

A matter of principle. A sound footing is vital for Anglia's success

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Ingram: "You have to give people value for money or they won't come back."

Growing an independent and privately owned distributor to snatch a place in the UK top 10, with annual sales approaching £30m, is a major achievement. But doing this without selling your soul to venture capitalists or falling prey to a major multinational has been almost impossible.

Bill Ingram, Chairman of Wisbech based Anglia, believes he has taken his company forward by sticking to some fundamental, and very long standing, business principles. This, it has to be said, is a man who began dabbling in electronic components when only eight years old and sold stamps at school.

Founded in 1972, Anglia has made steady progress, moving from its early role as a stocking agent to add a portfolio of franchises covering passive, active and electromechanical components. Then and now, that growth has been marked by Ingram's willingness to put the cash on the table when he has seen an opportunity to expand the groups horizons.

A deal that bears comparison with other moves by the company involved the buying of a deserted lorry body assembly plant for Distribution Centre expansion. It was done quickly and largely on instinct.

Ingram developed his professional interest in electronic components at Radiospares (now RS Components) where he worked for seven years in the 1960's, covering East Anglia. When he decided to go it alone, Ingram used a £4000 bank loan to set up Anglia, with his house standing as security. The seed capital provided living expenses and allowed stock to be bought in, establishing one of those Anglia principles from the start.

"We have always sold from stock," said Ingram. "We don't take orders unless we have the product in stock and that continues today. If you invest in stock, you are always in a position to make more profit. Sometimes we have more stock than the accountants like."

Initially, as well as resistors, capacitors, connectors and transistors,

Ingram was supplying microphones and headphones: "I was calling on the repair shops, many of which were attached to retail operations, and it wasn't very long before I was disenchanted with supplying boxed products. Then it was pointed out to me that you couldn't get a TV aerial into a Jiffy bag and it was much easier to handle components."

In its first 15 months the fledgling operation had sales of nearly £30,000, turned a profit and set the strategy for the next 28 years. At the end of three years, annual sales had risen to nearly £100,000 and, by 1977, the £250,000 barrier was broken.

Meanwhile, the customer base was growing to include the repair operations of some of the big TV rental chains such as Granada.

By 1980, sales had risen to £1m and it was time to expand. Ingram invested in four acres of land near his home with the idea of building new headquarters for Anglia. He agreed a bank loan to build a purpose built facility.

Business Instinct

But instincts again came into play. On a whim, Ingram took a different route to work one day and passed by an empty factory in Sandall Road that was used to build lorry bodies. The site was up for sale, but it was four times larger than the facility that Ingram was planning for his new land.

Having secured the bank loan, Ingram's attention switched instead to refurbishing the empty factory. The 4000 sq. m building was refurbished and, with the addition of a mezzanine floor for offices, the floor space was increased to 5000 sq. m. Some of the warehousing was let to third parties. When the facility was fully occupied by Anglia in 1992, turnover was at £8m and there were 100 staff.



Sandall Road: This former factory site is now home to Anglia's head office.

By now, Ingram had a taste for investing in property as well as staff and stock. In 1995, the company purchased a 5200 sq. m factory opposite the Sandall Road facility. "I like to have a building or two at hand all the time. It's always nice to have some spare space", Ingram said. "It was all let out as an investment and it was next door. I don't want to have to move away from this site".

At the same time, in order to get the most competitive service, Anglia's banking was put out to tender and a move to the Royal Bank of Scotland (RBS) ensued. "They (the banks) are a supplier of a service just like a Gas supplier. We wanted the most competitive supplier of services such as cheque clearing and money supply".

Given that attitude, Ingram keeps very close tabs on his bankers: "We changed again in 2000 because RBS tried to put up their

charges significantly. We went to RBS because Barclays had become less flexible and then moved to Lloyds TSB because they wanted the business. They saved us money and in fact, they provide a simpler way of operating the account. When you are importing products, you have to provide guarantees for people, such as Customs and Excise, and the Lloyds TSB approach was much simpler."

Although Anglia has used banks to finance most of its expansion, Ingram will consider alternatives.

"One way we funded expansion was by using a system called confidential invoice discounting. This is totally different to factoring services in that the discounter doesn't interfere with the people you do business with. I think we were able to borrow up to 85% of the debts that were less than 90 days old. The more you sold the more you could borrow, and you didn't have to keep re-negotiating new limits."

Similarly, while Ingram sees no downside to keeping Anglia private for now, he relishes the longer term option of going public and raising funds through the markets. But he says there is a benchmark to be reached. "I think you have to be doing over £200m in sales before it becomes really attractive [to institutions]. Many small companies that have gone public have not got real value from their share price," he said.

In fact, for now, Anglia has been prepared to use its private status in its advertising campaign with slogans along the lines of 'Stocks not Shares'.

There have been offers from prospective buyers for Anglia, offering another potential way for Ingram to cash in. But with that £200m target in mind, the Chairman says his company is more likely to buy than sell.

So with acquisitions on the agenda, what is likely to grab Anglia's attention?

"It's easier if they are operations we already know," said Ingram. "I would like to build a bigger design team to offer customers a package because I think that, if we don't, some of these design jobs will go abroad. If we can help our customers produce a cost effective design they might continue to make products in the UK."

Anglia, so far, has been based on organic growth but Ingram does not rule out buying other distributors, if they were complementary. But it's no good buying a business and changing staff on the end of the 'phone.

Ingram believes that keeping Anglia private has focused his mind on the business and helped to prevent him from making any major mistakes during the past 29 years: "When it's your own money, you are careful and, while you haven't got shareholders, you do have 180 people who want to come to work tomorrow. You are responsible for the staff, and working in the same building makes you respect their position."

Again, that long standing philosophy comes into play. "There has been no change in the basic approach since I first sold stamps at school. You just incorporate your experience to do things better," Ingram said. "I used to buy packs of stamps and repackage them with the pretty ones on the top. It's just marketing really. You still have to give people value for money or they won't come back."

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