



NEW VENTURE Turner

Greeting the world with cards

Bayford is on the point of greatly expanding its fuel cards business. But it wants to know how it can let the world know about the great opportunities such technology offers. Our experts give their advice

Two years after becoming chief executive of Bayford, Jonathan Turner is ready to take the company he acquired as part of a multimillion-pound management buyout (MBO) into its first significant new venture under his leadership.

The Bramham-based firm, the UK's largest privately owned fuel distribution company with 199 employees, isn't exactly new territory to him. It is very much part of his family: the management team he took over from included his father David, who remains as chairman, and he has worked there for 18 years since leaving Newcastle Business School.

He has not, however, been sitting on his haunches as an heir apparent waiting for his time in the sun. Since being made managing director in 2001, Turner has grown turnover from £120m to its current £237m, and has masterminded the company's last major venture – buying and relaunching the Gulf chain of petrol stations in 2001 – which Turner says proves his credentials as a “calculated risk taker”.

“In a highly competitive petrol environment with a dwindling number of sites, I would say it was a big risk to take on a name like that and move it on,” he says. “It could have gone either way.”

Instead, the company has managed to expand the Gulf network to the point where there are now 175 stations around the country.

There are now four divisions to the company, all with their own management team, who report to Turner and the other directors. In addition to the oil distribution business, which sees the company delivering fuels and lubricants to more than 25,000 homes, farms and businesses across the country, and the Gulf retail division, there is a property arm, Bayford Developments, where Turner's uncle John is managing director and his cousin Andrew one of the other directors.

But it is the fourth division of the business, the fuel cards business, which is really energising Turner at the moment. “We made six acquisitions last year in relation to this business,” he says. “It's a business that, like our oil distribution business, we have started from scratch, but we have been reasonably aggressive in growing.”

For those who may not be familiar with the technology, fuel cards allow

COMMENT DAVID WEAVER, MANAGING DIRECTOR, LOGICAL MINDS



Bayford's online fuel card solution will be a powerful tool for both the marketing and delivery of its fuel card services.

As there are many fuel card providers with online offerings, it is vital that its web solution clearly communicates superior benefits to the customer – what does its service offer over and above the competition?

In addition to attracting immediate online sales, www.fuelcards.co.uk will provide a new source of leads for larger clients who

might prefer to source suppliers through a more traditional face-to-face route. In both cases, the quality and range of the online services provided will be critical to securing new and retaining existing customers.

The easier to use and the more comprehensive the service is, the more it will become an integral part of the customer's business process. The immediate availability of online information will save its customers money and thus aid Bayford's customer retention.

In addition, Bayford should consider making services available to mobile phone and PDA users. These services would help to set it apart from its competition and might not require as much investment as it may think. Other services that can be made available via its online systems include route planning and fuel station locators.

When considering budgets, Bayford will need to cater for all of the following: internal planning and management, up front investment, ongoing maintenance and future enhancements. It would be well advised to spread the costs over a number of phases, each building on the success of implementing essential requirements only at each phase.

In terms of promoting awareness of the new service, there are a myriad of marketing

opportunities open to Bayford and therefore once again it should consult a specialist, ideally a small e-marketing company with experience and an understanding of which campaigns would be most effective.

In fact, e-marketing campaigns that it could consider include: online magazines, blogging, reciprocal links and partner sites. Also, more usual forms of e-marketing could be employed including directories, pay per click advertising and search engine optimisation.

By tying e-marketing campaigns into its online systems, Bayford can track each campaign independently such that the cost per new customer can be assessed, allowing it to tailor future campaigns accordingly.

Of course, let's not forget that traditional marketing activities can be dove-tailed with the electronic variety and with Bayford having 175 Gulf petrol stations, there is ample opportunity for it to build awareness through forecourt advertising.

Now for the more technical part. To retain customers, Bayford will need to ensure that its systems remain secure and operational.

A dedicated and remotely hosted server solution will be required, which should be secured through regular software updates and firewall protection. These services really are better outsourced to a specialist provider.

COMMENT WILL OXLEY, ASSISTANT DIRECTOR, ERNST & YOUNG



Bayford has been a household name for many years through its Bayford Thrust brand, however, the business has undergone a significant transformation in recent years.

Turner describes securing the UK licence to the Gulf Brand as a real coup for a

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privately owned Yorkshire-based business and this is testament to his and his team's winning mindset.

