

Building from a strong foundation

Client: Severfield plc

For publication

2018 entry

Thompson
Brand Partners



Severfield



Executive summary

This is a story of how clear thinking and effective design have supported a listed business to create a clear vision and identity that has resulted in sustained and significant growth.

Despite being the largest specialist structural steel group in the UK, in 2014 the Severfield-Rowen group of companies was suffering from confusion over its four operational brands. Customers did not realise that each was part of the whole. Cross-selling opportunities were not being taken and the constituent parts were not combining effectively in their approach to sales. Also, the identity of the business was failing to portray the quality, experience and market-leading skills, instead making the company look a bit tired and old-fashioned.

These factors were significant contributors to poor financial performance in 2013 and 2014. The business was loss-making and dividends were suspended.

The business objectives were clear – to create sustainable growth and return to profit, create shareholder returns, help win more significant projects and engage with internal audiences to improve attitudes and behaviours.

In response, a fundamental part of the new business strategy was our work in developing of a vision, mission, values and a modern, progressive identity for the business, that positioned Severfield as the market leader. We also advised the business to simplify its brand strategy by bringing all trading units under a single name and brand – Severfield. This brought the group together as a single entity, providing more business confidence and improving colleague satisfaction.

With a simplified name, single operating brand and a more confident outlook, Severfield returned to profit. Internally, the business pulled together as a strong single entity, improving efficiency, centralising sales functions and maximising opportunities with existing customers. Externally, a raised profile helped secure significant new contracts, including some of the most iconic construction projects in the UK. All of this has led to a substantial and increasing growth in both revenue and profit, delivering significantly improved shareholder returns.

The rebrand was first introduced in late 2014 starting to impact on performance from the 2015/16 financial year onwards. The key results have been:

Return to profit*

| | | |
|---------|----------------|--------|
| Before: | 2014/15 | -£0.2m |
| After: | 2015/16 | £9.6m |
| | 2016/17 | £18.1m |
| | 2017/18 | £22.2m |
| | 2020 projected | £26m |

*Profit/(loss) attributable to equity holders

Revenue up 36%

| | | |
|---------|---------|---------|
| Before: | 2014/15 | £201.5m |
| After: | 2015/16 | £239.4m |
| | 2016/17 | £262.2m |
| | 2017/18 | £274.2m |

Combined profit generated in 3 years after rebrand £49.9m

This is 805 times the design fee of £62,000.

Shareholder return up from nil to 2.6p per share**

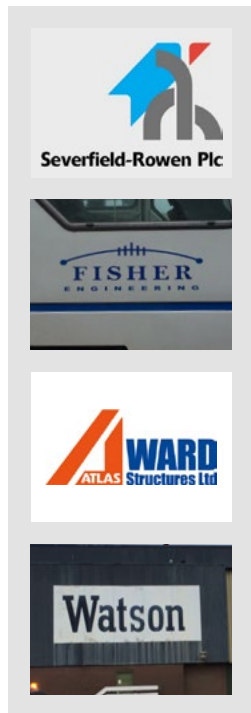
| | | |
|---------|---------|------|
| Before: | 2014/15 | nil |
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| | 2016/17 | 2.3p |
| | 2017/18 | 2.6p |

**London Stock Exchange

A strong financial position going forward

The 2018/19 Interim results were announced on 27 November 2018, with the following highlights:

- Revenue up 9% to £149.1m (H1 2017 £137.1m)
- Underlying profit before tax up 2% to £13.1m (H1 2017 £12.9m)
- Interim dividend up 11% to 1.0p per share (H1 2017 0.9p)



Case study overview

Outline of project brief

At the time of the brief, Severfield-Rowen plc comprised four trading companies, located throughout the UK, with a joint venture in India.

Having grown through acquisition the trading entities were:

| | |
|------------------------------------|--|
| Severfield-Rowen | based in Thirsk, North Yorkshire |
| Fisher Engineering | based in Enniskillen, Northern Ireland |
| Severfield Watson Steel Structures | based in Bolton, Lancashire |
| Atlas Ward | based in Scarborough, North Yorkshire |

Not only that though, smaller sub-brands and long-established colloquial versions of the various names meant that in total nearly 30 different names and ways of referring to the company existed at the start of the project.

The brief was to consider how the branding of the group could better support the following key business objectives:

- Achieve sustainable growth in revenue and profit.
- Deliver better value for shareholders.
- Help win more of the most significant construction projects.
- Engage with internal audiences to improve attitudes and behaviours.

