

Your Editor was invited to review the progress that DK Group Packaging have made over the last sixteen months...and I have to admit to being startled by my visit.

When Mark Lewis (the Managing Director and co-owner of the packaging division) told me that he was heading up a new packaging business I expected to wander into a relatively small operation. Imagine my surprise when I found a humming 60,000 square foot packaging operation that was already turning over a nicely profitable £3.5m...and growing at a rate of knots.

He also failed to mention that they were part of a highly successful £27m group with a 40 year pedigree and sites in the UK and Germany.

Their new packaging venture already has some good flexible conversion kit with a focus on specialised short run work: a 2.8m rotary printer slotter with an in-line die cutter; a new 2-colour automatic die cutter (1100x1200); semi-auto gluers and stitchers and an automatic EMBA gluer. For their high volume case demand, they source from the best fit machinery in the industry...as you would expect from a well leveraged purchasing policy.

Mark brings packaging sales, distribution and design expertise to the DK Group. Whilst many successful businesses have a good guy at the helm, what will surely set these fellas up for the future is that they're attracting other high calibre people to join the adventure. The latest to join them is Justin Filby, their new UK Business Director – who brings a wealth of sales, commercial and operations experience. Then there's Dennis Spiers, the Design and Innovation Manager who has a phenomenally creative approach to pragmatic, elegant pack design. Mark reflects: ***“It’s really important that we’re able to attract great people like Justin and Dennis. They see what I see... an exciting opportunity to build a career in a growing, profitable company backed by an organisation that is willing and able to invest in our on-going development.”***

Having reflected at length, I can't think of another packaging business that has as broad an offer as they do:

- Their own timber mill.
- A sheet plant gives them technical credibility in corrugated; the item that typically represents 70% of their clients' packaging spend.
- A packaging distribution offering consumable packaging from stock and vendor managed inventory.
- An online packaging shop (www.packaging365.co.uk) for bespoke and stock lines.
- A smooth fulfilment service.

- A significant contract packing capability that can flex to huge spikes in demand.
- A leading edge Design and Innovation Centre.

In fact it's well worth dwelling on this last point...I was blown away by their commitment to differentiate in this area in particular. Where many have typically been sleepy getting complex samples back to industrial buyers, Dennis has put a formal service guarantee in place to turn around new designs within a day.

Underlying everything is a deep-seated commitment to keeping their promises. Having met the team, I suspect that they'd rather run into razor wire than even consider letting a customer down.



However, the DK Group Packaging team are not resting on their laurels...they have an endearingly restless desire to build an even bigger business and then grow into it. To this end they're in the process of commissioning the following:

- The Abaca business system which will go live on the 1st of July and will notably offer the ability to introduce RF bar coded stock control and an online packaging shop that is directly linked to the packaging system.
- A new Sodeme 6.4m stitcher (yes, six point four metres) that can manfully cope with grades up to triple wall arrives in mid-May and will support their new Corrugated Extra division, which will be supplying large format boxes.
- Two new Solarco Boxmatics with automatic feed sections and stackers which can cope with boxes from 2.5m to 10m+. The Solarco machines are a fully auto Boxmatic 23 with pallet feeder and an Ecomatic 18.
- Supported by an automated Mosca pallet line.

The SWOT analysis (opposite) indicates a great business that is going places:



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Strengths:

- Part of the successful DK Group, with sales of £27m and 40 years' pedigree in contract packing and inventory management.
- Locations in Germany and three in the UK (Rugby, Coventry and Newcastle Under Lyme).
- UK and Ireland footprint for their online presence www.packaging365.co.uk
- The new packaging division has grown to £3.5m in just 16 months and is already nicely profitable.
- They have a huge commitment to service: "We will collect it, assemble it, pick it, pack it, shrink it, label it and deliver it".
- The packaging business already has 200+ clients.
- Also have their own timber mill.
- **Have just launched their 'Trade Box' online pricing tool for clients.**

Weaknesses:

- Needs further investment in new capacity – which is happening in June.
- Need a packaging business system – which is addressed (they're going live on the 1st of July).
- Still relatively unknown – hence the invitation for your Editor to view their business I suspect.
- Balancing distribution and manufacturing.

Opportunities:

- Realise their target to organically grow to £8m within three years.
- **Explore potential acquisitions to accelerate growth give them a call if you're looking to sell!**
- Start to sell to the capabilities of the new kit when it's up and running.
- Refreshing the website and catalogue (which is scheduled to happen this summer).
- Invest in marketing and raising brand awareness.

Threats:

- A Eurozone currency crisis sparking an economic downturn.
- Fluctuating material costs.
- Clients migrating their manufacturing capability abroad to low cost countries.
- A key client going bust.