



GILBERT GILKES & GORDON

GILKES

### Benefits at a glance

- ▶ **Increased projected profits by 550%**
- ▶ **A unified business and fully integrated strategy**
- ▶ **A forecast of 24% increase in sales next year**
- ▶ **Future growth in a framework of excellence**
- ▶ **New overseas markets**

## Customer Profile

### Good is the enemy of great

“Good is the enemy of great.” – James C. Collins, and in the last three years, Gilbert Gilkes & Gordon has undergone an astonishing transformation from ordinary, to extraordinary, with a projected turnover of over £31 million next year in an industry currently suffering a recognised period of downturn. Previously, mediocrity was just the way that the hydroelectric turbine and engine cooling pump manufacturer operated. Although its books were in the black, its 160-year legacy was fractured by operational discord, with the separation of its two divisions – hydroelectric and engine cooling pumps – hampering any opportunities for tangible growth.

Guiding this remarkable turnaround was business transformation specialist, Oliver Wight. Through the implementation of a major improvement programme, Gilkes and Oliver Wight have worked together to overcome considerable challenges, reaffirming Gilkes’ position as a leading hydropower turbine and engine cooling pump provider and reaching the globally recognised Oliver Wight Class A standard in Planning & Control.

Imagine the **possibilities**,  
realize the **potential**.<sup>®</sup>

*Oliver Wight*<sup>®</sup>  
OLIVER WIGHT



**Andy Poole,**  
*CEO of Gilkes*



**Dawn Howarth,**  
*Associate at Oliver Wight EAME*

**“At Gilkes, every employee understands the strategy. They are what makes the business.”**

*Andy Poole, CEO of Gilkes*

Since 1856, Gilbert Gilkes & Gordon has called the Cumbrian town of Kendal its home. Nestled in the very northern tip of England, just outside the Lake District National Park, Kendal lists mint cake and snuff tobacco, as well as hydroelectric turbines and engine cooling pumps amongst its exports. The company was founded by three brothers – Henry, William and Benjamin – as William Brothers, but in 1881, engineer Gilbert Gilkes bought out the brothers and changed the name to Gilbert Gilkes & Co. In 1928, with the acquisition of James Gordon’s waterpower business, the company became Gilbert Gilkes & Gordon.

Although its origins are firmly rooted in Kendal, Gilkes’ presence is felt across the globe, from the Grytviken in South Georgia to Alaska, and from Japan to Zimbabwe. Proud holders of the Royal Warrant and with international credentials earned in over 85 countries, Gilkes’ portfolio includes Gilkes USA, Gilkes Japan and Gilkes Energy and USA-based Gilkes Inc.

### **A company divided**

Gilkes’ balanced books, a recognised reputation as a global go-to hydroelectric turbine and cooling pump specialist, and expansion into new territories was evidence of its burgeoning success. However, it also served to quietly shield decades of detrimental operational processes, inherited business practices and crucially, a company divided deeply in two.

Historically, pumps and hydropower had worked side-by-side, operating as a largely unified entity. Current CEO, Andy Poole says, “Although we were under the same roof, shared the same office space and the same factory, we were running like two different companies.” A decision made by a previous Managing Director had carved Gilkes in two – Gilkes Pumps and Gilkes Hydro – making them united in name only

For most of its 160-year history, pumps and hydro had supported each other during the natural ebb and flow of the pump and hydro sectors. If one side of the business struggled, the other would support it until stability was re-established. Poole confirms, “In the time I’ve been here, we’ve had numerous occasions when hydro has struggled and pumps has



done well, and vice-versa. The mutual support is what holds the company together.”

Pumps is a dynamic business, supplying some of the biggest names in manufacturing – such as Caterpillar and Cummins – which commands intensity and 100% OTIF delivery. Hydro, on the other hand, is much slower-paced, with its customer base largely formed of landowners and developers who work to longer timescales. To an outsider, it might seem logical to treat the two divisions as two businesses. However, the lack of integration started to breed a host of problems. The split had inadvertently forged an ‘us-and-them’ mentality; there was a perception permeating throughout the company that hydro was receiving preferential treatment. The lion’s share of company funding was funnelled into hydro’s R&D, despite pumps bringing in the most businesses. Additionally, pay packets for the same job titles were inconsistent between the two divisions, with the disparity fuelling the divisive culture that steadily emerged. Poole acknowledges, “We were a divided company.”