The client knew that the market was confused about the different trading brands and did not understand the combined offer of the group. It also knew about the potential power of brand to work as part of a business strategy, but had no direct experience of how to achieve this. Each trading entity operated with high levels of autonomy.

The CEO was newly appointed and brought brand experience, resulting in the brief above. What was clear early on, was that strategic advice was required first. Advice on what the Severfield brand stands for and on the group's brand architecture, ie how the trading brands should be treated. In addition, the brief was to advise on naming and to create a more current visual identity that would help the business to achieve its key objectives.

Overview of UK constructural steel market

In 2017, the UK constructional steelwork market, as measured by the British Constructional Steelwork Association (BCSA), remained stable at a total of 900,000 tonnes. This equates to a market value of approximately £1.7 billion.

During the previous three years (ie the period following the rebrand) the market had grown, but at a slower rate than the growth achieved by Severfield. The annual total market growth rates were:

| | |
|------|----|
| 2015 | 8% |
| 2016 | 4% |
| 2017 | 0% |

ie a total market growth of 12% over three years.

Severfield has a production capability of approximately 150,000 tonnes, which represents 17% of the overall 2017 UK structural steel production.

The UK market is extremely competitive. The leading players with their brand proposition/positioning are as follows:

- Billington
- Bourne Steel
- Cleveland
- Caunton
- BHC
- Hollandia
- Hare

Description of the design solution

The rebrand project took approximately 8 months to complete. Starting with an extensive phase of immersion, we visited all parts of the business (except India, which operates autonomously) and had conversations with more than 10% of the workforce, from the shop floor right up to the CEO. A detailed audit of the market and key competitors were completed and a number of customers interviewed.

The key insights gathered are summed-up in the following direct quotes (a combination of customer and colleague insights):

- *"They're a big beast of a company and have lost their way a bit. They need to get back to being top dogs. Get a plan for the future and make it known."*
- *"They really need to start sharing some good news to rebuild confidence."*
- *"It's not clear where the company is going, what the plan is or where they plan to expand / develop."*
- *"It feels like a fragmented company."*

Naming and brand architecture

Under-pinned by this insight, the trading name of the group was simplified to Severfield. All component parts started using the same name and extensive internal engagement helped ensure all colleagues feel that they worked for Severfield rather than 'their part' of it.

Having spoken to colleagues throughout the business, we were sensitive to the fact that there were a number of long-term employees who had been with the acquired businesses for many years. Some even had multiple generations of the family working there, so emotional attachments to the individual brands ran deep. Mindful of this, various engagement activities were undertaken around the launch of the brand, including the renaming of buildings in honour of the company founders such as Severs House, Ward House and Fisher House.

The monolithic brand has helped simplify the proposition to both internal and external audiences, helping make marketing much more impactful and cost effective. All parts of the business are now known as Severfield.

Brand platform

The platform for the new brand was articulated with a new vision, mission and values being defined, along with a new proposition:

Vision

Our vision is to be recognised as world-class leaders in structural steel, known for our ability to deliver any project, to the highest possible standards.

Mission

As ambitious, innovative leaders in a demanding and ever developing industry, we will use our collective strengths and resources to build the capacity required to deliver the structures of the future.

Values

- Safety - there's a reason it's known as "safety first". We make no apologies for the fact that profit and loss, deadlines and headlines, all come second to making sure everyone goes home safely. Every day.
- Customer Focus - our clients are paramount in all that we do. We are here to understand their requirements and meet their aspirations. Together we will deliver projects of which we can all be proud.
- Integrity - we operate in a complex and challenging industry, one that often requires innovative thinking and a flexible approach to deliver successful outcomes. The one thing we'll never compromise on though, is our integrity, which ensures we're able to maintain the exceptionally high standards we set for ourselves.
- Commitment - we may move with the times, but our long, rich history means that we have a few old-fashioned beliefs. One of those beliefs is that you stand by your word. When Severfield says we'll deliver, whatever challenges lie ahead, you can depend on us to deliver, and to the highest possible standard.

Proposition/strapline

Severfield. Shaping the world, together.



