



# How Property Can Make A Difference To Your Business

Discover The Tangible  
Benefits That Five Companies  
In South Wales Experienced  
When They Took Action.

A Special Report prepared by



ROBERT CHAPMAN & COMPANY  
COMMERCIAL PROPERTY CONSULTANTS

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# Property provides the 'invisible' backdrop to everyday business activities and as such is often one of those issues that many businesses fail to consider sufficiently.

Generally regarded as a company's biggest outgoing after staff salaries, it is seen as a drain on resources tying up both money and time.

However, according to a recent report by leading economist Roger Bootle, neglecting your commercial property could be costing you dear. By taking certain measures, Bootle claims you could boost profits by up to 13% and save an average of £500 per employee, whatever business you are in.

It is our opinion that property is of central importance to all commercial operations and that getting the right strategy could not only boost profits but also help businesses move in the right direction.

This report highlights the key property issues that face many businesses here in South Wales and demonstrates through real-life examples how taking action in this area can make a real difference to your business success.

## The importance of property in the UK

Property plays a very important part in the UK economy and yet it is often seen as the "Cinderella" of business strategy. Let's look at the facts –

- Commercial property in the UK is worth £400 billion;
- Property and construction contribute 12% of the UK's GDP;
- Property represents 34% of total business assets;
- Property is the second highest cost to business after salaries.

And yet according to leading economist Roger Bootle it is estimated that UK businesses waste £18 billion annually through inefficient use of property. In Wales that estimate is £1 billion wasted. Cutting out this wastage would boost gross profits by 13%.

## The wasted billions

So what is going wrong for Welsh businesses to waste £1 billion each year?

According to the research, few companies integrate property into their corporate strategies. They are not using property as an enabler for business objectives and view property as an operational function, rather than a strategic issue.

This "Boardroom Blindness" is evidenced by the fact that 1 in 4 blue chip companies have not discussed property at Board level in the last three years. In addition there are virtually no chartered surveyors on the boards of non-property companies.

Many owner-occupiers see property as "free" because there is no rent to remind them that it is not. They are under the illusion that capital value increases, more appropriate to the high inflation era of the past, will more than compensate for the lavish space allocation. Alongside this, many businesses do not have an accurate assessment of the property costs they face and many don't even know what they own.

## What does this mean for my business?

Well, I can hear you say, this is all very interesting Robert, but what does this mean for my business? How can I use property to boost my profits? What actions can I take to make a difference to my business success?



# What actions can I take to make a difference to my business success?

Let me illustrate what can be done and the results that can be achieved through these 5 real-life examples of businesses based in South Wales. Let's look at the action they have taken and the benefits they have accrued.

## The sale-and-leaseback strategy

One of the ways that owner-occupiers could achieve more efficient use of space is to lease their property rather than own it. This enables the business to take advantage of the increasingly sophisticated financial solutions for property ownership that allow businesses to structure their corporate assets more flexibly.

Sale-and-leaseback transactions take property off the balance sheet and release cash to invest or reduce debt. While the eventual property costs are likely to be higher, the difference should be outweighed by more profitable use of the money released.

An example of this strategy in action is provided by Corus Catnic in Caerphilly. The company was previously located on two sites in a property that was old and had extended over the years to become a complex of corridors and office space, alongside an older factory premises. In addition, the company had an adjoining parcel of waste land that was unsuitable for their own use.

**As Roger Thomas of Corus Catnic explains:**

*“Property was becoming a major issue for us and we sought advice from Robert Chapman to consolidate our business and assist us in disposing of the waste land. The advice we received was highly professional and completely independent. It included a full survey to identify exactly what we had and the options open to us, valuations and advice on the type of potential buyer, as well as assistance to sell the properties and consolidate onto one site.”*

The company was able to realise capital by way of sale-and-leaseback and through the sale of non-performing assets for residential use. They now occupy a single site with modern, purpose-built offices.



