



Creating the conditions for worldwide success

*Allan Dowie, Chief Financial Officer,
CLYDEUNION Pumps*

Overview

Allan Dowie is Chief Financial Officer at CLYDEUNION Pumps. The company, which has grown from £70 million to over £400 million in sales in five years, aims to lead the global market in the nuclear and conventional power, water, industrial, mining and minerals, offshore and marine sectors. Allan Dowie was a Bank of Scotland Finance Director of the Year award winner, Emerging FD, 2011.

Q. What are the key challenges you face as CFO, and what personal skills do you think are needed to succeed in this role?

A. When I joined the company, it was only a few months after its acquisition by Clyde Blowers from Weir Group in 2007. We set the goal of breaking into the top five global infrastructure pump suppliers within three years, and the top three within five years - ambitious for a company with revenues of around £70m, EBITDA of £8m, and around 530 employees. Now we're at 2,100 employees, our single Glasgow manufacturing location has been joined by eight global sites, 25 sales offices and revenues for the current financial year will exceed £400m.

The challenge has therefore been one of growth. It's not the traditional CFO role: thinking of the numbers, thinking of the planning process, how are we going to move forward tomorrow? It's been much more commercial, working with banks and investors. For example, we have completed three re-banking exercises, because we have outgrown one domestic bank and now have nine international providers. You need the skills to manage investors, and the ability to paint a picture of how the business is going to be in one, two or three years' time.

My role also demands people skills, to communicate the self-belief and positivity necessary to enable us to achieve our goals. Our attitude is that we can overcome the challenges, and part of my role is to embed that attitude in our corporate mindset. As a CFO, I set very demanding financial targets. But I also make it clear that they are achievable, and I explain why they are achievable, and put in place the steps we can take to make them happen.

At the wider level, communication skills are an essential asset to make sure that people understand the strategy, the reasons behind why we make certain decisions, and how those decisions will actually give us payback down the line. My role as a commercially focused CFO helps me to provide a balanced approach and be very involved in decisions. But that degree of involvement takes up a lot more time, and makes it a major challenge to balance my priorities against the available time.



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Q. To what extent are you driving the integration of information within your company? How important is integrated information in terms of enabling greater insight?

A. We are driving the integration of information across the business, specifically from a financial aspect. We have implemented SAP solutions, and consolidated our systems and management information reporting.

The result is that we understand our margins a lot better. In our business, it is important to understand that you book sales at one margin, and, by the time you execute the business, the margin will have changed. Under the previous ownership, there was margin erosion between sale and execution. With better management information and understanding, continually improved processes and leaner operations, if anything the margin grows in the period between sale and execution.

We can only gain that margin growth by knowing in precise detail about our costs and processes, which it turns means using a global reporting tool to really understand what makes the business tick. That means knowing what kind of reporting we need to do, and implementing the solution sensibly. The new ERP solution is a central component of business management and management reporting, and a key enabler of our continued business success.

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Q. Are you a driver of commonality/consistency/information integration across the whole business rather than just across finance?

A. We are a global organisation, and we should have global processes with one consistent set of information, plus any necessary regional tweaks. As we grow and as each business unit specializes, trade is increasing between the group companies.

For example, part of a single project may be completed in Scotland, part in France, part in Brazil. How do we have transparency and control over that? It’s about having one single instance of our ERP solution, and one source for management information. We have consistent tools across every aspect of the business, for example covering global operational financial or facilities reviews.

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Alongside this, I wanted key partners such as IBM to support the IT strategy. Our two IT directors, one covering EMEA and the other responsible for the Far East and US, run the business with partners who act as the technology enablers. I am not equipped to run the IT side, but I can help make it happen, and I understand what the IT strategy for the organisation should be. The IT directors and the partners translate the corporate strategy into the IT strategy and necessary implementation.

Q. What kinds of initiatives are you introducing around analytics? To what extent does this require you to work more closely with the CTO and/or CIO?

A. As a growing organisation, we had to implement systems, processes, analytics and reporting very quickly but also in a controlled way. Even so, there is still a lot to do, and a lot to improve.

In the past, we went down the traditional route for planning, with fairly inflexible reporting and analytics solutions. In last 12 months, we have tried to short-circuit things a lot more, as we now know that doing things the ‘right’ way isn’t always the best way for a high-growth company like CLYDEUNION Pumps.

As an organisation, we created plans a number of years ago that are still valid today, but I think they are still valid purely because of the mentality: “this is where we want to get to.” Are we as good as we could be at cash flow management? Are we as good as we could be at treasury

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management? Are we as good as we could be at predictive modelling, forecasting and planning? The answer is always ‘No.’ Can we get better? ‘Yes.’

