

AN UPLIFTING BUSINESS PERSPECTIVE ON BREXIT

Martin McVicar, Managing Director of Combilift, has built his business over the last 20 years to become one of Monaghan's biggest manufacturing companies, which now exports to 85 countries worldwide. He offered his own business perspective on rising to the challenges presented by Brexit, and his company's commitment in providing apprenticeship programmes to recruit, train and retain young people in the county. Report by Grace Heneghan.

With Brexit hitting the headlines again in recent weeks, the reality is that there's no more clarity today than we had in June 2016 when the vote was first cast, according to Martin McVicar, MD of Combilift.

"The reality is that it's going to happen, but none of us truly know the outcome. For a company like Combilift, even though we're exporting to 85 countries around the world, 25% of our production is shipped into the UK, so we're very vulnerable to the negative repercussions of Brexit on our business.

"For Combilift as a company, like most businesses in Ireland, we have always looked at the UK market as a home market, and even though it's classed as an export market it's on our doorstep as a home business. It's very difficult for any business to replicate that volume of opportunity in an export market because it's not on your doorstep.

"Even though we know Brexit is going to happen in some shape or form we have still continued to actively grow our business in the UK; over the last two years our sales have continued to grow there and we continue to invest in that market, because we feel that post-Brexit – whatever shape or form it takes – our UK clients will still need products to save space and will have a requirement for our Combilift forklift trucks."

POST-BREXIT MARKETS

He said that while a lot of initiatives point to a focus on other markets, the UK is still going to be a big potential market post-Brexit for many businesses right across the country. "It's very hard to get any positives about Brexit, but if you speak to any business in Ireland and even in Northern Ireland today, the media struggle to find any business that's pro-Brexit and to speak about it in positive terms.

"However, the one positive

which we have found is that the manufacturing sector in the UK has continued to grow, and a lot of that is driven by the weaker British pound, but this has made the UK products more competitive to export.

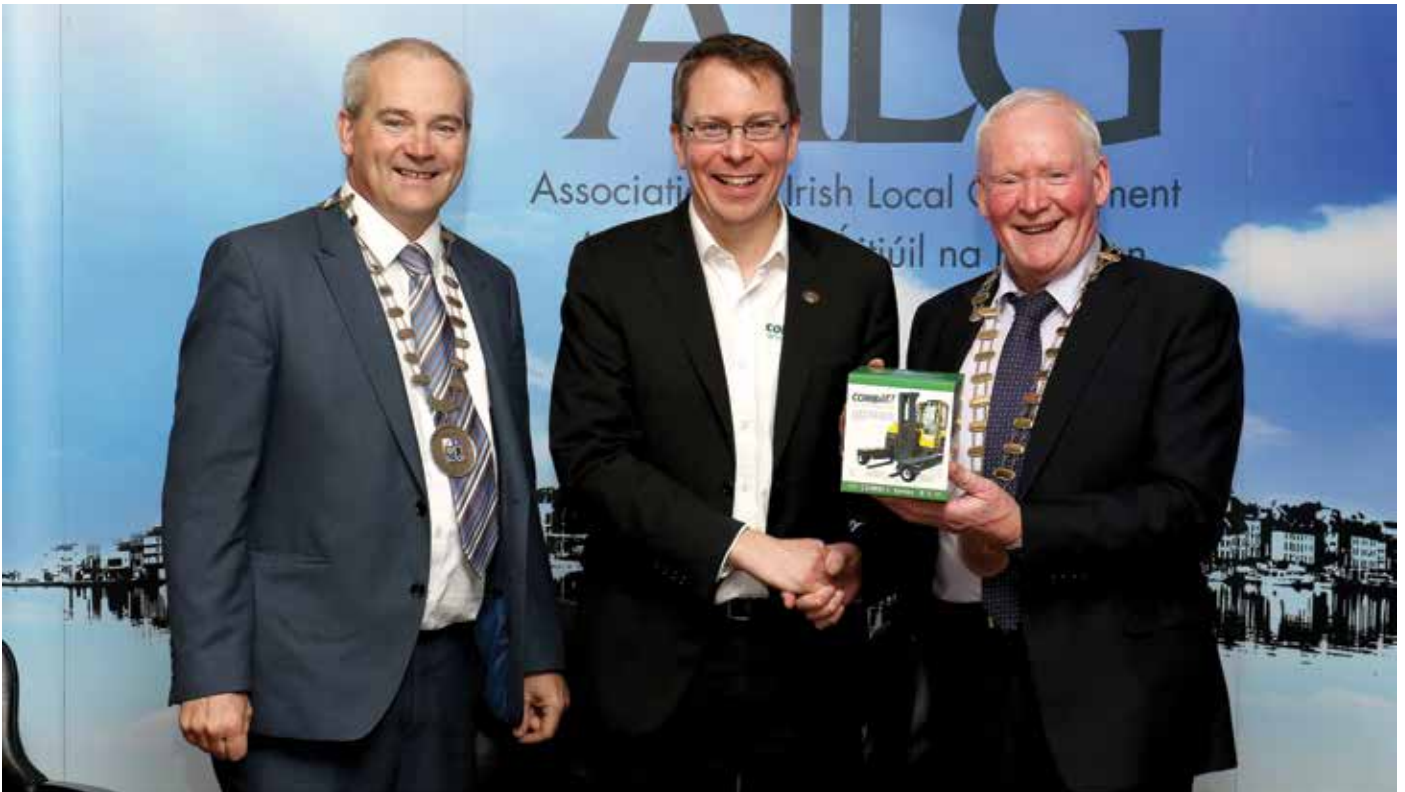
"For example, JCB is one of our major customers and their business has grown and there are opportunities there for us. So, there are positives there as the weaker sterling is making UK companies more competitive and they will need more products and services to grow their own businesses."