Isolated practices became standard practice, as departments across the two divisions were duplicated. Poole recalls, “We had two engineering departments, two purchasing departments, two manufacturing areas, two shop floors, two manufacturing managers – everything was split in two.” This deepened the divide, as individual heads prioritised the needs of their

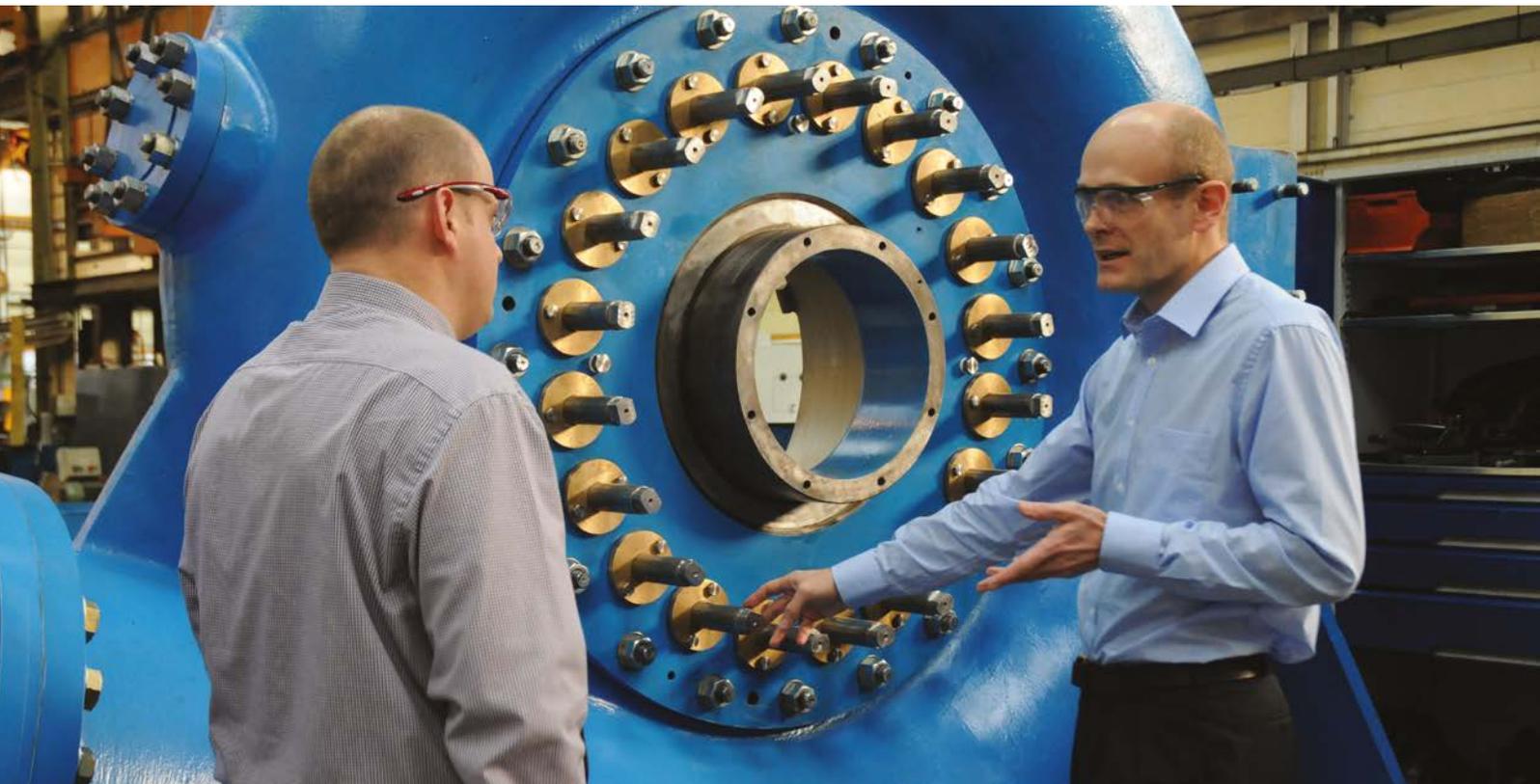
departments above the business’, creating a disconnect on the factory floor.

In practice however, the two divisions’ products are built using the same fundamental technology Poole explains, “A turbine may look different to a pump, but even though the end-product and customers are different, it’s still moving water around. The engineering, at the heart of it, is very similar.”

At best, Gilkes was not realising its full potential, at worst, the divisive culture threatened to hinder its success. Poole acknowledges the scale of the problem, “We weren’t in dire straits, but we weren’t in ‘optimum health’ from a business perspective. We weren’t getting the best out of our people.” Gilkes needed to create a framework for cohesion, cooperation and communication between the two businesses to prevent a dilution of talent and knowledge.

