

DIAMOND HARD SURFACES

Chris Walker, CEO & Director, Diamond Hard Services
One employee completion of Level 5 & 6
Management Apprenticeship.

Diamond Hard Surfaces provides patented coatings that are distributed to blue chip companies in 22 different countries. Chris is the CEO and Director, responsible for growing the company. One of his employees, Sally, has recently completed Level 5 and 6.

SOMEONE TO SHARE THE COMPLEXITIES OF RUNNING A SMALL BUSINESS WITH

Completion of the Level 5 and 6 has elevated Sally's business acumen, meaning Chris can delegate more and use her as a knowledgeable sounding board. A key strategy is ensuring the business depends on its methods and processes rather than its people. Sally can now help Chris implement this vision.

“ She has experience of SWOT, business planning, the financial side of things. She can understand what we're doing in terms of forecasting and the implications on the business cash flow situation. So, she makes a much better colleague who appreciates more the complexities of running a small business. ”

“ When I was doing that on my own – or when Sally didn't have as much of an appreciation of those things - it was much more difficult and lonely. ”

BECOMING IP AUTHORISED AND PREVENTING THE TIE UP OF £20K

Diamond Hard Surfaces specialises in coating products; this relies heavily on importing products to be coated and then exporting the newly coated products back to the country of origin, or to the product's final destination. This is a complex process from a tax perspective. There is a danger of falling foul of unnecessary VAT and Duty charges when products to be coated come through customs. For example, if a customer were to send \$100k of parts from overseas and declared that value, this would equate to approx. £20k worth of import charges (duty and vat) to be paid immediately. Whilst eventually possible to claim the charges back, this large amount would have been tied up for 4-5 months, potentially creating a cash flow problem for the business. This type of situation is common and the company needed a solution to improve their cash flow.

The Government's Authorised Economic Operator (AEO) status designed to help employees in this situation, offered a seemingly perfect answer. However, having studied this status on her

apprenticeship, Sally was able to see the faults in this option for their business (which resulted in saving £5k of AEO application costs alone). Instead, on her recommendation, the company became Inward Processing authorised – a better solution to the issue. Provided the company has exported all the newly coated products at the end of every three months, the duty is waived and VAT suspended.

“ It's a function of the specific course she went on. We would have been talking about it [Inward Processing authorisation] and we might have come to it, but not as quickly. We may have gone down the AEO route and spent £5-6k needlessly. ”

“ The business is in a better financial position [with our improved cash flow]. As we grow, having a solution [to the import/export process is] more and more important. ”

Changing the company's status to have IP authorisation, they are now in a position to offer a more efficient service to customers and reduce the need for warehouse costs. Sally has even been able to use her knowledge of the customs process to educate customers on the process and encourage more business. This has been particularly useful post Brexit, where her up-to-date expertise on specific carriers has been invaluable in ensuring the smooth handling of sending and receiving deliveries.

“ Sally had a better appreciation of which carriers were better than others post brexit[so] we were able to guide our customers, DHL seems to be much more on top of customs clearance whereas UPS got bogged down and lost their way a little bit. ”

GROWING THE BUSINESS BY 60%

Implementation of the IP authorisation has contributed to growing the international standing of the business. In 2020-21 the company grew by 60%, largely down to international trade. This prompted the business to successfully apply for - and win! - the Queen's Award for Enterprise in International Trade in 2022.

“ It's [IP Authorisation] very important for growing our international business. The more international our business, the bigger a problem [paying VAT and Duty on imports] would have become. It was a significant change. ”

10% OF TIME SAVED BY STREAMLINING AND DIGITALISING ADMIN PROCESSES

Streamlining and digitising the company's admin spreadsheets (the Enterprise Resource Planning System, ERP) had been an internal discussion point for a while. This became Sally's final year project and she was able to develop and integrate everything into one system, reducing the duplication of work in the company's processes and saving an estimated 10% of admin time across the company.

This is seen as a key advantage of a practical course: whilst digitalisation had been a longstanding objective, once it became an academic project (with deadlines) Sally was forced to act.

“ In terms of accuracy and time consumption that project had a big impact. It saved up to 10% of the time we were spending on those activities. ”

SAVING TENS OF THOUSANDS OF POUNDS THROUGH COLLABORATING WITH UNIVERSITY STUDENTS

To deliver part of her final project for her apprenticeship (digitising their admin processes), Sally located additional IT support by collaborating with another final year student studying at the University of Northampton. Working collaboratively with the University reduced the need for an external IT resource or company, which they would not have the funds to support. Chris estimates that this saved the company over £10,000.

“ [Her final project] forced us to find additional resources in the process of digitalisation. Sally went out as part of that project to get additional resource in terms of IT to programme what we were looking at doing, which we wouldn't have had otherwise. We managed to get that free of charge, which saved us tens of thousands of pounds through a grant. ”

RECOMMENDING THE APPRENTICESHIP OVER TRADITIONAL EDUCATION OPTIONS

Such was the success of the apprenticeship for Sally and his business, that Chris now recommends school leavers consider this route over college and university.

“ This was a very enriching and positive experience for myself and the business. I definitely encourage people to look at it. I go around recommending to young people who are at school now 'Don't go to college, don't go to university and do a degree, go get experience in a company and do a graduate apprenticeship. You'll get a much better result out of it. ”