In referring to the recent visit by Minister Simon Coveney to Monaghan, who held talks with Minister Heather Humpherys on how the government is proactive in terms of getting businesses to plan for Brexit, McVicar claimed that the reality is that it's hard to plan. "We don't know what to plan for exactly, but with the weakened British pound since the vote in 2016 we have had no option but to increase our prices on our products.

"However, the only way that businesses can increase their



Martin McVicar, MD, CombiLift and Cllr Damien Ryan, AILG Executive Committee.



Pictured (l-r): Cllr David Maxwell, Cathaoirleach of Monaghan County Council; Martin McVicar, CEO of Combilift; and AILG President Cllr Luie McEntire.

prices is by introducing innovative products on which they can charge a premium price. The one message I want to get across is that the more innovation a company can offer and the more uniqueness their products have, then the better chance they have in charging premium price. And this will help to counteract currency fluctuations and any tariffs which may be introduced as a result."

Combilift not only sells products into the UK, but they have many suppliers and sub-contractors based both in mainland UK and Northern Ireland, so moving goods across the supply chain will be a concern for Martin McVicar and his team. "We don't want to have to be subjected to paying import tariffs on raw materials coming into the country. And it's more concerning and alarming for companies in Northern Ireland if there is to be a hard Brexit."

CONTINUAL PRODUCT DEVELOPMENT

In terms of other initiatives Combilift has introduced in terms of planning for Brexit, the company has increased its investment in Research and Development (R&D) and has introduced innovation by offering value to its customer base.

"We now have more than 10,000 Combilift forklifts operating in mainland UK and if someone orders a spare part from us today before 4pm we can have that delivered anywhere in the UK before 10am the next day. But the requirement for customs clearance will delay the process, so this has triggered us to apply for an AEO (Authorised Economic Operator) status – which is a 90-day application process.

"Being granted AEO status ensures our goods can travel across a customs border much more fluently with less disruption. When a company has AEO approval then Customs will trust what you are doing and randomly inspect how you're shipping your products. This allows goods to travel across a border more efficiently. This will limit any disruption should a hard border be put in place, making it more streamlined for us to do business in other countries, for example Brazil and Turkey, where we already deal with Customs. So, even if Brexit never happens, there are other pluses because being AEO approved is still very beneficial to a local business that is exporting."

A key component of Combilift's business, he claimed, is in this high level of investment in Research and Development (R&D), with seven per cent of revenue re-invested in new product development. "Thankfully we have been very well supported by Enterprise Ireland in R&D. As a company we could not compete by just making conventional forklifts in Monaghan, and over the years we have continued to offer unique products at premium prices to make it successful."

In more recent years the company has also focused on developing a range of forklift trucks designed for the warehousing market. "We have a team of engineers that work very closely with potential customers, and we can prepare a visual 3D animation to show how our space-saving forklifts can offer value for our clients' warehousing needs."

ENTREPRENEUR PROGRAMMES

McVicar and his team at Combilift are very proactive in

participating in a lot of entrepreneur programmes both in primary and secondary schools in the county.

“Here in Monaghan we like to think that we have a great entrepreneurial culture, but it needs to be encouraged. For example, we have been very involved in both junior achievement awards junior entrepreneur programmes, run for primary schools while at secondary school level, we are also very involved in the student enterprise programme through the mini-business projects, which also operate in a lot of other counties. These are great initiatives to encourage young people to think entrepreneurial, and ideally the aim is to get a percentage to become entrepreneurs.”

He said that even though it’s great for business in the county to have a Minister for Business such as Heather Humphreys in office, historically Monaghan has had very little or no FDA (Food And Drug Administration) investment.

“As a county all of our businesses are very much indigenous and home-grown enterprises, and while it’s sustainable, we want to keep that culture in terms of entrepreneurial spirit coming through in our young people.”

COLLABORATION ON ETB TRAINEESHIPS

And in any business ongoing training is very important. “Most employees we recruited in recent years were either experienced mechanics or grew up on family farms so they had experience with machinery. But we realised as we continued to grow our business that it was proving harder to find those people with practical hands-on experience.”

The company took the initiative four years ago to run an in-house training course in a bid to recruit new people and contacted the local Education Training Board (ETB). He said that the CEO Martin O’Brien, now based in Louth, was very open to setting up a traineeship course.

