

Cold Rolled IP

A response to a customer query has helped push sales at the Hadley Group up from £40m to £100m in the last ten years.

Steel might be a commodity business for some, but not Hadley in West Bromwich. It specialises in rolling complex shapes. Its discovery of IP as a source of high-margin income, however, happened as a result of a chance enquiry. One of their customers was in a fix. Its metal frames for plasterboards were 6mm thick, but the industry was moving towards 5.5mm. Could Hadley help? The customer doubted whether it would be possible to make a product that was strong enough.

Hadley found a novel solution. It dimpled the steel, as part of the rollforming process, so increasing its strength and performance. International queries soon followed about Hadley's patented technology, which it had branded Ultrasteel. Ultrasteel raised some fundamental questions about the direction of the business. "Should we set up our own manufacturing in these markets? Or should we license the technology?"

We were starting to see the benefit of using our IP to generate extra income," says Hadley's technical director Mike Castellucci. When one of the world's largest roll formers, an American company three times the size of Hadley, asked about a licence, Castellucci and his colleagues accepted that they were looking at a whole new dimension to their business.

"Our initial strategy might have developed naturally, but we realised that we needed effective and controlled IP. Our US licence meant that our IP was becoming a major part of our income stream. We started to take protection really seriously."

In the last ten years, the business has grown rapidly from £40m to £100m, driven forward by how Hadley structures itself. It has four manufacturing sites in the Midlands, as well as plants in Thailand, Dubai and Germany, which are all supported by a central technology division that employs 46 people - or 10 per cent - of the total workforce to find technical solutions for the company as a whole.

IP now accounts for a growing amount of the company's earnings. Castellucci himself is responsible for patents and technological developments; a marketing manager looks after trade names and marketing; and a commercial manager negotiates licences with potential users.

In its portfolio, Hadley currently holds a total of 160 patents and trade marks relating to 15 different technologies. It tracks them through a central database to manage all the associated costs.

Ultrasteel remains the jewel in the crown, but the whole company is more focused on finding other inventions and staying ahead of competitors.

"We focus on how to take ourselves forward and we think about whether we are missing a trick," says Castellucci. "Might someone patent a similar technology that is better than ours? If someone is going to improve it, it had better be us." Hadley works closely with Birmingham, Wolverhampton and Brunel universities, investing in research projects to see how it can take cold-rolling forward again. Further IP is now being developed.

Castellucci is also looking more actively at what customers Hadley could have in future.

"Once you reach a certain size, global players start to come to you for solutions. It is not just price that matters; it is offering a value-added solution."

Hadley's commitment to IP is helping to maintain its performance through the downturn. Turnover is steady at £100m and profits of £12m are expected.

"We are proving resilient in the industry. We are not as exposed to steel trading as our competitors. We offer more value added. When we can custom roll on complex, high-end jobs, then it is harder to compete against us."