

MEDIA COVERAGE

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NEW LOOK: Refurbishment has transformed Pace's HQ to mirror the company's success, says chief executive Neil Gaydon, below.

Keeping Pace with the world of technology

Takeover doubles company's size and turnover

Peter Edwards

THE chief executive of Pace Micro Technology has spoken of his plans to turn around the loss-making set-top box firm they bought recently.

Neil Gaydon - who refused to rule out further acquisitions - said that improving efficiencies and making cost-savings were the key to cutting the losses at Philips' set-top box arm, based in Suresnes, Paris.

The newly-bought business, to be renamed Pace France, made losses of £4m in 2006 and £22m last year, but Mr Gaydon said it would take time to integrate it into the Pace empire and make it profitable.

There is no silver bullet. The whole set-top box industry has suffered. It will be a big task and we need a painstaking attention to detail.

The purchase of the set-top box arm of Philips, for up to £63m, meant Saltaire-based Pace doubled in size as turnover rose from £350m to £700m.

The Philips name will survive for up to three years, Mr Gaydon said, before it is replaced by the Pace logo.

Such a move will mean Pace's name is finally taken to a much wider audience - while it expects to ship 10m set-top boxes this year, the enlarged business, based at Salts Mill, is not yet a household name like some of its rivals.

But Mr Gaydon believes that Pace can capitalise on the recognition of Philips' brand as well as on the improved economies of scale.

"Philips' set-top box business has got a global reputation. There is a real chance of synergy and to be a global player," Mr Gaydon said.

"Procurement and operations will be much bigger. As Titus Salt shipped globally, we ship globally."

When Pace absorbed the French firm it gained 335 staff from its site at Suresnes, in Paris,

as well as a small number from the site in Grenoble. The group becomes the third-largest in the industry, after Thomson and Motorola.

So often, such a large-scale upheaval can lead to job loss as a way of cutting waste from the bigger business, but Mr Gaydon ruled out any immediate redundancies at the renamed Pace France.

He pledged to use the expertise of the staff there rather than to go for a quick-fix solution, and said that he recognised that great savings do not always follow redundancies.

"Getting rid of 20 staff may not be worthwhile when you factor in redundancy packages."

Now Pace is focused on integrating the Philips' business into its own, in a difficult economic climate.

While the Yorkshire firm goes from being the eighth-largest to joining the big three in the industry, this is against the backdrop of the global credit crunch, which could see a decline in the amount of money consumers

spend on luxury items, such as sleek plasma-screen televisions.

But Mr Gaydon believes that the popularity and diversity of television technology means that Pace will not suffer - and he even expects to continue to grow the firm.

He said that further acquisitions were possible, given the increasing demand for high-definition television and the increasing awareness of alternative technologies in light of the phased switch-off of the analogue broadcasting signal.

"With the change to high-definition, there is a lot of growth already, if there was a good opportunity [to take over a firm] we would investigate it. Hopefully, we will grow more over the next 10 years."

He spoke as Pace revealed its £2m - one counting - revamp of its Saltaire headquarters, the former Salts Mill, which has a 250ft chimney and two Italianate bell towers and a vast subterranean reservoir.

The building was opened in 1853 on Sir Titus Salt's 50th birthday, and the electronics firm has been there since 1966.

Today, it employs 450 staff there - including software and hardware engineers, technologists, designers, marketing and operations staff, such as human resources - about half of its global workforce.

But Mr Gaydon and his management colleagues felt the internal condition of the building did not reflect the firm's recent growth and success - last month, it won a coveted Queen's Award for international trade

and insist they would have made the changes, regardless of the purchase of the Philips division.

They signed up Claremont Interiors in February 2008 and gave it a remit to analyse Pace's space and its working environment in order to create a "wow factor".

The refurbishment, which began with the toilets - "It needed to be done", said Mr Gaydon, "how do people have their dignity?" - meant a new restaurant for staff, new demonstration areas, moving the reception and revamping working areas.

Ann Clarke, Claremont design director, said: "We wanted a visible expression of board supremacy."

"We looked at how the space around the building was being used and how to be more creative with it."

"The staff restaurant was relocated to a more central position and dramatically transformed so that it encourages staff to congregate, eat good food and share ideas with each other."

And there is a games room to encourage staff to have fun.

"Communication, like in any organisation, is everything." The changes, said Mr Gaydon, are designed to "make people talk to each other more" as well as allowing more light into the building. The changes also reflect Mr Gaydon's desire for further expansion.

"At any time we have 50 projects being developed and we wanted space to take on more people."

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