

Creating a Cohesive COMPANY

In the four years since CEO Colin Day was appointed, Essentra has not only consistently delivered organic growth of approximately 9 per cent per annum but it has also established a unified group culture for the first time.

Images by Ben Lister

When Colin Day was appointed CEO of Essentra four years ago, the business had undergone a series of changes and consolidations. Originally part of the Bunzl Group, which started in the 1940s as a manufacturer and distributor of fibres, a decision was taken in 2005 to demerge the manufacturing activities into an independent UK-listed company, initially known as Filtrona plc.

However, while ostensibly a single company, Filtrona was actually several separate businesses acting independently of each other. "Filtrona were in cigarette filters, they were in other filtration

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- Colin Day

products, they were in plastic components and tear tape. Everything was done as separate trading brands—none of it was joined up; there was no coordination or common strategic purpose." Colin admits that it was a challenge to take on such a diverse collection of businesses and mould them into a cohesive, global organisation that could drive consistent growth—a challenge that, he admits, he perhaps initially underestimated. In this respect, the rebranding of the company to Essentra in 2013 has certainly been an important milestone in that effort.

"While the complexity of the business I inherited was certainly a

challenge, I could also see the opportunities. And having reorganised, refocused, and rebranded, we have already made good progress in terms of realising some of those opportunities and setting the business up well for the future."

Colin started his career in finance, working as an accountant after he finished school. "I'm a qualified accountant and my first job, for one year, was at Kodak. It's ironic really, but the role itself actually put me off accounting in terms of the pure 'numbers' aspect. In fact, the only memory I have is arriving on the fifteenth floor where I was seated at 8.30 am and being bored by quarter to >



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nine. I can remember it as if it were yesterday.”

However, opportunity knocked in the form of the chance to work at British Gas. “The reason I went to British Gas, interestingly, is because they offered me some travel. I think that sets an early theme for me. I went for the interview and they said, ‘You know you have to go to places like Norfolk, Peterborough, and Barnet, and I thought, ‘Well, this sounds pretty good.’”

British Gas not only gave Colin the scope to travel, but also to gain experience in different areas. “I did a succession of roles there, from internal audit to costing. I was doing a lot of work on systems and development. And in management—like all things—I think you need luck, and I got some at British Gas. I had an energetic young boss who I identified with, who encouraged me to study and pushed me

a bit. And I think that working relationship helped me enormously.”

The opportunity of further study—being sponsored by British Gas to do an MBA—gave Colin a different perspective on business, and made him see beyond his accounting training. “If I think about my early career, the first milestone was probably getting qualified as an accountant, the second was having an inspiring boss at British Gas, and the third was getting my MBA because that transformed me from somebody who was just doing industrialised accounting—probably not very well—and made me start to think about business in the wider sense.”

After working with British Gas and completing his MBA, Colin worked at a number of prominent companies over the following years. His first role at a listed company was finance director at ABB Kent plc (part of ABB Group) before going on to work for media

buying company Aegis for five years, helping to globalise the company and driving acquisitions.

Colin also began taking on non-executive director roles, something which gave him further experience and which he believes helped to prepare him for being CEO of Essentra. “Starting in 1995–96, I joined the board of Vero Group and then Bell Group (both of which were recently listed companies), following which I was a non-executive director of easyJet for about six years. I spent a couple of years on the board of Imperial Tobacco, then joined Cadbury up to the point when it was acquired by Kraft. And I currently serve on the boards of WPP, Amec Foster

“Working with such a dynamic and professional client as Essentra is always a pleasure, whether it’s in the UK, Singapore, or elsewhere. We greatly look forward to working with them on their future expansion plans.” - Mark Shillito, Partner, Head of Dispute, UK and US, Global Head of Intellectual Property, Herbert Smith Freehills



Wheeler and FM Global. Every position has helped me to progress, and I’ve tried to develop in each role.”

In 2000, Colin became the CFO at Reckitt Benckiser (RB), a FTSE 100 company that had recently formed through the merger of Reckitt & Colman plc and Benckiser NV. “At RB, where I spent 10 years, it was all about growing the business, both organically and via acquisition, and driving costs down. In fact, the requirements of my position were more along the lines of a COO than a CFO.”