Visual identity

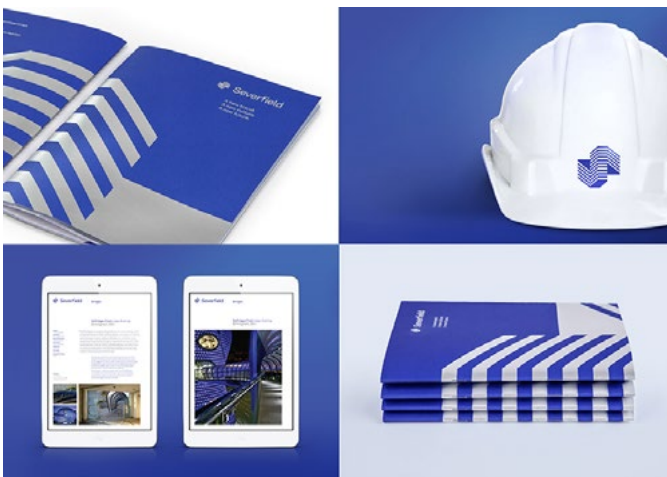
The company and level of ambition described above needed a new visual identity to bring this platform to life. The new logo is inspired by the architectural complexity and precision of the structures created by Severfield, in shaping the world.

The use of a strong single colour helped create standout and simplicity when the brand is seen on site, eg on PPE (personal protection equipment), vehicles delivering components and the pallets that steel arrives on. The brand also works as a simple backdrop when showing-off the incredible buildings that Severfield steel has helped construct. This was something that the business hadn't done before and significantly helped to drive internal pride.

A series of icons were designed to help the company when populating the website and corporate communications.

To help with internal engagement, every single member of the team was given a brand book to explain the thinking behind the brand, the proposition and how it impacts on their role.

The key design decisions that we believe have greatly influenced the results are the use of a single, simple name; a compelling brand platform that has motivated the workforce; the simplification of the brand in the minds of the customers; the creation of a contemporary, distinctive identity; and the use of images of the projects Severfield helps build.



The scope of work

The outputs of the rebrand project were the brand platform (ie vision, mission, values and proposition), name and strapline, brand architecture, visual identity, logo assets, guidelines and brand book.

Key facts

Rebrand launch date: Late 2014 with rollout over the following months.

Design fee: £62,000

Basis for the results

Before rebrand: 2014/15 financial year (ie 12 months to 31 March 2015)

After rebrand: 2015/16, 2016/17 and 2017/18 financial years.



Results

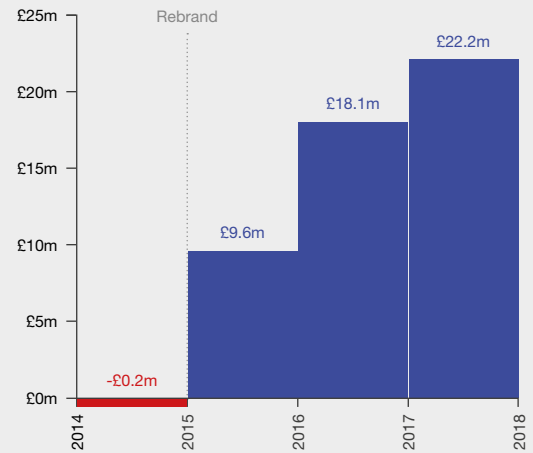
The rebrand has delivered the following results against the project objectives:

1 Achieve sustainable growth in revenue and profit:

Return to profit*:

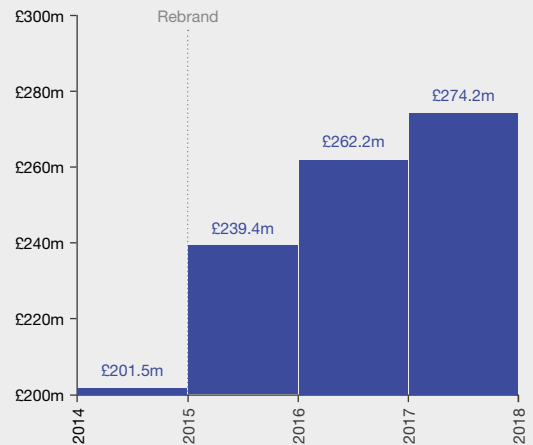
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*Profit/(loss) attributable to equity holders



Revenue up 36%

| | | |
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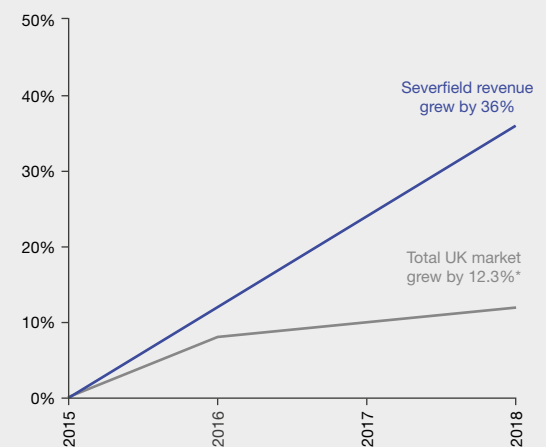


