

Marthall Tree Products

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Newsletter Winter 2013/2014

General

Our 23rd year was very much one of 4 quarters, so we couldn't liken it to a football match this time, I'd have to come up with another sport! Hockey, perhaps?

As we entered the year we had lots of media talk of triple dips and doom and gloom. I'd decided, once again, to not look for any growth but to try to hold our position following a previous year of unexpected growth.

At Christmas/new year we had completed the first quarter and our sales were down just 0.1%, so, I felt, we were on target.

Now, most of us with any trading years behind us will have experience of recession, but the sudden impact of media gloom, snow and an early Easter, could not have been foreseen, even by the best of us. By the time we had reached our mid-point of the year sales were down 22% and profits 44%.

Thinking of the longer term future of the business we had added 2 new members of staff in Emma and Tom. Tom was to bolster the yard to try to help reduce customers asking 'have they all disappeared', when waiting to be served and Emma to learn all aspects of the inside business, including our aggregates, timber, fencing and admin.

We had also invested in a new 26t Crane vehicle replacing our 2004 vehicle. So had these moves been wise in the circumstances??

As the 3rd qtr. started we also faced Bechers brook, otherwise known as May. With the shift away from council spending bonanzas in March, May has traditionally become the busiest month. My thoughts were very much to losing more ground on the previous year as a result. Having said that I'm a great believer in that having made the decision to invest in the business, as the result of the previous years trading, it is important to see that commitment through and not reverse the investment at the last minute.

April saw a terrific turnaround, followed by an all-time record month in May. Indeed we had jumped and cleared Bechers!

With a, very rare, excellent summer it was obvious that the Medias fixation with trying to bring down certain members of the government due to their parentage or educational background was starting to lose its grip, people were actually starting to feel as though they had got some money to spare and started to spend. Had we actually had a double dip, never mind a triple one? By the time we reached the start of our final month we had a quite clear goal. A tough goal, but one that we stood a far better chance of getting to than an England cricket team currently could.

However it wasn't to be, but, having allowed for some seasonal adjustments to give a like for like figure we had ended with sales, gross profit and net profit all varying by less than 1%. If you had of told me that at the end of March I would have thought you had gone mad.

Next year?

Well if our 1st quarter is anything to go by then we should ALL be looking ahead positively. The only possible cloud on the horizon, being shortage of supplies and prices increases. Apparently bricks and blocks have been in short supply for some months with manufacturers unable to react to an increased demand. One Politian was heard to suggest that we may need to increase interest rates to calm things down as a result of what was happening in the South East. I would say don't forget about the rest of us up here..... Let's have a bit more panic and demand before you start to think about calming us all down.

Although I'm not setting any particular target for growth my aim is to have a like for like year sales and profit wise in a year which won't have the same amount of seasonal adjustment as last year. As previously mentioned we have invested in a new truck and in the latter part of this year have replaced 2 of our fork trucks. I am a great believer that if something starts to cost you to keep it going it is time to take the plunge and invest in new, to actually reduce those costs.

Obviously I can't predict the weather or know if we will suffer any disruption as a result, but if we can maintain the current good run then I will be delighted.

Last year we closed about 2 accounts per month, not because companies had ceased trading, but because payments had drifted beyond 60 days and some smaller accounts were taking too much time to chase up. In one case a company, trading since the 70's, could not pay a £500 account but the directors had managed to go on holiday, no doubt sponsored by US!

On a happier note, over Christmas, a larger than normal number of customers paid into our account by Bacs, without being chased. So firstly, Thank You, but also this shows the current upturn in confidence. I was, you could imagine, dismayed to hear on my first journey, in to work, of the new year, a report stating that George Osborne was about to tell us all of New austerity measures and cuts. Exactly the tone we don't want to hear.

German occupation of Malta comes to an end

Don't worry we haven't teamed up with a Hollywood movie to do an American style war film which includes a change of history. The Germans in this case are Deutsch Bahn who own British bus company Arriva. You will recall that in the summer of 2011 they took over bus operation on the island of Malta and that the Malta Government introduced an illegal Fare structure, whereby you had to show your passport to ascertain which fare you paid.

In news over Christmas, which even overshadowed the queen's speech, it was announced Arriva were leaving after midnight on the 1st January, only 2 and a half years into their 10 year contract. Late last year rumours started when Arriva asked ticket agents to return all unsold tickets. It was then let slip they had lost 35 million Euros, later increased, by Malta's transport minister, to 68million. The company had considered liquidation but the Malta Government has bought all assets for 1 euro and has taken on 13million of the debt. The only thing not bought is the 67 ex London bendy buses which Arriva needs to find a new home for.

