

BGF helps Paintbox create a brighter future

Midland-based Paintbox paints luxury car brands such as Bentley and Jaguar Land Rover. Founder James Sharp tells Tamlyn Jones how the firm is moving into mass production and expanding abroad with the help of BGF and its investor Aaron Baker.

Paintbox MD, James Sharp says...

I started the company in a shed on a farm 29 years ago and the original aim was simply to put food on the table.

I began by painting racing cars.

Carbon fibre was coming in so we ended up with a technology change in the way we painted composite materials and the business grew very rapidly.

My partner, Karl Durham, came on board very soon after I started and, between the two of us, we built the business.

We now employ 356 staff and are a £40 million turnover company.

We are a successful business with a growing portfolio of customers, but we outgrew our size and became too big to be ignored but too small to be credible.

We were looking for somebody to invest in or actually buy the business which would have enabled us to move up to the next level as we didn't feel we could do it on our own.

At 55, and after nearly 30 years of building the business, I also wanted to try to release some equity – but we were unable to find anybody who fitted. We looked at several private equity companies but when we added up the numbers, what it would have cost us was just crazy and we never really got the chemistry right.

But then we were introduced to BGF and the developments were immediate.

The interesting aspect for me was when we first sat down with them they were more keen to learn about where we were going and what I wasn't prepared for was the amount of resources available to us. I have managed to strengthen

my management team and with BGF's help I can get ten CVs of really credible players.

BGF's capital allowed us to invest £5 million into a new, state-of-the-art paint line in Kings Norton, in Birmingham, and secure all of the jobs on that site.

It would have taken us a lot longer to be comfortable making that level of investment if we had received the money from an alternative source or waited for the company to be able to afford it on its own.

The key thing with BGF is that you have someone behind you so you know that if things aren't going quite right they will help you.

These guys are really interested in how I want to grow the business and how they can support me in doing so.

The industry has changed dramatically and we have previously been working in a very niche market so any growth would have to come from a higher volume – it was quite a shift for the business to make.

As a result the new paint line is really pushing the boundaries of robotic painting technology with a number of significant firsts in the UK.

We will soon have access to a new moulding facility in Birmingham feeding the new paint line and so will be able to offer moulding, painting, assembly and sequencing.

We are talking with some customers about taking what we have in Kings Norton and putting it in places abroad where they need it.

Jaguar Land Rover is making huge investments in Slovakia, so it would be unthinkable of me not to consider how we can support them.

We are also looking at opening a full vehicle body painting facility

with a capacity of roughly 50 vehicles a week.

BGF Investor, Aaron Baker says...

We meet a lot of companies and as you would expect not all of them need funding at that moment, but with Paintbox there was a clear plan we were buying into.

We got on straight away, which helped, as so much of a successful investment is about the team we are backing. The quality of the team and relationship we formed with them allowed us to move quickly and we invested £6 million in February 2016.

We get presented with lots of interesting business plans, but the thing which always stands true between good plans and what turns out to be a good investment is the people we are backing.

We really liked Paintbox from the start, we liked where it was positioned in the industry, the value it was adding to its customers, and its long track record.

In the short term, there was obviously a very defined funding need to take the BGF money and get on with building the new facility in Kings Norton.

But what we liked just as much was the 'unknown' opportunity in the medium term; the strategy of what Paintbox could become wasn't defined and this didn't scare us. It was clear that with time, effort and investment it could be a bigger player in the industry.

We said at the time of the investment we were quite comfortable with the fact that we didn't know what this business was going to look like in five years' time, but we knew we were the right partner for the journey.



Paintbox founder James Sharp (left) and BGF investor Aaron Baker

We did know there were lots of opportunities for it to be bigger and more interesting and we were just as excited by James' energy and passion for the business, as well as his deep technical knowledge and experience. Having the line in Kings Norton also keeps the options open.

The business was always capable of dealing with the flexibility the prestige marques needed.

However, the new paint line also adds a higher volume capability, whilst still delivering the core competencies of quality, flexibility and reliability across both the Kings Norton site, and the sister site in Banbury.

We always saw Paintbox as a two-stage investment.

Stage one was to get some capital in the business, unlock the raft of opportunities in what it currently does and serve the customers who were saying "we need more capacity".

But we were always open to the fact there is a wider strategy to piece together at Paintbox, as there is so much opportunity in the market and we are currently considering what stage two should look like.

With Bob Davies now as Chairman, we are now ready to move onto the next stage of Paintbox's evolution – but that is a plan that will keep on evolving as we go.

BGF is the most active investor in small and mid-sized businesses in the UK and Ireland. An established and independent company, we have £2.5bn to support a range of growing companies – early stage, growth stage and quoted – across every region and sector of the economy.