Outperformed the market by 300%:

| | | |
|-----------|--------------------|----------------|
| 2015-2018 | total UK market | grew by 12.3%* |
| 2015-2018 | Severfield revenue | grew by 36% |

* The UK constructional steelwork market, as measured by the British Constructional Steelwork Association (BCSA)

Market growth



Combined profit generated in 3 years after rebrand:

£49.9m, ie 805 times the design fee of £62,000

Brand confidence:

Before the re-brand key opportunities to display the brand were not taken due to lack of confidence and perceived value. Vehicles, for example - highly visible around landmark building construction sites - were left in Stobart branding (when leased) or branded very minimally (when owned). After the re-brand all vehicles were boldly and proudly re-branded, following a renegotiation of terms with WS Transport (Stobart Group).

Ease of cross-selling

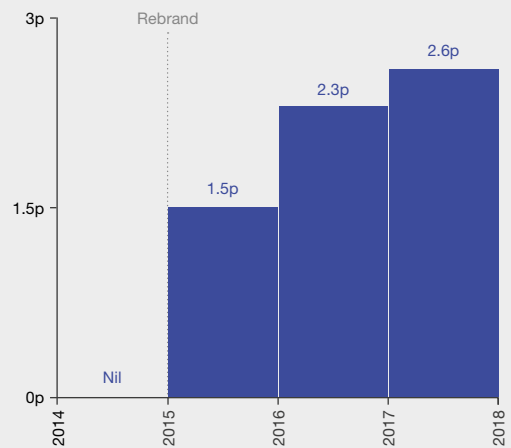
Before the re-brand, divisional heads and salespeople reported difficulties and confusion when cross-selling services and collaborative delivery between the differently-branded manufacturing sites. Since the re-brand, personnel in those same roles report these issues have all but disappeared, as clarity around the group offer has been embedded by the brand. It is a little too early and too complex a model to report specific metrics, but the board feel this has been a significant contributor to growth in projects that leverage the entire group offer.

2 Deliver better value for shareholders:

Shareholder return*

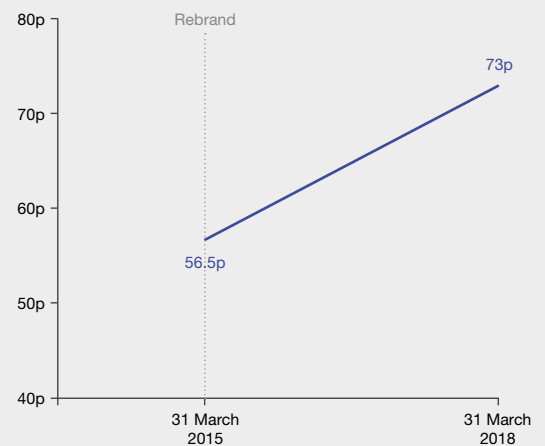
Before: 2014/15 nil
After: 2015/16 1.5p
2016/17 2.3p
2017/18 2.6p