But, the even better news, having a direct effect on MTP is that the 2 tier Fare structure is also finished. No doubt the EU will continue to finish their investigation into these activities and report on it many years after. But, exactly as I predicted their report will come AFTER Arriva's departure!

As a direct result of this we will be ending our policy of Malta passport holders, in this country, not being able to take advantage of any of our special offers. To be fair to Arriva a lot of the problems were created by the Malta Government but, as with my Syria piece below, this does go to show the problems of differing cultures. The fact was that a British management team to trying to run a bus company in a British way in a foreign land and then being surprised by the problems they encounter. You need to understand the very culture of the people you are dealing or working with. Why were they surprised that having sent a bus and a driver out to do a 8 or 9 hour duty, the bus was discovered parked outside the drivers house or favourite café for 3 hours during the middle of the day. That's how they had done it for the last 100 years!

Lady Thatcher

If you visited our trade counter for most of 2013 then you won't have missed our picture of Lady Thatcher pointing out at you. The picture was put up following her death and certainly became a talking point. Customers either hated or loved her with no middle ground at all. Colin, on the counter, even asked for an anti-assault screen and feared the picture causing the next debate. Trying to hide it behind a roundabouts calendar wasn't the answer.

I can recall having milk at my primary school and still remember the slogan 'Thatcher Thatcher the milk snatcher', of course at that age it was meaningless to me. Maggie had two great ideals... we should all be home owners and we should all be independent businesses. The first was centred on shared ownership house schemes and certainly it was on this very scheme that I was able to buy my first home. The second was again a success for me, with meeting that right people, providing the opportunity, all those years ago, to start Marthall. But in some cases it took very able people, who were very good at their work, but who were hopeless at administration and resulting in multiple failures of businesses. As I stated, to those who were very anti Mrs Thatcher. that no Prime minister, successfully being elected for 3 terms could be all bad! I felt the poll tax was, in principal, a sound idea but it was very badly administered, which brought about the hostility and riots we all saw.

The basic difference between Mrs Thatcher and Mr Blair was that Tony Blair got out when he started to dip were as Mrs Thatcher crashed out in spectacular stile. Each time you visit a museum, free of charge, then you have this as a legacy of Tony Blair. The fact that there is now difficulty in funding these museums is another matter.

Compulsory Pensions

Now at some point or other every one of us who employs somebody will be affected by the Governments compulsory pension scheme.

The truth is that ALL Governments are realising that those of us who are contributing to the pot, as it were, are simply not putting enough in to pay all those who are living longer in retirement. Having attempted the stakeholder pension scheme, take up at Marthall 0%, the opposite is being attempted. If you do nothing, you are in!!!

However employers have to make a contribution starting at 1% of salary increasing to 3%. So, firstly, what if, at this point, average wage rises are still 1% will this be an employee's wage rise or will it be fair, reasonable, expected and affordable to say that any wage rise will be in addition to the companies extra pension cost??

Furthermore, and mark my words here, is this going to be the next PPI scandal of mis-selling. There are various schemes available, with varying risk and returns. Will it be a case in 30 years' time of employee coming to retire finding not as much as he thought in his pot, and, if so, who will he blame?? Will he or she understand enough of what is going on and where the investment is going? What if in their year of retirement the FTSE plummets?? Also, with employees making contributions do they actually realise that their take home pay will be less??

With auto renewal happening every 5 years the whole scheme is designed to catch you in and whilst there are very good reasons for the need of such a scheme I can see many tears over it. What effect will several changes of Government have? Superannuation pension... can anybody remember that?

Prices

Our 2014 Price list is enclosed and a separate letter details the changed therein. Our original intention was to keep our previous price list as was, but for some months now there have been rumblings of shortages come the spring. There has even been a comparison made with 2007, whereby you could get a price on a Monday to find that when you order the goods on Thursday the price has changed! Faced with two recent price rises, the first of which we had absorbed, and apparently more to come, we have decided to increase sawn timber prices by approx. 2%. This way should allow some continuity of our new list. Otherwise it may well be that we reproduce last year's list only for it to last a few weeks into 2014.

Syria

I was delighted to hear that we would not be joining the Americans in another war we couldn't possibly win. For one thing we can't afford one and once again it would be a case of our colonial background sending us poking our noses into other people's business. France therefore decided to become the latest US ally. Our decision not to get involved, now appears justified because it is not a simple case of some 'jolly nice' rebels fighting against a 'tyrannous' Government, but of 3 groups not 2. There are indeed 'jolly nice' rebels but also rebels backed by Al Qaeda.....so if we send money or aid to the good rebels how can we tell them apart?? Are they all wearing blue peter badges given to them By Valerie Singleton?? So, best left alone. Do we really have enough understanding of these affairs to justify getting involved??

