

Rig maker Dando Drilling digs deep for UK jobs

When Dando Drilling hit a financial wall it was shunned by UK banks and was rescued by a Canadian company - today it is the only surviving drilling rig business in Britain



Martin Fitch-Roy, who employs 60 people at Dando Drilling's Littlehampton base, says young people are becoming more interested in engineering. Dando pumped out trenches for the British army in the First World War, and supporting Field Marshal Montgomery's campaign across Africa, drilling wells for the troops, in the Second World War.



Mirror, mirror on the bike

Two entrepreneurs transformed a near miss on the road into a business hit with Mirrors That Work

Sponsored by BT

7:00AM BST 27 Apr 2014

When the UK went into recession in 2008, Dando Drilling, one of the world's oldest drilling rig manufacturers, hit a financial wall.

The company, which is based in Littlehampton and makes all its drilling equipment in Britain, requires a lot of working capital to fulfil new deals. After the cash dried up, its managing director, Martin Fitch-Roy, turned to its bank for help, but despite a long-standing relationship with this lender, his request for trade finance was refused.

"We'd had our best-ever year in 2007, making £11.5m in revenue, but when we got into difficulties the following year, they no longer wanted to support us," says Fitch-Roy.

Faced with closing the company, which has been in business since 1867, Fitch-Roy had to look elsewhere for help. He was left with little option but to put the business up for sale in order to survive, eventually picking Canadian miner Energold.

“I had bought the company through a management buy-out in 1991,” explains Fitch-Roy. “But the recession really knocked us – 30pc of our market in the UK and Europe went to sleep. We were in a growth phase and we couldn’t sustain it, so I had to find a backer.”

ADVERTISING

When he hoisted the “for sale” sign over Dando, potential investors were not in short supply, attracted by its diversified business model. “We had a lot of offers on the table,” says Fitch-Roy. “That’s why it was so strange that the bank didn’t want to support us.

“But then British banks have never been much use to companies like us. They don’t have much imagination. They perceive us as a small, south coast engineering company, when we’re actually a global player in a spicy business.”

Dando Drilling exports 96pc of its products. Its drills are used for a range of applications, from finding water to mineral exploration and construction projects.

It is active in 50 countries and current projects include drilling for gold in Saudi Arabia, making wells for new cattle farms in the Sahara desert, and a water contract with the United Nations’ peacekeeping force in northern Darfur. The company frequently works in high-risk countries and territories in conflict.

“I think that banks just wrote us off as too risky,” says Fitch-Roy. “But we only trade on cast iron documents. We work with multi-lateral organisations like Unicef and the UN. There’s very little risk.”

In 2011, Energold acquired Dando Drilling for just £50,000. It took on all the company’s debt,

agreeing to pay off £560,000 in creditor debt and transaction costs over three years.

At the time of the sale, Dando had contracts to build and deliver 17 rigs plus additional parts and supplies valued at approximately £6.7m, alongside a further three contracts valued at £1.1m. Today, the company turns over £15m and is forecasting £17m for the next financial year.

Losing control of the company was a necessary evil, says Fitch-Roy. “The type of bank manager I was capable of getting in front of just didn’t have the imagination to understand us. Energold understands us. It’s a Canadian company, and Canada is a mining nation. They know the value of the industry.”

Fitch-Roy received shares in Energold as part of the deal – “Not many mind you,” he says – and has run Dando Drilling with total autonomy since the deal was done. “We’ve been through the dip and we’re punching stronger than ever,” he says.

Despite its Canadian ownership, Fitch-Roy has no intention of moving the operations. “I’m a patriot,” he says. “But there are also sound business reasons for being here. There’s a lot of marketing value in the Union Jack. We have great engineers here.”

Dando employs 60 people at its Littlehampton base, and works in partnership with the University of Brighton to find new, bright engineers, and also runs an apprenticeship scheme to train up new staff from scratch.

“We’ve just put six apprentices through college,” says Fitch-Roy. “There’s been a change in the way engineering is perceived by young people. It wasn’t sexy for a long time, but it’s coming back.”

Fitch-Roy is hoping to build Dando Drilling up to a turnover of £50m within the next five years. “The appetite is definitely there,” he says. “There are some really huge opportunities: HS2 for one, in the UK, and the exploration for shale.”

Despite being primarily a business-to-business company, Dando generates a lot of his leads through Facebook. “Some of our customers are experts in minerals or water, but many are just people who need water,” he explains. “They don’t know much about technology, but they are looking for help. That’s when Twitter and Facebook become useful channels of communication. We’re receiving 40 to 50 inquiries a week.”

Despite the market potential, Fitch-Roy rules out another management buy-out in the future. “I’m too old, unfortunately,” he says. “But maybe some of the younger guys can do it. We were such a long-standing British institution.”

The business was originally founded by a ship’s chandler and a road builder – Duke and Ockenden – “D and O” – after a cholera outbreak in Littlehampton in the 1860s. The pair sank a well to supply

fresh water to the local community and Dando Drilling was born.

It has had an illustrious past, pumping out trenches for the British army in the First World War, and supporting Field Marshal Montgomery's campaign across Africa, drilling wells for the troops, in the Second World War.

The Duke and Ockenden family interests ended in the Seventies and the company passed through various hands until Fitch-Roy, then an engineer at Dando, took it over with the help of two silent partners.

"I bought it for a very small sum; the company that owned it had run into difficulties," he says. "I took the company down to its bare bones and built it up again."

Today, Dando Drilling is the only surviving drilling rig business in the UK. Its British roots give the firm a slight advantage when competing with big rivals in Italy and the US.

"Everyone speaks English," says Fitch-Roy. "That's one thing that every British company trading niche products should remember. You can trade globally from day one. English is still the language of commerce."

• *The Telegraph Festival of Business network provides news and advice for the directors of mid-sized companies. It is supported by Grant Thornton and the Business Growth Fund*

"I'll have what she's having"



Here are 15 of the most memorable one-liners from the silver screen