DAVID WHITE squashes the rumours surrounding turf suppliers Lawn Tech

BIG ROLL KEEPS TURNIN'

There is a perversity in big business that belies good sense in that it feeds and flourishes on bad news, with the world of fine turf certainly no exception. One company rubs its hands with glee as another reports falling dividends or losses, a contrariness difficult to understand when one appreciates that almost any bad news in a given industry may have a knock-on negative effect. Taking this a stage further, I still wonder how many companies talked themselves into recession by taking too much notice of the doom and gloom fed to them in the 'heavies'?

What is even more surprising is that bad news moves faster than good, gathering rumour upon embellishment upon innuendo as the story travels down the line. Thus it was with the snippet which circulated less than two months ago, purporting to tell of the demise/bankruptcy/closure/ insolvency/receivership of Lawn Tech, the Lawn on a Roll company. This was a story that had my telephone humming for several days, versions changing with the tide.

My nature is to sniff out the truth and I was therefore heartened by the suggestion of Andy Church, the ex-Tottenham Hotspur head groundsman turned sales manager for Lawn Tech, who ventured the idea at Westurf that the true telling of their story would do much to clear muddied waters, whilst perhaps serving as a salutary lesson to others on the perils that lurk for the unwary when conducting business in the 1990s, together with the miserable inconsistencies and utterly unfair laws prevailing in company liquidation.

To begin at the beginning, readers should understand that Lawn Tech are not turf producers, rather they are the inventors and manufacturers of Big Roll turf laying machinery and independent suppliers and layers of turf grown by others within the industry, notably Inturf. Their work is the laying of big rolls in a controlled fashion, undertaken for the contractor doing the job on a given site. They began by developing their new machinery in 1990, completing trials by the end of that year and founding the company proper in March 1991, funded by independent sources. At the beginning there was almost universal scepticism about whether the system would work, even from Inturf, though they were eager to be proved wrong and Inturf's managing director, Derek Edwards, intimated that if it proved successful the machine could change the face of the industry and his company certainly wanted to be where the action was!

Taking up the story, Chris Bradshaw, the company's sales director, told of a successful first year when from a standing start they laid no less than 500,000 square yards, mainly fine turf for greens and tees. Being totally frank, he also admitted that in being very hungry for business the company failed to look carefully enough at some of those they were working for, and in the process they picked up irretrievable debts to the tune of £80,000. In particular, one single company (owing the major part of that £80,000) went into liquidation only to start up in business again the following week! In a sentence, Chris opined that this practice was obscene and should be illegal. Rightly and visibly angered, he further suggested that his anger is not just a personal thing, for he knows of other companies where the same thing has happened, rather a frustration for the injustice of a system which allows the miscreants to pull a 'fast one' and then re-form the same company under a different name on the same premises, using the same assets and employing the same people. Since company law dictates that this is not an illegal practice, there is a total impotence to get back at them – or for that matter, to get even!

This debt left the company strapped for cash going into winter – an obvious leaner time in the turf industry – and their position was rapidly worsening. They were left with three alternatives. Perhaps the simplest was insolvency but the consequences for this were too miserable to contemplate. The next was to struggle through, which was just possible, though in doing so they would be putting others at risk if they failed and therefore of hurting creditors even more by going down in a much bigger way. The final option was to enter a Corporate Voluntary Arrangement (CVA), a system whereby a deal is made with creditors to pay what is derisively called a 'dividend' – a part payment of the debt, though substantially bigger than any resulting from insolvency – with an assurance that since the creditors were effectively helping the ailing company to stay in business, they would obviously be the first to benefit when the corner turned and the company became self supporting. The CVA method can only be entertained when a company can demonstrate to the courts (putting aside its immediate financial problems) that it is a viable business with a future.

With a few rather piddling exceptions, the creditors rightly opted for CVA and have been most supportive. Added funds were provided by the investors the day after CVA (March 27th) and this is held in escrow until the Inland Revenue can OK figures (which they know are right, but the Civil Service can be so slow...) when creditors will receive payment.

Inevitably there has to be some sacrifices at all levels, and the company has taken a long, hard look at itself and brought in economies to become altogether leaner and meaner. The company is now run by Chris Bradshaw and Richard Pickance, the finance director originally put in by investors to act as their 'policeman' and now a shareholder. Chris pointed out that the recession had hit their business hard but late, coming very quickly and effectively reducing prices for the service they provide by about 20%, not by any reduction in material, labour or running costs, but simply from gross profit, in order to remain competitive

What they definitely could not afford to do is fund any more bad debts. Specifically, their major debtors came from outside the fine turf area – from landscaping to be more precise – and from discussions within the fine turf industry they now realise that this sector is one in which to tread very warily indeed, to be treated with caution or indeed suspicion.

They will now concentrate predominantly on golf, cricket, bowling and the like – and will look with an eagle eye at total ability to pay. Chris admits they were often so eager to get business that they were reluctant to press overly hard for payment. 'It seems silly now', he says 'and we'll not make the same mistakes again'.

Other economies include trading down on costly company vehicles – Chris has changed from a 4WD Nissan to a much more practical pick-up, which can be used by anyone and is a veritable workhorse for carrying machinery – and slimming down on staff by utilising well trained self-employed landscapers to augment the permanent turf laying team of six. An air of complete optimism prevails where just six weeks ago there was despondency.

Summarising, their future looks decidedly brighter and the feeling is that the recession is easing. Perhaps, Chris suggests, this is in part due to the country feeling more settled about the political future, quite irrespective of the colour of government. On the business front their 'phones have never been busier and deliveries of new machines are taking off – two scheduled for Sweden and a veritable gaggle off to the United States, where they have taken a storming market lead.

New, innovative companies often need more than a modicum of good luck to set them safely on their way; and certainly they can do without being stripped bare by unprincipled crooks. Time will tell if the formula is right now, but there can be no denying that the will to succeed at Lawn Tech is alive and well.