

Alumnus Entrepreneur Profile:

Adam Kingdon MBA'83J

Serial entrepreneur, turnaround specialist...



On graduation from Imperial College London with a BSc (Hons) in Mechanical Engineering, British-born Adam Kingdon landed a first job with MAN engineering group in Germany. He began as head of sales in Saudi Arabia in 1979 which meant he travelled extensively to the region. Little did he know that his career would cover almost all aspects of the entrepreneurial spectrum from starting a company, acquiring a business, successfully turning around a multitude of distressed businesses and one not so successful venture.

After three years at MAN it was time for Adam to move on. He was tired of travelling to Saudi Arabia and wanted a European-based career; therefore attending INSEAD seemed the perfect option for him. The international aspect of INSEAD's one year programme was attractive plus he was keen to polish his French.

“By this time I was fluent in German having lived in Germany while working for MAN but wanted to improve not only my French but also learn some other skills to complement my engineering experience.”

Adam began the MBA in 1982 and took the first entrepreneurship elective INSEAD offered that was taught by Lister Vickery.

“There were only about 20 students in the class – it was a real minority thing that took place in the last term of class. By this time I knew I wanted to run my own company one day but I hadn't got a clue exactly what. I didn't think I could start a business at this stage but perhaps I could buy one. The upshot was I didn't interview with the consultants or the banks while on campus and landed a job with APV Plc, a process plant manufacturer for dairy and food processing equipment. Here I was responsible for developing new markets in the Middle East – so much for being Europe-based!”

However, this job lasted less than a year:

“The other MBA in the company, the Managing Director, was ousted in a boardroom coup. The new MD scrapped plans to develop the Middle East market as part of his cost-cutting exercise and I was made redundant.”

At the time Adam was just 26 and had already decided to leave APV determined not to work for a large company again and would look for a small company to buy in to. This came in the form of Cahill Engineering, a small mechanical engineering jobbing shop with ten employees. The CEO, Terry Cahill, was looking to diversify its business and was developing weight-training and fitness equipment. However, he was struggling to find funding for the venture. Adam joined the venture using capital from his personal savings and became managing director. It was far from plain sailing with 60% of the core business disappearing overnight when one of the main customers cancelled its entire order.

During his time at Motivaction Adam faced several financial crises; he learnt how to juggle with overdrafts, negotiate with banks, avoiding the bailiffs taking machinery, striking customers among many other challenging issues. Despite huge efforts to find suitable buyers or investors and simple bad luck, Adam was forced to put the business into voluntary liquidation. (The complete story is told in INSEAD case study: Motivaction [click here for the abstract](#))

“I was back on the job market unsure how prospective employers would regard my involvement in Motivaction and ultimately its failure. I was pleasantly surprised, however, that most interviewers seemed to take the view that I had learned some useful lessons from the experience and I was inclined to agree. I had offers but they were all for large companies and I couldn't see myself returning to that world.

In January 1986, I interviewed with a director of the Low & Bonar group, a diversified holding company based in Dundee. They were looking for a new managing director to sort out Bonar Robinson, an electronics subsidiary that was in serious trouble. The previous year Robinson had lost £250K, the culmination of a decade of under-performance. If the company wasn't turned around quickly it would have to be sold or closed.”

After further investigation Adam was convinced it was a fundamentally good business that had been managed badly so he took on the role of CEO. Within six months he had eliminated losses by reducing the headcount by 40%. He introduced new products and completed an MBO. Adam increased sales over four years from £750K to £3million. It was finally sold to a US competitor in 1990 for £1 million.

Next up was the return to a large engineering company with a £1billion turnover, Charter Plc, who had headhunted Adam for the post of Business

Development Manager responsible for acquisitions, disposals and strategic planning. He lasted two years before he had itchy feet once more:

“Coincidentally the group had acquired a German company that was going pear-shaped at the time. I was sent to fix it which I did successfully within a year. More importantly what I realised was that I enjoyed the buzz of a turnaround so I left Charter in the search of another turnaround opportunity”

This came in the form of Sycamore Holdings Plc, a small quoted business based in the UK. The company was in disarray after a number of failed acquisitions. Adam and another INSEAD alum were brought in by a broker to rescue and turnaround the group. Over an 18 month period the business was refinanced including a debt for equity swap; eight of the loss-making businesses were closed or disposed of and the one remaining business was turned around.

This mission completed, Adam returned to Paris for his next turnaround challenge in the shape of LaSource, an International Mining Group founded in 1995 as a vehicle for the French Government to privatise its international mining assets. The Government, however, still owned 60% with the remaining 40% in the hands of an Australian mining giant. Adam was dropped in as CFO in May 1995 with the first task to fire the current CEO!