To enable this continual improvement, we’re looking at technology tools. We have SAP applications live at some of the sites, and it is clear that we need to complete that global rollout. With quality data from every location, we will be looking to improve our exploitation of business information.

In many ways, it is not until you have the capability that you realise what you can achieve, and to some extent we feel our way in a lot of these things. We are currently talking to IBM about how we can leverage their significant investment and expertise in business analytics to really capitalise on the information we hold.

Q. What challenges do you face around finding and retaining talented staff?

A. One day here is equivalent to two weeks anywhere else I’ve worked. Because of the degree of change and how we’re trying to progress, it’s important to have people who will integrate well as a team, work well as a team, and bring complementary skills.

Every six months, the finance leadership team gets together to look at our structure, and look at every single person in the finance organisation. We plot their capability and potential, and ask a series of questions. Are we giving all our people enough opportunities? Are there people who need more training? How do we move people up? How do we increase our skill levels?

My aim is to surround myself with people who are better than me! Clearly, I have people who report to me, but I don’t say they work for me, because we work together, as a team. I have overall responsibility, but I make sure that my whole team has access to the chairman and to the investors.

For example, whenever I go to meet the investors, I always bring along a couple of people from the finance team. After all, who knows the detail better than these people? I actively encourage all the finance people to spend time in each of the locations, help out, and get involved in different kinds of projects. Similarly, I encourage the board to go direct to the team for specific information.

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Q. How does your personal drive inform your approach to business challenges?

A. You can’t just wish and wait for something to happen. You have to make the plans to make it happen. It’s about having the self-belief and drive to do it.

At a personal level, I completed the Marathon des Sables in the Sahara, one of the toughest footraces in the world. Someone I knew had done it, joked that I couldn’t do it, and I said oh-yes-I-can. To make it happen, I made a plan to do it. At times it was hell, but I didn’t want to come back and say I’d failed. Internal motivation and peer-group pressure can be powerful forces, and they brought me to the finish line.

When there is a challenge, no matter what I may feel internally – and I’m a natural thinker – people only see the external response. The first thing I say is, “It will work.” Plan A will always work. But I’ll always have a Plan B up my sleeve! It’s not about the process, it’s about the result.

I think everyone has it in them, and it is up to them whether they choose to drive themselves forward. If you come in with the belief, it will carry you through.

Q. How do you balance the competing demands of the business?

A. It’s about balancing priorities. Is it better to spend time on acquisitions that will open up new markets and geographies, or should we develop existing margin and revenue growth? We have finite resources and a finite cash pot, which require constant management if we are to meet our objectives.

One of the major efforts is spending time consolidating information and building reports, which is where the global ERP solution provides significant benefit. Information is at the heart of what we do in finance, and the finance department is the natural place for information to be gathered and processed. SAP covers every aspect of the business, and I and my team are the key sponsors and drivers for the rollout. Based on accurate data, we can make fact-based decisions. I have a financial projects and change team, specifically looking at how we can automate and re-engineer processes, and I have a business improvement team that has a broader remit.

There are so many things for us still to go after, both internally and externally. That’s one of the beauties of this business: we know what to do, and it is a question of time and having the right people to do it.

As CFO, I need to control the business, and I also need to delegate decisions in an appropriate way. Executing a strategy is about giving accountability and responsibility. People will always make mistakes, including me and all the executives. But as long as people do their best and have the best intentions of the organisation at heart, you can't ask any more than that.

Q. How do you help ensure that your organisation continues to grow efficiently and effectively?

A. We're following a very sensible strategy. We have a great brand that goes back 130 years, and supported by excellent engineers and support staff. Our ambition to be global Number One is within reach.

If it comes down to product, we'll either develop it or we'll acquire it. If it's down to resource, we'll train it or we'll hire it. If it's down to money, we'll ask investors or go to the banks.

Our customers want quality, short lead times, and competitive pricing. We invest over a five- and ten-year cycle, in all areas of business, from engineering and manufacturing to sales. For example, in Glasgow, we have invested in state-of-the-art machines which our competitors cannot match, bringing our lead times down from 30 to 10 weeks.

Similarly, we are very committed to people. We have the CLYDEUNION academy, almost like an on-site university at every location, plus links into local universities, into MBAs. We sponsor our own MSc and offer more than 400 education courses, from basic Mandarin for people that we're sending to China, to health and wellbeing, and from cash flow management to pump engineering fundamentals.

We not only believe that we can be number one, we have put plans in place that will enable us to deliver on that promise.



IBM United Kingdom Limited

PO Box 41
North Harbour
Portsmouth
Hampshire
PO6 3AU

Tel: 0870 010 2503
ibm.com/services/uk

IBM Ireland Limited
Oldbrook House
24-32 Pembroke Road
Dublin 4

Tel: 1890 200 392
ibm.com/services/ie

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