FACTFILE ON MARTIN McVICAR

One of Martin McVicar’s career highlights was being named the Ernst & Young (EY) Entrepreneur of the Year at the age of just 29. His career in engineering started with a summer job at Moffett Engineering, a truck-mounted forklift manufacturer, and he joined the company in 1989, after leaving school at the age of 17.

He became Moffett’s chief engineer before turning 20. When the company was sold in 1997 to PowerScreen, this was the catalyst for him to venture out on his own, and he set up Combilift together with Robert Moffett in 1998 in his home county.

Now just over 20 years in operation, the successful Irish material handling solutions business produces a wide range of customised and specialist forklift trucks. The company, which now exports to 85 countries worldwide, currently employs over 550 people and in April 2018 it moved into a brand new, purpose-built facility spanning 46,500m² on the N2 Monaghan By-Pass.

He said that planning permission for this new facility was granted by Monaghan County Council within just 31 working days. “The speed of getting planning approval is very important for a business, and it’s in everyone’s interest to move the planning process through as quickly as possible,” he told delegates at the AILG Autumn Seminar.

“Monaghan County Council has been very proactive in terms of zoning land available for industry, and it’s also working on other projects to bring industry into this zoned land, which will also progress not just business but also job opportunities etc.”



Robert Moffett and Martin McVicar pictured in Combilift’s head office in Monaghan.

Combilift ran the first industry-led trainee programme in the country with Cavan Monaghan ETB, and also worked out what modules they wanted to cover, and the programme was up and running within six months.

Now in its fourth year, the one-year traineeship programme takes in 20 new recruits every year and offers a QQI (Quality and Qualifications Ireland) Level 5 Certificate. "With this qualification we have offered full-time employment to a high percentage of people who have completed the programme. The benefits of traineeship are that it does not cost the graduate or the trainer anything."

For unemployed individuals who take up a traineeship programme they continue to get social welfare benefits. And Combilift also offered a small bursary €5,000 per year (€100 per week) to those who were interested in this programme and willing to give up a job or a career that was maybe not ideal for them.

"We found that initiative not just beneficial for us but also for many of the individuals who have learned very quickly from the process, because 50% of the time is in the local ETB classroom while the other 50% of the time is in our workshop, working in different areas.

"It's a great learning curve and gives them an understanding and an opportunity to train in a career that's best suited to them. We have invested in the equipment in the classroom also, so our collaboration with the local ETB has been very beneficial, and very proactive in terms of setting up further courses."

OEM APPRENTICESHIP PROGRAMME

For over two years the company has also worked closely with the Apprenticeship Council and a number of leading manufacturing and engineering companies across Ireland to establish a new national OEM (Original Equipment Manufacturer) Apprenticeship Programme.

Commencing in February 2019, this three-year programme will lead to a Level 6 Advanced Certificate in Original Equipment, awarded by the QQI (an independent national agency responsible for promoting quality and accountability in education and training services in Ireland).

This programme will cover the manufacture, assembly and maintenance of the company's product range, and takes a deeper look into the workplace safety, operation of safety equipment and completion of routine inspections and audits.

During each step of a project the apprentice will gain knowledge and the key skills in safe working practices, methods and procedures that can be used across multiple platforms. The OEM Apprenticeship Programme maximises the three-year study by giving hands-on experience in a working environment as well as modular-based learning within a classroom.

The aim of the programme is to teach students to be



In August 2018 Combilift rolled out yet another new product – the high capacity powered pallet truck – the Combi-PPT.

professional OEM technicians, servicing and supporting a range of engineering products and solutions, manufactured in Ireland, chiefly for export markets worldwide. The programme will be run both in Cavan and Monaghan ETB and also in Limerick and Kerry.

"The course content will not just be developed around the needs of Combilift but it will also respond to the needs of the engineering sector in general. We only got QQI approval at the start of October, and we plan to roll out a national launch of the programme with Heather Humphreys, Minister for Business, Enterprise and Innovation, and Joe McHugh, Minister for Education and Skills."

GREAT CAREER OPPORTUNITIES

He also wants more companies nationwide to become involved in the programme and asked councillors to contact manufacturing companies in their own counties whom they think would be interested in this new initiative. "The more companies who want it then the more students we can encourage to get on the course and create more momentum, because there are great career opportunities in manufacturing.

"We're convinced that this apprenticeship programme will be a valuable qualification for individuals in the coming ten years or more hopefully. There will be great progression for the students because during the adjudication of this QQI programme, Sligo IT told us that any individual who completes the three-year apprenticeship programme can move into the third year of Sligo IT's B.Eng in Mechatronics degree course. Therefore, for students who want to progress into a degree course this apprentice programme can offer great value.

"The more that businesses work with local ETBs the more successful we all will be. The other big plus offered by this programme is that it keeps people within their local community, and if we can educate our children in our local counties they are more likely to stay and work in their local counties, and it's to the benefit of us all in the long term."