When he joined the then Filtrona in April 2011, Colin assessed what needed to be done to improve the

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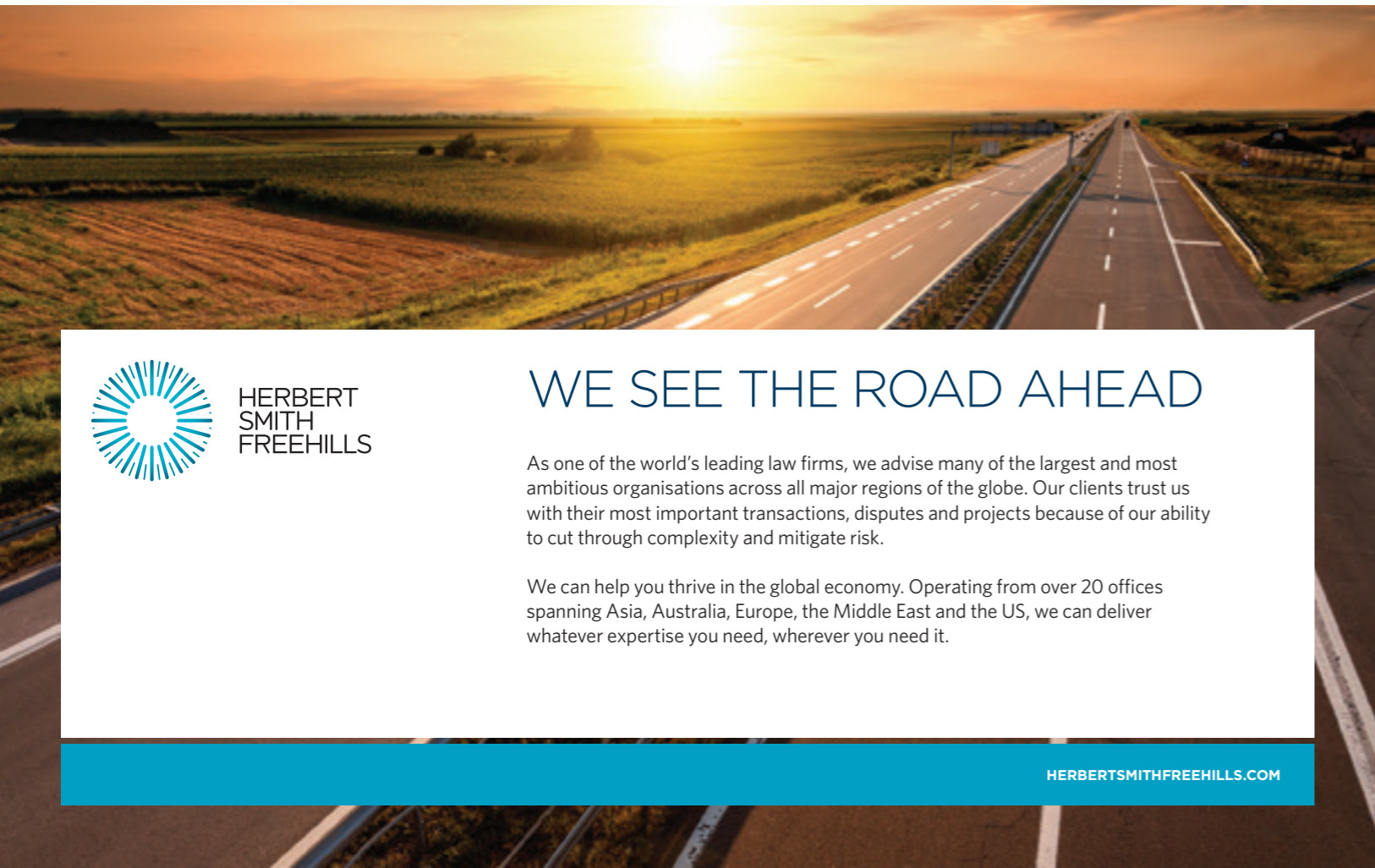


company. “I knew there was a significant amount of work to do, in terms of the strategic direction of the company, as well as the style and culture of the organisation. I believed we needed a coherent and more ambitious strategy to drive balanced, profitable, organic growth, complemented by value-adding M&A. At the same time, we needed a more unified

group culture. This is what we implemented as ‘Vision 2015’”

This process of change has worked well for the company. “This is a completely different company from what it was in 2011, when organic revenue growth over the previous five years had averaged less than 2 per cent. And not just in terms of financial performance; we’ve rebranded to Essentra, we’ve >

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reorganised and we've reinvigorated the talent base. Most people would tell you it's unrecognisable from four years ago and I think that's fairly true—for the good. The way we go to market, the focus on our customers, the ambition of our people. We're much more multicultural and international now; we're a global business. In fact, our biggest collective achievement to date has been to deliver consistently on all these fronts."

