 New Contracts Secured with Eaga (over 20 areas)



HiS (NW) Ltd

- After significant growth between 1991 and 2004
- Turnover and staffing began to grow exponentially
- All indications suggest this will continue in the short-term, giving the company a 5 year window of opportunity
- Further growth has to be via acquisitions and diversification



HiS (NW) Ltd



- In 2004 the previous owner becoming unsettled at the need for growth and expansion
- First meeting with Baxi to explore options
- Between 2005 and 2007 several meetings and two offers made by Baxi
- 2008 prompted by changes to CGT finally agreed to sell out

HiS (NW) Ltd

- Done deal on the 24 April 2008
- Full staff briefing on 19 May
- Appointed three new directors 1st August
- Agreed forward strategy 2nd August
- Employees established an Employee Council and elected three Employee Directors in September
- Looking to appoint 3 Non-Exec Directors
- Full steam ahead!



Into stormy waters



- The previous owner eventually left the business in September, after having put key staff under huge pressure to deliver exceptional profits (linked with his earn out)
- The UK was suddenly looking at a recession as the banks began to collapse
- The bank's appetite for new business all but disappeared
- The insulation industry experienced very difficult trading due to changes in the way utilities funded projects
- Able to pay customers were less inclined to invest in home improvement measures
- Despite huge numbers of people falling into fuel poverty the government failed to respond by injecting more cash into the Warm Front scheme

Gaining Commitment from Staff

- Against this backdrop staff remained committed to the principles of EO
- Difficult decisions had to be taken in terms of headcount as work dried up (including removal of a small number of senior staff who clearly were not committed to the EO Philosophy)
- Staff appreciate the quantum leaps the business has made in terms of engagement and sharing of information
- They remain, frustrated, however at lack of overall progress towards independence



Gaining Commitment from Staff

- Having spent a lot of time and effort in establishing a very robust employee council and employee directors and making the necessary investment in their training and development needs, we recently reviewed the decisions in light of what we were all hoping for and identified that we could now refine and improve employee engagement and participation
- We have now introduced a process where the three elected directors now take on different functions within the business. One sits on the Strategic Board, one on the Operational Board, whilst the third Chairs the Employee Council, thus giving each of them a specific role and purpose which should improve the overall process
- We publish regular staff newsletters to keep everyone upto date with developments

Maintaining Commitment from Baxi

- Throughout our passage into such stormy waters, Baxi have remained positive and supportive of the business
- They have encouraged us to look at new ways of analysing business performance and were instrumental in supporting a recent 100cc initiative designed to make significant improvements in performance
- They are continuing to work closely with both the staff and the senior team to maintain momentum until we are in a position to become fully independent and for that we remain extremely grateful

Change is the only Constant!

- We now look ahead to the following key challenges:
- Underpinning business performance
- Establishing the infrastructure to deliver the new Warm Front contract
- Moving to an independent position as soon as possible
- Seeing staff live and breathe the values of EO
- Starting a journey of related diversification
- Continuing our journey to become a 'World Class Organisation' and an Ambassador for the EO Community

Thank You!