This 'can do' attitude, which is set at the top and permeates the Bayford culture, along with the skills of the new members of the management team (including finance director Phil Hall, and non-executive director Tony Sharp), will be needed in abundance for the next phase of growth.

There are many challenges ahead, not least of which is competing with the big players in their segment of the petrol market such as Texaco, Jet and Merco. Also in the list are integrating acquired businesses to deliver shareholder value; retaining and recruiting a best-in-class management team; achieving profitable growth in a market characterised by thin margins; and retaining

the fast, flexible and customer-driven culture as the business grows.

Turner identified the fuel card business as crucial to the future success of Bayford some time ago. Consolidating the fuel card brands and going to market to cover the UK, Continental Europe and North America to service global organisations should be central to future plans. The business should continue to grow both organically and by acquisition but the management team needs to ensure that the balance is right and that there is no value leakage during the integration process following transactions.

Having recently taken the business through an MBO, Turner will recognise the need to be regularly considering succession planning, value creation and incentivisation of key staff. One of his personal challenges as managing

“Fuel is one of the most emotive issues. There isn’t a company in the country that couldn’t benefit from this system.” JONATHAN TURNER

Bayford also need to assess what volume of users would access the service simultaneously and size the entire solution appropriately to ensure that the service does not degrade at peak times. The overall server solution should also be capable of future expansion, as the numbers of users grow over time.

Bayford needs to assess how important it is for its customers that the system is available 99.9 per cent of the time and how customer perception can be affected should the systems be unavailable. An appropriate failover and backup strategy can then be implemented to suit Bayford’s risk management strategy.

The online solution should be developed by an experienced solution provider who can provide a documented set of security policies (such as data protection and password encryption), which must be backed up by a third party carrying out independent vulnerability testing.

Yorkshire has a wealth of online design, development and e-marketing companies, but Bayford should be cautious of using suppliers that claim to offer a one stop solution in all disciplines. It is rare for companies to demonstrate expertise in every aspect of such a solution.

director and 100 per cent shareholder will be to formulate a strategy that deals with managing short and medium-term operations and delivering profitable growth while providing for long term succession and exit options.

Typically, the exits for this type of business will be via a trade sale, MBO, management buy-in or flotation on the stock exchange. Each of these exit options include potential benefits and risks. But as the management team needs to finance acquisitions, incentivise the team and provide Turner with an opportunity to partially de-risk, now may be the time for them to spend more time considering the AIM-float option.

Overall, Bayford, Turner and his management team have enjoyed real success in recent years. The task now will be to achieve further profitable growth and formulate a clear long-term strategy to harness the full potential of the business and the management team while maintaining the enjoyable and relaxed culture of its workplace.

employees to pay for the fuel they use for their company vehicles, but also let employers keep a close eye on exactly how much fuel is being bought, as well as where and when. They can be adapted, for example, so that it is only possible for fuel to be bought in working hours, so that a company car does in fact become exactly that: a car that is only used on company business.

“They are a form of debit card or credit card,” says Turner, “but with a whole host of more information than you would get on one of those.”

The cards can also be adapted so that fuel can only be bought at certain locations. In fact, Bayford is by no means the only company to be offering such technology: BP, for example, is already running such a system, but only for use at BP stations. Turner says his system can be adapted for use anywhere, and for any size of company. Although some companies would have to pay a usage fee, he says the whole system has been designed to save companies money. And despite his company owning the Gulf network, he says the initial market research they have carried out with other retailers has proved to be very positive.

He is very confident about what the fuel cards business could achieve, hoping that within five years it will be generating around £100m in turnover.

“There isn’t a company in the country that couldn’t benefit from this system,” he says. “Fuel is one of the most emotive and talked about issues that any company faces.”

But any ideas about how to take such a venture forward would be welcome – in particular when it comes to marketing.

What is taxing him now is how to let potential customers know about what is on offer, particularly how to attract them to the company website – www.fuelcards.co.uk – which will let them set up and run a fuel card account on their own. With competition from the likes of BP, with seemingly limitless marketing budgets to spend, Bayford wants to make sure that the money it uses on marketing and connecting with customers is wisely spent.

It also wants to make sure it launches its presence on the web effectively and securely.

“What we want to launch has to be attractive, and to make everybody aware of what we are doing,” he says, “but not to the extent that the budget for doing it would blow our minds.”

He is already attracted by the viral and gorilla marketing campaigns he has seen other companies launching, but is looking for some ideas on what a coherent marketing campaign could be, and, even more importantly, how much it would cost