*Corus Catnic's new premises in Caerphilly*

**Roger Thomas explains what the project has meant to the company,**

*“The project has been very successful both from a financial standpoint as well as our improved positioning within the business community. Our staff now enjoy their working environment and because of the work and investment we have made in this property, we have demonstrated that we are here for the longer term.”*

## Expansion of existing production facilities

As a business grows, the pressure on production facilities increases and spills over into pressures on the company as a whole. A range of options come into play from expansion on the current site, to consideration of a new site, to alternative responses such as sub-contracting, buying in, outsourcing and so on. Now the company finds that its focus is split - to maintain its core business AND manage the expansion issue.



# How can grants enable business development?

Rockwool Limited faced this dilemma when they wanted to expand production facilities on their existing site in Pencoed. In order to expand the facilities they required planning consent from the local authority.



*Rockwool's site in Pencoed*

## **Rockwool's Steve Hurley explains:**

*"The challenge was to expedite this potentially complex and sensitive issue through the use of an adviser who had expertise and contacts in this area. Robert Chapman was initially used as a 'tactics advisor', helping us to establish contact with the key local authority players and also suggesting specialised consultancies to put together our Environmental Planning Application."*

*"In addition, Robert took on the task of completing a design statement which was needed to accompany the planning application. He then put the whole thing together and submitted the application to the local authority. We are currently awaiting the decision from the local authority."*

*"The main difference this has made to our company is that we were able to concentrate on what we do best, which is to manufacture, market and sell high quality insulation products. The detailed Planning Application*

*was outside our area of expertise and we were able to access a professional team led by Robert to satisfy our needs."*

*"In terms of bottom-line results, we expect that, once consent for the expansion is given, we will ultimately create 60 new jobs at our factory and provide added security for the existing 450 jobs."*

## **Using grants to enable business development**

Property grants are mechanisms to facilitate regeneration, which in the widest sense is about creating sustainable communities. Such grants can be a valuable tool to businesses in Wales often enabling them to remove barriers to business development and progression. However, whilst there is a plethora of grants available, many businesses are ignorant about what is available and also find it difficult to access support in this way.

One business that has benefited from property grant assistance is John Collins & Partners in Swansea. John Collins & Partners is a well-respected law firm that established itself in modern premises on Swansea Enterprise Park. As the business expanded they moved into more commercial areas, but remained firmly positioned as a general legal practice.

The company recognised that in order to establish their commercial division there was a need to change the perception of the company and as part of that change to seek larger, more modern commercial premises. This would however be a very expensive project with capital costs beyond their resources and would need to be spread over a number of years.



# More efficient use of space is a key consideration for many businesses.

The company originally approached Robert Chapman & Company for advice in planning this extensive project.

**Steve Penny of John Collins & Partners explains:**

*“Robert was able to combine his technical knowledge as a chartered surveyor with in-depth understanding of grant assistance to help us move this project forward much faster and more successfully than we ever imagined.”*

*“We were eligible for a Business Improvement Grant and up to 50% funding assistance, as the project signalled substantial growth for the business and the creation of a number of jobs. The grant provided the key to our business development – without it we would not have been able to progress.”*



John Collins & Partners' new offices in Swansea

*“Robert assisted us through the complete process both in terms of the development of the property, as well as the grant application. Now two years on, we are established as the largest firm in Wales outside Cardiff, in modern fully-equipped offices which reinforce our commercial corporate image. I am also delighted to confirm that we have created all the jobs expected by the expansion and have experienced 40% growth in our commercial division in those 2 years.”*

## Finding the right office property

More efficient use of space is a key consideration for many businesses. Issues concerning space are often driven by business growth and increasing numbers of employees, or by advances in IT and digital technology resulting in the need for flexibility so that staff can work in an area that best suits the task at hand, rather than at a fixed work-station, or by a combination of both of these factors.

The face of the traditional office is changing and often the workplace extends beyond the boundaries of the office itself.

On Screen Productions is one of the top ten production companies in the UK specialising in ‘new media’, live events, exhibitions, broadcast and video production. Established 12 years ago, the company had expanded substantially and had been looking for new premises for some time but with no success.