### **In pursuit of excellence**

It was this ambition – to realise its full potential – that paved the pathway for Gilkes’ journey with Oliver Wight. Poole recalls, “Everyone understood that Gilkes was doing okay, at least from a financial perspective – we had good cash flow and we were comfortable. But everyone could also see that we could do a lot better.” Poole recognised that Gilkes shouldn’t settle for mediocrity and spearheaded the campaign for change. He



explains, “No-one teaches you how to run a business, so how do you know that you’re running it properly? You hear words like ‘world-class’ and ‘excellence’ without really understanding what they truly mean.”

Poole’s determination led him to Oliver Wight EAME, which was already on his radar through its work with some of Gilkes’ clients – Caterpillar and Cummins. Keen to get the wheels in motion, initial contact was made at an Oliver Wight event, with its consultants subsequently invited to conduct a diagnostic assessment at Gilkes’ site in Kendal. The results were an eye-opener.

Although the diagnostic identified issues that Poole was already acutely aware of - two businesses growing apart, managers prioritising their department’s needs above others and leadership working at the wrong levels - it also identified others that had gone undetected. “Oliver Wight discovered an established ‘mistrust and blame’ culture, as well as a lot of firefighting and informality,” Poole recalls, “And because the company has been around for so long, we had a powerful culture of myth, legends and anecdotes that unofficially informed the way some employees worked.”

A lack of strategic direction was also highlighted as a significant stumbling block in Gilkes’ ambition for greatness. A lack of long-term vision and direction, was adversely impacting Gilkes’ capability to plan for the short term. Poole summarises,

“Previously, we used to do quarterly or six-monthly briefings and when one shop floor employee asked, ‘What is the strategy?’, the answer was, ‘I think we all know what the strategy is.’ And that was it. In truth, there was no strategy for the business at all.”

This diagnostic assessment was the wake-up call that Gilkes’ leadership team needed, and Poole was granted authorisation to kickstart the transformation process. With the help and guidance of Oliver Wight’s consulting partner, Dawn Howarth, Poole and a small team designed a renewed programme of education and activity. The aims were clear; development of strategy, implementing cross-organisational collaboration and driving common processes of working. With the ultimate objective of achieving Class A accreditation as the definitive stamp of ‘success’, Gilkes began its transformation journey.

### **A false start**

Although Poole had been given the go-ahead to bring Oliver Wight on board by the Chairman, as CEO of pumps only, he still didn’t have absolute authority over the hydro division. Poole recalls, “This proved to be a huge challenge for me. I got the job to do the job, but I didn’t get the authority to implement it.”

It meant that when Poole attempted to implement Oliver Wight’s programme of transformation, he was met by a wall of resistance and suspicion from the hydro division, as it was viewed as a ‘pumps initiative’. With only one side of the business fully



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committed and the other resolutely defiant, Poole knew that the only solution was for the two divisions to be brought together under one leadership. The Chairman shared Poole’s vision and subsequently appointed Poole as the CEO of the whole business.

With the necessary authority, Poole could oversee the proper implementation of the programme with the required rigour, alongside a renewed sense of enthusiasm. Determined to get hydro on board, Poole prepared to continue cajoling and convincing but to his surprise - and delight - opposition from hydro had melted away overnight. “Once it was announced that I was the CEO of the whole business, all the resistance disappeared,” he recalls, “Everyone just wanted to get on with the transformation.” With Gilkes’ people now all fully committed, the journey could truly begin.

### **Full steam ahead**

Poole consolidated each of the duplicated departments from pumps and hydro - purchasing, operations etc. - which oversaw the whole business. Not only did this facilitate cross-organisational communication, it also helped to foster a sense that Gilkes was operating as one united entity, as opposed to two separate divisions under one roof.

However, the priority for Poole was to create a strategy to give Gilkes a vision and mission by which the company could operate. As part of the strategy development process, both pumps

and hydro conducted a thorough self-assessment analysing competencies, weakness and ambitions, with both divisions expecting radically different answers. In fact, they produced virtually identical responses, which served to resolutely confirm that the two should be one business. Poole says, “For the Chairman, it was confirmation that we were doing the right thing by uniting the two divisions.”

Working closely with the Chairman, Poole developed a single strategy for the whole business, identifying operational excellence, ownership and growth through innovation as the core strategic themes to drive the organisation. They also created a mission statement and vision which reflected these ambitions.

And for Poole, it was crucial the strategy was communicated from top to bottom, “At Gilkes, every employee understands the strategy. They are what make the business, so it’s absolutely vital they understand Gilkes’ strategic vision.” This company-wide understanding was achieved by Poole’s relentless enthusiasm and with the aid of a one-page ‘strategy graphic’. By condensing the strategy into a simple visual, Poole has ensured its accessibility across all levels of the business.

