

# **MAKING THE BIG DECISIONS**

**Interview with  
GREG HUGHES  
CHIEF EXECUTIVE  
TEST LINK SERVICES**



JUST HOW FAR were Test Link Services prepared to go with their business plan? To the point of virtually re-inventing the company, as chief executive Greg Hughes explains.

Having started life in 1989 doing maintenance and repairs of PCs for corporates, the company spotted an opportunity to transfer its skills to automated teller machines (better known as ATMs or cash points). "It had become harder to make good margins by fixing computers," says Hughes. "Through a relationship with an ATM manufacturer the business had already tried its hand, and this became the new direction.

"Because by 2004 it was clear that we needed to reinvent ourselves. You know the saying - get big, get niche or get out? We were in the middle ground. Had we carried on doing the same thing, backed the PC horse, we would not be sitting in this room now, that's for sure. It was a case of commercial Darwinism in action."

But dropping the core activity on which the business had been built was quite a decision to make. "People do say it was brave," says Hughes. "It wasn't. What would have been brave would have been to carry on. But you need to follow the likely path of the market trajectory and if it's zero do something about it." Those businesses that fail to react can become a "statistic", he points out, saying that some former competitors are no longer in business.

"The first really brave thing we did," Hughes adds, "was to sub-contract our work to a repair centre in Prague to counter price pressure." After a year the subcontractor didn't want to continue the arrangement, so Test Link shipped out their own equipment to Prague and put their own people in. Later still, as the cost of labour in the Czech Republic increased, it made sense to return the repair work to the UK, with Prague becoming a sales office.

This outsourcing and then in-sourcing was followed by several acquisitions, including a parts business in the UK and two US businesses. The result was that Test Link are now a global parts supplier with 146 customers in forty-two countries and offices in the UK, Germany, Czech Republic, and the USA. The plan next is to go east, preferably somewhere like Malaysia or Hong Kong.

"If you Google any ATM-related words we always appear, but there are concentric circles - your reach becomes weaker the further from home you get," says Hughes. "So international is very much the strategy; do more of what we do but do it elsewhere." That will mean more acquisitions. "Organic on its own doesn't work for us," asserts Hughes. "You can't start up from cold; you need local people there. Otherwise you're going in blindly, and then operating blindly. There are going to be issues of culture, law and tax in each country."

Then there are the nuances of interacting with overseas customers with different cultures. "It's knowing what's acceptable so you don't alienate people," says Hughes. "For example, when you first meet someone, how - for want of a better word - pushy can you be? In the US you can have frank a discussion virtually straight away, but in the Czech Republic you have to get to know people first."

Given how the business changed direction so dramatically - and successfully - in its early days, is Hughes an advocate of opportunism or strategy? "You can't be 100% set on strategy as the world's evolving," he replies, suggesting that 80% strategic and 20% opportunistic is a good split. "The 20% gives you some wiggle room but not enough for butterfly hunting. It means that direction can veer off if it wasn't right in the first place." One route he's pursuing is doing work involving gas and electric smart meters. "Whether that will come off I don't know but it's potentially a very significant piece of business," he says.

"Some companies are deterred from taking an opportunistic approach by fear of the unknown," thinks Hughes. "You have to be a chameleon, you can't be a one-trick pony. But it does take bravery to execute something outside your comfort zone. Usually the unknown is never as difficult as you thought it would be, but there are a lot of people running companies who tend to want to do the same thing day after day. They can talk about what they need to do but they don't get on and do it."

Meanwhile, finding the right staff is what Hughes describes as "a challenge beyond all challenges." Test Link have hired a recruitment

and development manager and has started both a formal apprenticeship scheme and graduate training programme.

The reason for the shortage of technical skills, Hughes believes, is that the glory days of British engineering are past. "The excitement created by the moon landings and Concorde has passed so not enough talented young people are being inspired to come into the profession. The business community as a whole is at fault for failing to invest properly in training."

But now, with fewer skilled engineers available, the company has somewhat of a succession gap. So what kind of staff are Test Link Services looking for? "Smart people with a can-do attitude who enjoy a high degree of autonomy, and for our production teams, dexterous people with a bit of nous," Hughes replies. "The sort of people who will want to take a machine apart to see how it works, who understand technology and want to apply it to find solutions to problems."

There's one invaluable appointment which an ambitious company should make, according to Hughes. He really stresses the importance of having a non-executive director. "You need a wise head with experience, a solid person who's been there and done it, who's not burdened by the day-to-day stuff, who can help you drag your head out of internal issues and onto the external, the bigger picture," he says. "You can become too internally focused and not look at the market. There's a whole world out there you need to be addressing. The answer's not on a spreadsheet. They're also there to rein you in when you get too excitable and wander off course; they can make you realise the need to focus on the plan and ensure you deliver your commitments."

The strategy now is to move from transactional relationships to managed services. "Managed services are more interesting to customers and our international reach helps as we have a bigger playing field to operate in," says Hughes.

That will mean increasingly managing everything cash machine related on behalf of the banks that own the machines: that will include

purchasing, installing, maintaining, operating, inventory managing, repairing, then removing, storing and decommissioning ATMs.

By 2020 the objective is to have increased turnover from its current £10million to £20million, of which £2million will be profit. "We will have to work very hard to make that happen," says Hughes. "But we have the capability and there's a market demand."

Taking external funding could be an option, says Hughes. "The logical next progression would be to grow faster by having outside investors. But at the moment we'd prefer to do it through our own means."

For Hughes, who co-owns the business with his partner Nick Beer, the aim is to build value in the business. And Hughes doesn't think the one thing would could put a crimp in things - the end of cash - is going to happen any time soon. "Despite its death being regularly announced, there are more Euros than ever in circulation for example," he says. "I'm not a Luddite, I'm happy to tap and pay, but Bitcoin isn't going to change the world. Having cash gives people a feeling of security, particularly when there's a recession."

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