“Anyone who has worked in France knows that the labour laws are strict and firing someone is no easy task especially not when the person had been in the company 30 years. But the president of the group was Australian and had little time for excuses he wanted the person sacked. It was a complex mission with 60 companies some quoted on different stock markets worldwide – there were court cases in different geographies. Interaction between the Finance minister in France and the Australian president was tricky to say the least.”

The result, however, was that Adam identified and disposed of non-core and loss-making assets. He recruited a new management team from the private sector. Financial and commercial controls were implemented and strengthened. He stayed for 18 months before taking on what he describes as a more “fun” mission at Europa Aircraft Ltd, a manufacturer of an innovative new light aircraft that was supplied in kit form. It had sales of £3million with 20 employees based in North Yorkshire.

“Flying is one of my passions so when this opportunity arose I couldn’t resist it. The plane was designed using the latest aerodynamics and composite construction techniques. The reason for selling in kit form was that it avoided the certification costs that

are exorbitant for new planes. The plane was 50% faster than its competitors; used far less fuel; and was reasonably priced.”

The business took off quickly when it was first launched with 1,000 kits sold but unfortunately the founder and designer of the plane didn't have the management skills to take the business to the next stage. Adam was taken on as CEO to manage the development of the V2 version of the plane.

“The second version of the plane had not been completely ready when it was launched – it hadn't been tested or certified and the company had run out of money!”

After two years Adam improved sales and marketing effectiveness, in particular in the US that led to a twofold increase on sales to more than 100 aircraft per year.

“I turned around the company implementing management and financial controls together with personally leading the sales effort for the next version of the plane. I'm a qualified pilot so spent quite some time demonstrating the plane at air shows and displays – it was great!”

It was once more time to move on. Adam's next challenge came in 1998 in the guise of a family-owned machine tool manufacturer, RYE Technology Ltd. The company made advanced, computer controlled machining centres for machining carbon fibre components and mould tools for aerospace and motorsports. Its customers included most of the Formula 1 teams.

“The business was loss-making when I was hired due to under investment; however, the production was carried out on a valuable site that we sold to finance the turnaround raising £1.5 million. Manufacturing was outsourced except for final assembly and testing - thus reducing costs and working capital significantly. A new range of products was launched that led to increased sales and everything was back on track.... Then 9/11 happened and the aerospace customers disappeared overnight cancelling all orders. The only choice we had was to sell the company quickly which we did to an Italian competitor that was also the leader in Europe.”

In May 2003 the President of Italian Metecno SpA Group called on Adam to step in as CEO to eradicate the losses in the French and UK businesses. The company was leader in the manufacture of composite panels for the building industry and was based in Milan, Italy.

“I was originally hired to sort out the French arm of the business based in the south of France that was haemorrhaging cash and was on the verge of bankruptcy. However, after just three months the president called to tell me I had to leave for the UK the next day where the businesses were in an even worse state.”

There were three companies in the UK - two in Glasgow and one in Birmingham. It was clear to Adam that the losses had been covered up over the years and it was not going to be possible to salvage all the businesses. As a result the Birmingham business and one of the Glasgow companies were shut down. Meanwhile back in France, Adam had to restructure the business which involved painful negotiations with the all-powerful French works councils. Eventually the remaining UK and French businesses were sold to their management teams and Adam looked for his next mission.

This came in the shape of another family-owned business that manufactured components for air conditioning systems with plants in the UK and The Netherlands. It had been unprofitable for ten years and was burning £30,000 per month. Further bank overdraft facilities had been declined – it was at crisis point.

“This was a classic turnaround situation – we brought costs down and sales up to pay off the overdraft and eventually paid off all the debt. Within a year the UK and Dutch companies were once again profitable.”

Adam then moved to CompAir BV, the Belgian subsidiary of a UK-based industrial compressor. The company had run out of cash, had defaulted on all state creditors, and was on “stop” with most suppliers.

“VAT hadn’t been paid for three years and a new IT system had been introduced that didn’t function properly. They had no back up from the old one therefore they couldn’t invoice customers and lost control of the stock – it was chaos. The Belgian labour laws are strict and this made it tricky to fire people. After stabilising the business, I left to start i20 something I had begun working on in my spare time for a couple of years.”

I2O Water Ltd was Adam’s first start-up based on an innovative technology for monitoring and optimising water distribution networks to reduce leakage, burst pipes, operating costs and energy. Adam raised a total of £25 million and developed the market worldwide with sales to more than 70 water utilities in 22 countries. Despite the company’s huge success, by the beginning of 2015 Adam was once again starting to have itchy feet and left i2O to pursue another new venture....

Advice?

“It’s an exciting path to go down – be it acquiring a company, turning it around or starting a new venture. Don’t get stuck as a consultant too early on. It doesn’t suit everyone. You do need to have a high tolerance of stress. Go for it.”

Anne-Marie Carrick, Research Associate (anne-marie.carrick@insead.edu), August 2015