**On Screen’s Alison King explains:**

*“Primarily we needed more space, but we also had quite an unusual brief in that we were looking for a building “with character” and wanted to be part of a community rather than on a Business Park. We had spent considerable time and effort looking for something suitable and found the whole process very frustrating.”*

*“As the situation was getting critical – we were just bursting at the seams – we decided to go to a specialist and made contact with Robert Chapman & Company. Robert’s first task was to clarify our brief, which was a major step forward in itself. He then found us a range of appropriate properties and in a very short space of time we completed the purchase of a new premises.”*



# Property issues are a core part of any relocation and require a wide range of expert skills and knowledge

*“Robert also helped with the sale of our current premises – indeed this is now the new headquarters for Robert Chapman & Company – and ensured that the project was as hassle-free as possible.”*

*“Using a specialist for this project proved to be extremely beneficial to us saving time, money and hassle. This was outside our area of expertise and being able to access expert knowledge was vital.”*

*“Robert’s straight-forward approach ensured that we knew what was happening throughout the project and he kept the momentum going, achieving a positive result in a very short timeframe. We also valued his personal contact base – due to his relationships with a wide range of agents we accessed some properties before they were even put on the market.”*

*“The result is that we are now based in Chepstow in a beautiful property on the Castle perimeter, with three times the amount of office space, plenty of parking for staff and visitors, full storage facilities and an excellent working environment.”*

*“This has improved the company’s image immensely and has successfully re-positioned us within our market, enabling us to compete more effectively.”*

*On Screen Productions’ unique premises in Chepstow*



## Relocating manufacturing facilities

Relocating a manufacturing facility is fraught with difficulty and impacts on every aspect of a business. Property issues are a core part of any relocation and require a wide range of expert skills and knowledge.



*Loseley Ice Cream’s new facility in Cwmbran*

Loseley Ice Cream have recently moved to Cwmbran, to one of the most modern and efficient facilities in Europe. The company is based on the former Panasonic site in Cwmbran on a 13.5 acre site with an 80,000 sq. ft. production facility, operating a double shift system, dedicated visitor centre, special eco-friendly reed bed water treatment system, rain water harvesting and nature trail.

### As Tim Wilson, Loseley Ice Cream’s Managing Director, explains:

*“Robert Chapman found us an excellent site with the right amount of space for our needs and truly excellent logistical benefits. We are close to the motorway, with good estate roads and loading docks.”*

*“We are very proud of our state-of-the-art factory – we can produce up to 240,000 litres of ice cream a day and have a dedicated visitor centre so that you can come and see for yourself how we make the ice cream.”*



# The research shows that neglecting your commercial property could be costing you dear.

## Business and property: real bottom-line results

Five very different companies, five very different circumstances, five positive outcomes.

These five real-life examples of companies based in South Wales demonstrate that property is of central importance to a business and that it produces tangible bottom-line results.

Those results include:

- substantial increases in turnover and profit;
- release of financial capital that can be used more productively elsewhere;
- increased production capacity;
- release of management time to concentrate on core business activity;
- creation and safeguarding of jobs;
- positive repositioning of business, within the market, the local community, with staff, with suppliers and with clients.

Property can make a difference to your business.

## The way forward

The research shows that neglecting your commercial property could be costing you dear. Roger Bootle claims, that by taking action, you could boost profits by up to 13% and save an average of £500 per employee, whatever business you are in.

What action can you take to make sure you are not missing opportunities?

Start by reviewing the property aspects of your business.

Ask yourself the following questions:

- Are we working efficiently in our existing premises?
- Is property creating a barrier to our future growth?
- Could we release capital from our property assets?
- Is our property adding to or detracting from our company image?
- Are we spending a disproportionate amount of time on property issues?
- Do we have the expertise and knowledge to tackle property issues?

Just by asking these questions you are stepping ahead of the majority of businesses. Taking action on your answers will certainly put you ahead of the game.

Property is an important part of the business success jigsaw. If you put property on your business agenda, you too can achieve the results revealed in this report and make a real difference to your business.

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## Practice Profile

“A professional independent consultancy practice offering discreet and confidential advice on property issues that add real value to your business”.

