

MAKING THE BIG DECISIONS

**Interview with
KEITH REILLY
MANAGING DIRECTOR
ALFATRONIX**



A SIMPLE CHOICE. Either a market leader is focused on staying at the top of its game to remain a market leader, or sooner rather than later it will become an also-ran. And according to Keith Reilly, managing director of Alfatronix, which makes converters and power supplies for the communications, automotive and marine industries, that's where the excitement of running a business comes in. "We're currently one of the best six in the world, but a competitor could get ahead through having better choice, better training, better systems," he says. "You need to be up for that excitement if you want to stay in the game."

Where Alfatronix have their niche is in developing their own products and owning their own IP. They don't buy in product from elsewhere; nor do they manufacture to anyone else's specifications, instead sticking "rigidly" to their own product. "I'm not trying to be arrogant and say we've done everything right, but we're still here and we have the margins we are looking for," explains Reilly. "We've had opportunities to go for high volume OEM sales but the margin's not there."

Talking of opportunities, how important are they versus acting strategically? Reilly observes: "It's the equivalent of nature versus nurture. So one strategic decision was to make Alfatronix very vertically integrated which means we can make money

and margin through IP and efficient manufacturing, which has enabled the business to ride out difficult periods."

But there can always be that element of luck, Reilly adds. "You never know when the phone will ring with something interesting. Sometimes opportunities arise because people have heard of you."

The latest product, and the one that Reilly hopes will lead to a big increase in the numbers, is a USB charging device for use on the seats of buses. The customers are the bus manufacturers or retro-fitters, who are driven by demand from bus operators for such facilities.

"That idea might not be as successful as I think it will be, but there's a chance it will double the size of the business in both turnover and profit terms," predicts Reilly.

Pleasingly, the development doesn't require significant investments in premises or direct labour. It has required technical know-how, though. Alfatronix had to come up with a way of reducing the voltage of electricity in a bus to the 5v needed for charging people's devices, and doing so without using conventional three-pin plug sockets.

Turnover is £4million and Reilly says £8million would be achievable in five years if the USB charger takes off. And the development brings further potential, he thinks. For example, electricity in

bus and coach seats could potentially lead to demand for reading lights. "And there will be other opportunities that we've not yet sussed out," he says.

It's all about getting ahead, he adds. "It doesn't matter if we win the gold medal just by a hundredth of a second; we're not there to be second but the best in the market. We have to be first. If you're an also-ran, there isn't the volume to make the product cheap enough."

Hiring is a possible barrier to growth, partly because the work is so specialist and also due to the company being somewhat "under the radar" locally as its market is worldwide.

At shop floor level Reilly has been unable to find sufficient suitable UK staff so has hired Polish people, who are "well educated, personable and can work with their hands."

He also thinks the British education system extracts the will to succeed and encourages mediocrity. "With some young people, I want to clap my hands and say 'is there anyone in there?'," he sighs.

The company sells so much internationally that it considers Europe to be its home market. "I think one day we won't even use the word 'exports'," says Reilly. "Competition from overseas manufacturers is less of

an issue because we have own IP and are providing the customer with product rather than anonymous components."

It's important to have self-belief when competing against the Chinese, he adds. "You have to believe in your product and know how to communicate its value." So no surprise then to hear that Reilly believes good leadership is fundamentally important to a business. "Every product has a life cycle and so does a company. It comes up, it plateaus and sometimes it dies. Markets can turn against you. That is why you need propulsion at the head of the business."

He admits to sometimes struggling to be as dynamic a leader as he'd like. "The average entrepreneur that you see on the telly is a greed addict but most entrepreneurs I know got into business almost through accident or because it seemed like a good idea at the time. They get to the stage where they have a comfortable lifestyle and they can become reluctant to make the business bigger and bigger.

"I suffer from the same thing; I'm sure entrepreneurs struggle with self-motivation. To keep the company moving forward, there has to be someone at the top who is prepared to scrape the old wallpaper off so the company can have a fresh perspective."

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