

**Stonbury**  
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# Stonbury is seizing its opportunities

The introduction of a regional structure is helping Stonbury to deal with the tremendous growth experienced in the past year or two.

"We've planned for this. It doesn't scare us. What we want is to make sure we took every opportunity and enjoyed it"

## Return on Capital %

Stonbury	132.1
Public Sewer Services	130.1
Aecom Design Build	96.7
Claret	62.2
Kirk Environmental	61.2
Mace	54.6
Lewis Civil Engineering	51.6
J Browne Construction	44.3
Seymour Civil Engineering	38.5
Dyer & Butler	34.4

## Net margin %

Stonbury	14.4
Public Sewer Services	13.8
PN Daly	12.9
MWH UK	12.5
J Browne Construction	10.6
Lewis Civil Engineering	7.8
Claret	7.5
Kirk Environmental	6.5
Mott MacDonald	6.3
Carillion Utility Services	4.8

**“**We've seen a real acceleration of growth," says Stonbury managing director James Stonor. "But strangely, even though we've had that growth and there's a lot of new people – we're up to 170 people – it has been manageable.

"We knew what the potential was, we knew what the opportunity was. This isn't about what has just happened in the last year or two. It's the combination of certainly the last ten years, and putting in place structure and foundation that allowed that growth and scalability."

And Stonor says it has been "so good to see that work". He says a regional structure has been introduced to make sure the company could deliver what it wanted to. "While the company has grown within our market place – it's a medium-sized company, it's not massive – we've got that brilliant support function in HR, IT, marketing which has come on leaps and bounds."

Stonbury operates 100% in the water industry, specialising in the repair, refurbishment and maintenance of service reservoirs, water towers and associated structures. It also has a civils engineering arm.

The company tops the Top 10 tables for return on capital, net margin and operating margin. It reported a 33% rise in turnover to £16.8M for its 2015/16 financial year, and pre-tax profit leapt from £1.4M in 2014/15 to £2.4M last year. Stonor expects revenue to be around £25M for 2016/17.

The new regional structure that has been put in place at Stonbury entails colour-coded teams located around the country. Each team works with a maximum of two clients "so we can look specifically at what their requirements are and how they want us to work for them and they [the clients] are working with the same people all the time", says Stonor. "It's about getting consistency and a 'small company feel', for want of a better phrase.

"You have these regions, and they're run by team leaders in the business and they do operate like small companies but



they're supported by a big organisation. There's competition between them as well, and that's great, and there's a lot of sharing of ideas."

Stonor says what this structure has meant is that Stonbury's growth in the past year may have been huge "but walking around the company it hasn't felt like that because you're dealing with it in packages".

He explains: "The team that works for Yorkshire Water or UU might have grown £1.5M to £2M and might have a few new staff members, and that's what they see. Nothing mega. By breaking it down and dealing with it in regions the growth has been a lot more manageable."

With Stonbury having seen such tremendous and seemingly rapid growth in the business it must be hard not to get carried away with that and perhaps go faster than is sustainable.

Not all, says Stonor. "Well, I've got Northern blood so I'm pretty tight," he laughs before getting serious again. "Number one, what we've done is work really hard to put in financial foundations. What we've said as a group... I don't run this group as a dictator. What we say is we've got the power of 170 brains; our culture is to say 'we only employ people for careers and we, as a company, only want to fulfil any

aspiration you have whether it's a job for life or you want to go through the management chain'.

"We're not doing this just because we're nice as a company, but it's a powerful tool to drive us forward."

Stonor says his job is to "control the horse with the reins rather than have to kick a horse to go forward. Wouldn't it be terrible if we had this really big opportunity and we couldn't afford to do it? We've been very careful."

"We've planned for this. It doesn't scare us. It's not really about turnover. It's not really the game. What we want to do is to make sure that we took every opportunity we had and enjoyed doing it."

The company is also turning its attention towards AMP7, and Stonor says he is seeing framework works that are crossing over

AMP periods, and water companies doing more to spready programmes of work. "We've seen far more visibility ahead and that doesn't stop at the end of AMP6."

Stonor says the industry is used to seeing visibility stop at the end of the AMP but he senses there will less disruption with the transition to

THE NUMBERS	13/14	14/15	15/16	% CHANGE
Sales £M	12.5	12.7	16.8	33
Gross profit £M	3.6	4.5	5.8	29
Operating profit £M	0.4	1.4	2.4	67
Pre-tax profit £M	0.4	1.4	2.4	69
Staff	77	75	111	48
Net assets £M	1.0	0.7	1.8	174
THE RATIOS	13/14	14/15	15/16	% CHANGE 5yr AVE
Return on capital %	36.5	214.7	132.1	-38 93.8
Gross margin %	28.8	35.3	34.2	-3 29.3
Operating margin %	3.3	11.4	14.4	26 7.6
Net margin %	3.1	11.3	14.4	27 7.5
Sales/employee £K	161.9	168.8	151.5	-10 200.3