**“We work with you to find the best solution for your future success.”**

Our aim is to offer advice that makes a difference to businesses and organisations throughout Wales (and South Wales in particular).

### Key areas of work include:

#### 1. Strategic property advice/property audits to property owners - both large and small - to achieve "added value".

RC&C is developing a reputation for giving pertinent strategic advice to companies both large {Corus Catnic; Norgine; Loseley Dairy Ice Cream; Rockwool}; medium {Welsh Whisky; On Screen Productions; Vista Retail; Adco Publishing} and small {an approved consultant for Business in Focus, RC&C is aware of the typical issues facing businesses wishing to develop and has also undertaken work for @Wales Digital Media Initiative}.

#### 2. Regeneration work for public and private sectors. Services include:

- Project Management/project co-ordination
- Acquisition/disposal work
- Administration of grants
- Property Development and associated activities
- Consultancy on Strategic Regeneration matters

Recent examples of work include the Llanhilleth Area Regeneration Scheme (a flagship regeneration scheme aimed at bringing social, educational and environmental improvements to a run-down area); work on the redevelopment of the former Dunlop Semtex project in Brynmawr (ensuring compliance); work for Sirrocco Holdings (regeneration grant for a strategic building off Fabian Way, Swansea); and work for Merthyr Tydfil CBC (advice on the former Town Hall and disposal of Vulcan House & Brecon Road: a classic example of urban regeneration).

#### 3. Development and investment work. The practice has a comprehensive understanding of the development process from inception through to completion having been involved in all stages: acquisition, development, management and investment disposal.

If you want help to answer any of the following questions:

- Are we working efficiently in our existing premises?
- Is property a barrier to our future growth?
- Could we release capital from our property assets?
- Is our property adding to or detracting from our company image?
- Are we spending a disproportionate amount of time on property issues?
- Do we have the expertise and knowledge to tackle property issues?

Call Robert Chapman today on **02920 553 108** for a no obligation meeting



# Curriculum Vitae

## “A balanced mix of public and private sector experiences”.

Occupation:	Chartered Surveyor - Robert Chapman & Company
Position:	Director
Qualifications:	Dip.Est.Man (Hons), MRICS
Member of RICS:	Commercial Property Faculty Environment Faculty Planning & Development Faculty Valuation Faculty

### Key interests

Twenty years post qualification experience as a Chartered Surveyor, initially in Land Management working for Smith-Woolley, Strutt & Parker, The Severn Trent Water Authority and The National Trust.

Over the last fourteen years Robert has immersed himself in the commercial property arena working for the WDA (Welsh Development Agency), Grimley International (now GVA Grimley) and Stephenson & Alexander.

In Spring 2001 Robert founded Robert Chapman & Company – an independent, niche consultancy practice based in Cardiff.

### What Robert brings to you

- The experiences of working for three leading organisations in Europe (The NT, Grimley, The WDA);
- A balanced mix of public and private sector experiences;
- A comprehensive understanding of the development process from inception through to completion, having been involved in all stages: acquisition, development, management and investment disposal; and
- A desire to make a difference to your business

From a property perspective he has developed a special interest in economic development and regeneration, and its contribution to the success of the Welsh economy. He has also developed an extensive knowledge of SME businesses.

His expertise in the grant regeneration field led to the creation of Integrated Property Solutions: a strategic alliance. Acting with honesty and professional integrity at all times, his independent value-added advice is increasingly sought after from clients requiring a discreet service from a highly experienced operator.

### Interests

Robert believes it is important to play an active role in the business community. He is a Board Member of the Land Regeneration Network (LRN); a member of the Institute of Welsh Affairs, CBI Wales, Cardiff Chamber of Commerce, the RICS Regeneration Forum and BURA (British Urban Regeneration Association).

Robert is currently participating on the SPG Leadership Programme operated by Cardiff University Business School and has enrolled on BURA's modular programme on regeneration.

Robert is a keen sportsman and enjoys 4-a- side football and squash. He is married to Jackie and aims to build his business, Robert Chapman & Company, in readiness for his son Alasdair to join him in the future.