FSC & EUTR

Well the Kinnocks, Pattons and the Ashdowns of the world have been at it again. As you know we have FSC and PEFC and now we have the EUTR regulations. These regulations cover the 'legality' of the timber as opposed to the 'sustainability'. We first heard about this legislation with 24hrs notice and it largely affects the first person who introduces the timbers onto the marketplace, i.e. the sawmill or producer. Those of us who are trading need to be able to identify where a particular product has come from and where we have sent it onto. Fortunately our own traceability system introduced over treatment concerns, more of which later, works perfectly for this. However if you have multiple suppliers for one particular item, can you say where each piece has come from?? As with all EU rules our government has set up a body called the NMO (National measurement Office), no doubt all on £50K a year a piece, to ensure we enforce this regulation, and they are starting to visit larger merchants to check the legality of the timbers purchased and sold. As one large groups Timber director advised me recently, they will no doubt then work down to the medium and small ones, eventually knocking at our doors. If you are found wanting you then become a criminal and will face criminal charges!!

Now I've no doubt that I could be bombarded with all sorts of reasons for this regulation and how logs are being felled illegally, but surely it doesn't take a brain surgeon to realise that it is very unlikely that the

problem is here, with the merchants, being targeted and that the criminal, probably in another part of the world is going to carry on regardless....but you have been warned.

Now, turning to the FSC. We have been FSC accredited for a number of years now and have promoted ourselves as such. Some of our competitors have taken the stance to be FSC accredited and then not promote it, probably in order to keep the workload down. Instead you have to ask for FSC at the time of order and they will ensure you receive paperwork stating FSC. The latest idea to come out of the FSC offices is an online portal. This would require us to sit in front of a computer and type in all the FSC material we have received, line by line!!!! So you can imagine how long that would take. This raises very serious doubts as to whether we can afford to remain FSC accredited in the future and we await developments. If the worst happens then I suspect this will be sometime in 2015 and we will keep you abreast of developments. Such is our concern we have taken the precaution to remove the FSC logo from our price lists, but it will still appear on all the necessary supply documents that you need and I stress we remain FSC accredited, for now anyway.

Treatment

Well we nearly did it... 12 months without a single treatment issue... but sadly we received 1 post back during September but still await back up documentation as to when it was bought. Why is this so important? Well any claim for failed timbers needs to be passed on to the relevant supplier and for this we have a full traceability system in place, as mentioned above. Sadly fencing and Landscaping is not the place to be if you want to be a millionaire, so the giving away of replacement products, on trust, is not something one can afford to do day in day out. But there is another more important reason..... About last September/October we had a very long standing customer advise of a problem with a small number of posts. The problem stemmed from early 2007 BEFORE our guarantee came into place, but taking into account the small value involved and the length of time we had known the customer we gave him 6 replacement posts free of charge. Early in the New Year his customer called in directly and advised that some round fence posts were now failing an addition to the 6 previous posts and a gate post. This was the first we had heard about a gate post, but advised that as we had not sold to her directly she would need to contact our customer, as we would need the appropriate paperwork. As a course of customer care we wrote to the contractor concerned to advise of the visit we had had. The contractor called in some time later with a statement from mid-2007 and advised that the round posts appeared on 'one of these invoices'. Now having been given a starting point we were able to trace via Sage the customer's history. Looking 4 months either side we had not supplied the customer with ANY round posts and after a moment's pause for reflection the customer realised that at that time we did not stock those particular type of posts! We also enquired about the gate post and it turned out that that was bought elsewhere which is why we knew nothing about it. So my question to this customer was that whilst he was getting these round posts and the gate post could he have possibly thrown on some of the square posts to finish the job meaning that they were never ours??

That's why it is vitally important to retain your information for as long as you are offering to guarantee your work.

New Year TV

It has to be a sign of getting old but I was most disappointed by the New Year's Eve television. I can still remember well Clive James each year doing a very humorous review of the previous year. Some time ago the television companies admitted to having given up on Saturday evenings, so have they now given up on New Year's Eve. Their excuse for Saturday was that we ALL go out.

This year saw only the BBC and Sky 1 offering anything at all. ITV gave us a repeat of a programme shown earlier in the holiday followed by the News. Channel 4 also showed an earlier Christmas repeat whilst channel 5 offered, the excellent, but now quite old, silent film The Plank. Turn over the page of the Radio Times to the Freeview channels and its 'all shows above are repeats unless stated otherwise'!

And finally

I know that there are many of you out there that have done good deeds over the years at raising money. Like me you will be angered to read in the Metro magazine of a charity for wounded soldiers whose supporters and helpers had raised £500,000 but only £15,000 of that actually made it to the wounded soldiers themselves. Furthermore, outside a charity shop in Blackpool there was a sign warning of Fake collectors and sellers!