

BGF helps North East firm Total Recycling Services to accelerate its growth

Investment from BGF was the perfect option for ambitious Darlington firm Total Recycling Services. Here, MD of TRS, Alex Foreman and BGF Investor, Barry Jackson, talk to Coreena Ford about how working together has helped to accelerate growth.

Total Recycling Services MD, Alex Foreman says...

We incorporated the company in the summer of 2009 – there was myself and my business partner and we literally started with two wagons, two wagon drivers and one labourer.

Both my business partner and I are from a waste management background and the whole idea of Total Recycling Services was to offer total waste management.

In our sector, most companies just specialise in one area – there are people who just focus on recycling waste, or hazardous waste, or just general waste. What we wanted to do was not just offer the complete service for customers, but do it for them. We thought it was a good idea and it's proved that it has been.

We do it all for our customers. We give the customer an easier life – they only have to contact one company no matter what waste arises.

Starting in 2009 during the heart of the recession was actually a really good time for us to set up. We got a good deal on everything we were buying because no one else was spending any money. We were buying land, vehicles, tankers and putting buildings up and we managed to drive decent deals.

It's often difficult to get your foot in the door with customers – certainly as a new start-up when you don't have any history – but as it was the recession we found that all these customers were looking at ways to save money, so it was actually easy to get in the door and in front of the right person.

All of a sudden these companies had purchasing managers who were looking for alternatives to people they were using at the time.

And although we didn't have any history in recycling, we've always been very big on having the right standards in place, so we are a 14001, 18001 and 19001-accredited company.

Maintaining those standards and accreditations is expensive but it demonstrates to our customer base that we take health and safety extremely seriously, and it gives people a comfort factor too.

We've got some really good companies on our books, in a broad spread of sectors including heavy engineering companies, pharmaceutical, chemical and food companies. Obviously, being in the North East we're heavily involved in automotive, at Nissan and with a large percentage of Nissan suppliers.

We grew really fast and it was only just about sustainable. And going at that pace means you've got to buy more vehicles, more plant and equipment and you have to extend the site. We'd been managing to do this with our cash flow but most businesses in that position come to a crossroads.

We were very near that crossroads when we embarked on the investment with BGF. The company had done well, but I thought, "How do we get to the next step?"

There were different options, including trying to find a buyer for the whole business, slowing down and staying the same size and, option number three, bringing a partner in – but we didn't want to lose control.

And that's why we went with BGF. It was the one offer where we felt we did remain in total control.

It's now two years since we went with BGF, with an investment of £6.75m, and the partnership is working really well.

We've used money to buy new vehicles, plant equipment and we've



Total Recycling Services MD, Alex Foreman and BGF Investor, Barry Jackson

also launched the industrial services division since partnering, and we're still well capitalised.

At the time of the investment we had turnover of around £10m and we'll finish this year with circa £15m. We now have 95 workers – and we've got some more ambitious plans for the next five years to grow further.

We want to double the size of the business in every aspect, double the revenue and double the profit, and therefore nearly double the number of staff we have at present, and we are very open to looking at acquisitions. I like to think we'll have an acquisition under our belt within the next 12 to 18 months.

One of the things I really like about BGF is that they've made it very clear that if we find the right business to acquire, and add to the business, there's more funding there available.

It's not just about the money though. That helps, obviously, but it's about how the business goes forward.

Thanks to BGF we're now a much more professional business with a much broader board and the way we run the business, know about the business and how we react within the company is far better – and that's echoed by all of the directors.

We are here to provide capital to fast-growing, entrepreneurial companies and my job is to identify those companies and meet them.

BGF Investor, Barry Jackson says...

I approached Alex a year before the investment and saw Total Recycling Services was a company growing very quickly.

The waste industry is a sector that has potentially high capital needs, so we started a dialogue to understand

more about recycling and for Alex to get comfortable with BGF and, importantly, see why we're different from other options available.

What we really liked about Total Recycling Services was that it was a classic situation of an ambitious management team that had grown the business very quickly and in order to take things to the next level, it needed funding.

Alex was keen to broaden out the management team too, through the recruitment of a finance director, and post-investment the non-executive chairman joined the board. All that enhanced the management team as well, so with us it's not just been about the funding. It's enabled them to set up a strategy and now they have that team there to deliver on that strategy.

Our partnership with Total Recycling Services is working very well and we feel very aligned with the team.

Our model as an investor is that we are non-invasive – we have monthly board meetings and we want to be kept abreast of all the issues, but we don't want to be involved in the day-to-day and don't want to interfere.

From a business perspective it is really positive at the moment, particularly in terms of the way the customer base has grown.

More growth opportunities are there – it's just a question of what we do, and when.

BGF is the most active and influential investor in growing companies across the UK. The independent company provides long-term capital for a minority stake, from earlier stage investments to established private and AIM-listed companies.