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Growing Organically

Anson Packaging is one of the UK's most innovative firms in the fields of product design, adding value, and increasing efficiency.

Images by Paul Michael Hughes

Managing Director Andrew Osborne-Smith has high hopes of leading Anson Packaging to become the number-one thermoforming supplier to the food industry in the UK. *The CEO Magazine* spoke to Andrew about how he plans to pursue this goal by growing with the market and delivering innovative products, excellent customer service, and competitive pricing.

The CEO Magazine: What is your professional background, and how have your past experiences informed your leadership at Anson Packaging?

Andrew: I originally qualified as a biochemist at university and did a couple of short-term jobs before joining the army. I was in the Royal Signals, though I also transferred over to the parachute regiment for a time, and I was stationed in Sandhurst, Germany, and Northern Ireland.

What the army teaches you—particularly in the technical

corps—is leadership of people who are more technically competent than you in their fields. For instance, in the Royal Signals you get electronic engineers who have a very, very high skill level. You learn to give people a goal and a direction, then coach them on how to get there, without actually telling them how to do their jobs.

It's much more about shaping people than telling them where to go and what to do, and that has a bearing on running a business that relies on innovation as a part of its core offering. You can't write an action to create innovation—it requires a culture of creating innovation and a desire to do things differently, which is very different from an autocratic style of leadership.

I left the army and did an MBA in Edinburgh, then decided I wanted to go into manufacturing and be aligned with people management more than anything else. I joined Pilkington glass manufacturers, who are now owned by NSG, and initially ran one of their factories. I got experience working over in the

commercial side, and then ran some small businesses in the realm of £3–5 million.

That gave me the best experience of what I would call the commercial realities of the world, in terms of getting people's debt paid, making investments pay, and dealing with reorganisations and restructures at a personal level. In just two or three years with the commercial side at Pilkington I learned an awful lot about how to optimise return and make change happen.

Having gained great manufacturing skills at Pilkington, I joined Anson as Operations Director, working under the then-managing director [now chairman] Mark Dujardin. We ran the company's two factories, received a couple of awards for best practice, and developed the business from a manufacturing base.

I took over as managing director in 2005, and we grew by acquisitions and organic opportunity. Since the economic crunch of 2008, we have grown very successfully on an >

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organic platform, both in terms of return levels and sales growth.

What factors have been key to the company's growth and performance under your leadership?

Consistency in terms of vision: we are very clear about the markets in which we operate, and we're clear about where we believe we have the competitive advantage. We drive that competitive advantage through consistency in innovation, consistency in our market, and consistency in investment. We have followed the convenience 'to-go' market for packaging for the past 10 years, which has helped grow our convenience 'food to go' business as that market developed.

We're fortunate that we have a private owner, who is able to take a long-term view of capital return, and we've invested in assets that simplify our portfolio and align with the markets in which we're operating. We don't make any

short-term decisions in asset procurement. We buy based on long-term performance over 10 years or so, which means you build an infrastructure that is very efficient.

Ultimately, if you're in manufacturing in a world market, your productivity has to be very good: as someone once told me, 'in manufacturing, you've only got cost'. That's not strictly true, as we do differentiate ourselves through innovation, but we have to have 80 per cent of our costs sorted out if we want to win. There's only so much margin that the market will bear in terms of innovation, so you still have to bang out products of good quality, with good service, on time, and at low cost.

Our consistency in market focus has underpinned our development. If I was to compare organic growth to acquisition, we've found that in a returns sense, we're better at organic growth. I think that acquisition speeds your market up,

and speeds your growth up, but actually if you want the real gain it's organic.

How does Anson develop and maintain a culture of continuous improvement in its design, manufacturing, and customer service outlooks?

You have to create a culture where people are prepared to fail, and are encouraged to look outside the business, look at the market, talk to their customers, and follow opportunities. Of course, at some point you have to push the question, 'Is it commercially viable?', but the food market is very reactive, so you have to provide space to develop those ideas and see where the opportunities may go.

Another side to innovation is to try to bring young people into our development team, because they have a completely different perspective, particularly in terms of design. It's also important to

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network with your supply base, your customers, and other industries, to see if you can pool ideas together.

You do the best in your business when you realise that your customer service and sales people are externally focused. That sounds an obvious thing to say, but when your business is experiencing lots of internal restructuring then the business starts to look at itself rather than look at its market. So you have to continually encourage your people to be spending time with their customers and in their markets, and gaining information in aligned markets as well.

How does Anson Packaging demonstrate and invest in corporate social responsibility, especially with regard to minimising damage to the environment?

We have two perspectives on that. From an industry perspective, we were one of the first to support and develop recycled PET, and we create all of our products using recycled PET. Our purchase of virgin material is much lower, with the majority coming from recycled bottles. We're pursuing a strategy that will maximise the recycled content of our packaging. We also preferentially source within the UK only. We feel quite strongly about sourcing material from UK markets, as it is in our long-term interests to have a very vibrant recycling community that sits within the UK.

Although you can bring in materials from abroad, you end up developing their recycling industries, rather than our own. So it's commercially logical for us to use as much recycled material from the UK as possible, as well as environmentally logical. The more recycled content we have, the more it demonstrably reduces the carbon dioxide content of plastic packaging.

Packaging has increased hugely in the past 10 years, and that is all driven by convenience shopping: people buying how they want, when they want, in many different ways.



We also support local charities and children's charities; we don't do anything nationally. That's aligned to our business, because we have lots of semi-skilled people who we recruit from the local area, and clearly we want to support the community that our workers come from and where their children go to school.

What is your vision for Anson Packaging going into the future?

I think the market we're in will continue to evolve. I see us primarily as a UK business; I don't see us trying to compete strongly in European markets. I think we'll continue to focus on being the best that we can be in the UK market. I see that our competence is aligned to a number of the big food groups, and their strategies of growth and acquisition, and therefore I think our business in its next stage needs to grow in scale.

I think the business needs to grow to two or three times its current size to gain a competitive advantage from a procurement perspective, but also to align with customers who are getting bigger and bigger by consolidating food groups. We need to be at the size and scale where we can bring a



broader offering to the same market sectors. That means we will have to acquire a business or businesses that will give us scale and position within that market, and ultimately more breadth in terms of range. •

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