### **People power**

Underpinning Oliver Wight’s transformative philosophies is the concept of people, processes and tools. For Gilkes, cultivating



the right environment to enable a top-down, bottom-up approach has been fundamental, recognising that people are the catalysts in inspiring transformation. For those who truly engaged and invested in the project, it has generated exciting opportunities. With newly created roles - such as Demand Manager - Gilkes looked to its people to step up to the plate, and they didn't disappoint. "Watching people rise up through the company has been one of the highlights of this process," Poole enthuses, "Our current Demand Manager and Supply Chain Manager not only came from within the business, but both were originally in administrative roles." And, in an industry which is historically male-dominated, Gilkes is understandably delighted that several of the senior team are now women, and without tokenism. Poole shrugs, "I just promoted the best people".

With the strategy in place and communicated, hydro finally on board and a highly-motivated team, the foundations for transformation were set. "And it fell flat on its face," admits Poole, "We struggled with the IBP review meetings - people were confused, no-one knew what they were doing and we were lost." Taking the initiative, one of the team leaders suggested structuring the review on the basis of SIPOC; suppliers, inputs, processes, outputs and customers. "This was the turning point," smiles Poole. It provided some much needed direction to the review meetings, guiding Gilkes through the initial chaos and subsequently produced a team of decision-makers, eliminating the habit of escalating every single decision to the top.

### Understanding the marketplace

The introduction of the monthly IBP cycle enabled management to monitor progress and adjust plans accordingly, through the monthly 'check and correct' activity. As new information became visible, with decisions communicated back to all departments in the form of the latest approved IBP plan, any issues and potential problems could be monitored and discussed. This stream of information was coming from a rejuvenated marketing and sales department, which had overhauled its processes to gain a better understanding of Gilkes' markets, providing the intel needed to gain valuable insights for product demand.

For Gilkes, the improvement in market intelligence enabled the creation of its very first 24-month forecast, replacing short-term firefighting with long-term future planning and decision-making. Poole explains, "Under the old regime, hydro was considered a 'lumpy' business, due to big but sporadic contracts every three or four months. By investing time and energy in really understanding the markets, the sales team managed to generate regular orders for smooth, steady growth."

This has also resulted in Gilkes re-establishing its position in the international marketplace. Although not new to the export business, Gilkes had been neglecting its overseas sales whilst the UK market provided low-hanging fruit through government turbine initiatives. With these initiatives coming to an end, Gilkes planned ahead and started to re-explore international



opportunities in preparation for the anticipated drop in UK sales. Poole says, “We would have never done that without Oliver Wight.”

### The results

Gilkes is well on track to achieve its 2019 sales forecast of £27 million, with the outlook for 2020 even better, projected to be £31 million - a significant improvement from an original pre-Oliver Wight forecast which had predicted Gilkes just breaking even. And, in December, 2018 it reached the milestone of Class A for Planning and Control – tangible proof that it had achieved a true transformation.

Most importantly, Gilkes has successfully transformed the cultural behaviours and climate, forging a union between a company previously split in two. Now, Gilkes has a strategic vision and a determination to continually pursue excellence. Poole praises the efforts of his team; “The drive and passion for change that Class A has engendered amongst our employees has been incredible; it has united our business. There’s a real confidence that we’re doing the right things.” This has had a positive knock-on effect in the retention of Gilkes’ best talent, with its employees fully committed to making Gilkes a success. “We work with a great number of large organisations, but I can safely say that many of the transformational elements Gilkes presented are some of the best I have seen,” says Howarth, “The team has taken the principles and concepts of Class A, applied

them to both self-educate, and design a process that is already at the core of who and what Gilkes is.”

The impact and influence of Class A can be felt throughout the organisation; Gilkes’ new ERP system - IFS – was also selected on the basis of a Class A criteria, “It significantly helped us decide which system to buy, because we knew and were able to articulate exactly what system capabilities we required for our operational processes.”

### Future prospects

Gilkes can begin to plan for its future, as it seeks to strengthen its position as a leading manufacturer of hydroelectric turbines and pumps. The game plan? Growth through innovation and exploration of opportunities, particularly in the hydroelectric turbine sector. Poole says, “Class A is the start of our ongoing drive to create a high-performance workplace, and has given us the ability to focus on more strategic aspects of the business, to encourage growth in a framework of excellence.”



When you talk to Oliver Wight about improving your business, we'll assume you want results, not just better processes - things like increased revenues and margins and greater market share. If you have the ambition, it is possible to make improvements that truly transform the performance of your organization and create more fulfilling roles for the people within it. We believe this can only be delivered by your own people. So, unlike other consultancy firms, we transfer our knowledge to you; knowledge that comes from nearly 50 years of working with some of the world's best-known companies.

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