* London Stock Exchange



Share price

31 March 2015 56.5p
28 April 2017 88p high
31 March 2018 73p



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Severfield plc

3 Help to win more of the most significant construction projects.

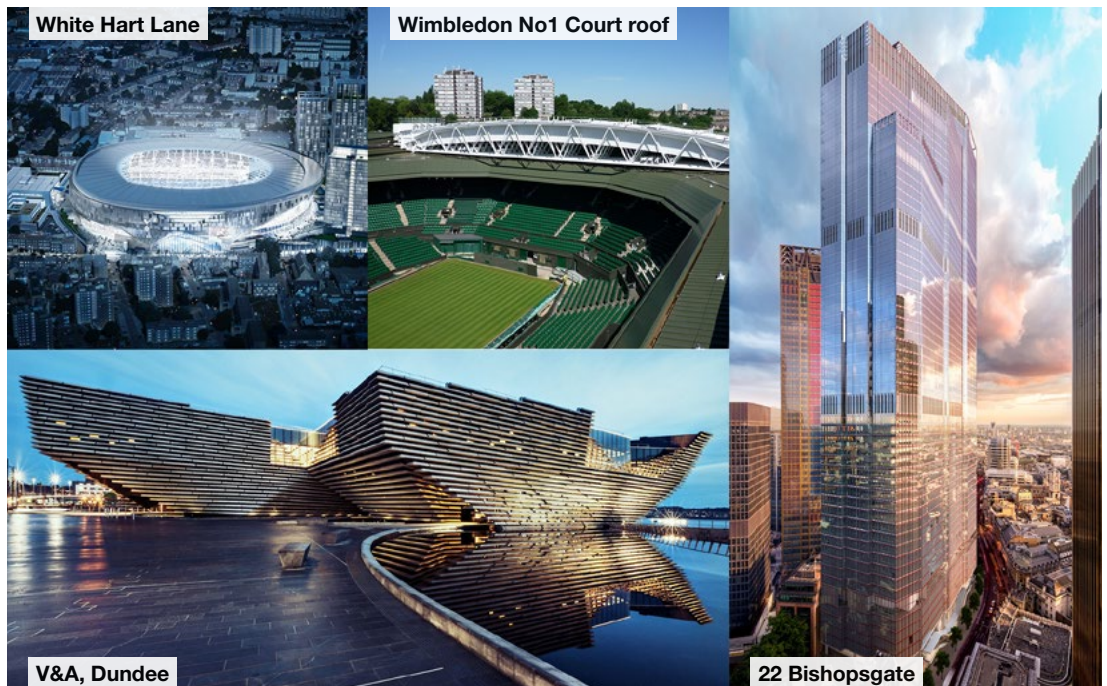
The rebranded Severfield has gone on to win work on some of the most iconic buildings in the UK and Europe.

New projects secured since the rebrand:

Tottenham Hotspur, White Hart Lane, London
Wimbledon No1 Court roof, London
Coal Drops Yard, Kings Cross, London
V&A, Dundee
Anfield Stadium, Liverpool

Other recent wins in the order book include:

Google headquarters, Kings Cross
22 Bishopsgate, London
Engineering Campus Development, Manchester University
Major projects in Republic of Ireland and Belgium



4 Engage with internal audiences to improve attitudes and behaviours.

Prior to the rebrand, the company had very limited internal communications and individuals very much considered themselves employees of the local business rather than the group. The new unified brand has helped bring the teams together. The new Marketing Executive has led the introduction of an internal communications programme, supported by the One Severfield ambition.

Internal engagement has gone from zero to what is expected of a multi-site industrial business of its type. With a number of family generations working for the business, the transition is taking time, but there is a renewed pride in being part of a single, successful organisation.

Another development has been the introduction of the Severfield Foundation. This has raised over £100,000 since its incorporation in 2016.

“Our rebrand provides exactly the right impression to the market and will provide a platform for our ambitious growth plans over the next few years.”

Ian Lawson, former CEO, Severfield

Looking forward

The results above are for the 3 year period ended 31 March 2018, but are not the end of the success story. The Severfield plc Interim Results were released on 27 November 2018, and showed that the performance achieved over three years continues with an excellent set of half year numbers:

H1 2018/19 revenue up 9% to £149.1m (H1 2017 £137.1m)
 underlying profit before tax up 2% to £13.1m (H1 2017 £12.9m)
 interim dividend up 11% to 1.0p per share (H1 2017 0.9p)

Delivering beyond the brief

We were commissioned to review the name, positioning and brand of Severfield, and were set a number of business objectives. These have been significantly over-achieved.

The wider benefits of the rebrand have added considerable value for the client. The influence of the simplified brand runs throughout the organisation, from top to bottom, and in all locations. A sense of pride drives confidence which in turn helps secure new business and improve efficiencies. This has combined to deliver outstanding results both for the company and its shareholders in particular.

Other influencing factors?

As we have outlined, the rebrand took place as part of a new business strategy, aimed at delivering sustainable growth. We do not claim that the improved performance can be attributed wholly to the rebrand, but we believe it to be a very significant factor.

Following the rebrand, there continued to be no dedicated marketing budget, but a Marketing Executive was introduced and the team has now grown to two relatively junior marketers. A new website has been developed since the rebrand, but Severfield has not promoted its services in any way that was materially different to before the rebrand.

New contracts continued to be secured predominantly through the same processes as before, usually by competitive tendering. The business continued to be run from the same premises in the same locations, with essentially the same team in place. A new CEO was responsible for our brief, but the rest of the board remained consistent.

It is our belief that the new brand platform, name and visual identity have made a significant contribution to the improved performance, and in helping achieve the specific business objectives set.