The hard facts reinforce the success of Essentra's Vision 2015 strategy. "We've grown the company from around 300 in the FTSE to around 150, from £2.40 a share to around £9. Shareholders have seen capital growth, as well as a progressive increase in the dividend. We've gone from revenue of less than £500 million to around £1.2 billion on a pro forma 2014 basis. Over the same timeframe, profit has gone from

£75 million towards the £200 million mark."

Colin has further ambition for Essentra, and knows what he needs to do to get the company where he wants it to be. "What I'm trying to do is take what was a FTSE 300 company in 2011 towards the FTSE 100. I'm not claiming that we can definitely achieve that goal, but I'm focused on trying to build an organisation that is fit for purpose, and that can progressively move in that direction. After four years we've come a long way, and we'll see how much further we can improve in the next five years under our new strategy called 'Drive for 2020'. We're certainly not resting on our laurels, saying, 'Everything's fine, do nothing.' That's not my style: I drive change, push boundaries and strive to deliver the right results. And I think doing the MBA in my early career, and working in a range of roles with a wide variety of people since then, have been instrumental to that philosophy."



One change Colin has made is the way the company interacts with its customers, suppliers, and business advisory partners. "The piecemeal approach we had before I joined Essentra—operating so independently, with no unified name or identity—meant we were seen as very small and lacking in scale. Customers were unaware of the breadth of the products and solutions which we could offer them, we lacked purchasing power with suppliers as we had no global procurement or quality standards, and we were not necessarily getting the best out of the overall group, even if we were for one part of the organisation."

"By operating in a more unified and coordinated way, it allows us to have a much more constructive dialogue with our customers, suppliers, and advisers. We're now in a position where we can consolidate our offering or our requirements to become a larger individual contributor to their respective businesses, to the mutual benefit of all parties."

According to Colin, the degree of change at Essentra over a short timeframe has only been able to take place due to the people in the organisation. Talent development was at the heart of Vision 2015 and remains so under Essentra's Drive for 2020 strategy. "One person can't run a group—any group. As CEO, you can influence, you can set the style and tone, but it needs the entire management team to reinforce that direction throughout the organisation which, in Essentra's case, is more than 9,000 employees worldwide in around 70 sites in over 30 countries."

"There's now a team ethos at Essentra that will leave a lasting legacy long after I and others have moved on. And for me, that is critical. We're very focused on our employees, on management succession, talent development, and graduate recruitment. Actually, in respect of the latter, we have a very successful program in Europe, the Far East and the Americas. Any market, any



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nationality. It's about creating a team for the future, creating an organisation that remains fit for purpose."

Colin's Vision 2015 objectives have been met, with Essentra well-positioned for continued balanced, profitable growth under the Drive for 2020 strategy owing to the commitment of employees across the organisation. "I try to run the group by aspirational targets, and then anchor it in a strategy and plans that are disseminated around the organisation to deliver. When I joined the company, I set an aspirational target of £7 per share—something straightforward that everyone could understand and monitor. By the end of 2014, it was well understood that we had exceeded that"

Colin is positive about the future of Essentra. "Vision 2015 has been successful, and we face the next five years under our new Drive for

2020 strategy with confidence. If we continue to edge forward up the FTSE, say, to a ranking of around 120 to 130 (equating to around £11 a share), I would be very pleased."

"From a cultural perspective, we have made huge steps, and I believe there's a very positive groundswell of internal focus and support. So overall, I believe we're in good shape to continue to deliver value to our shareholders. We're focused on attractive growth end markets with a value-added range of products, and we now have the unified corporate identity and organisational structure to maximise the potential opportunities available to the entire Essentra group. At our recent Capital Markets Day, we said that we aspired to double the size of the company (to revenue of approximately £2.4 billion, including M&A) by 2020, and I believe that goal is definitely a realistic one." •

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