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ISSUE FOUR: JANUARY 2009

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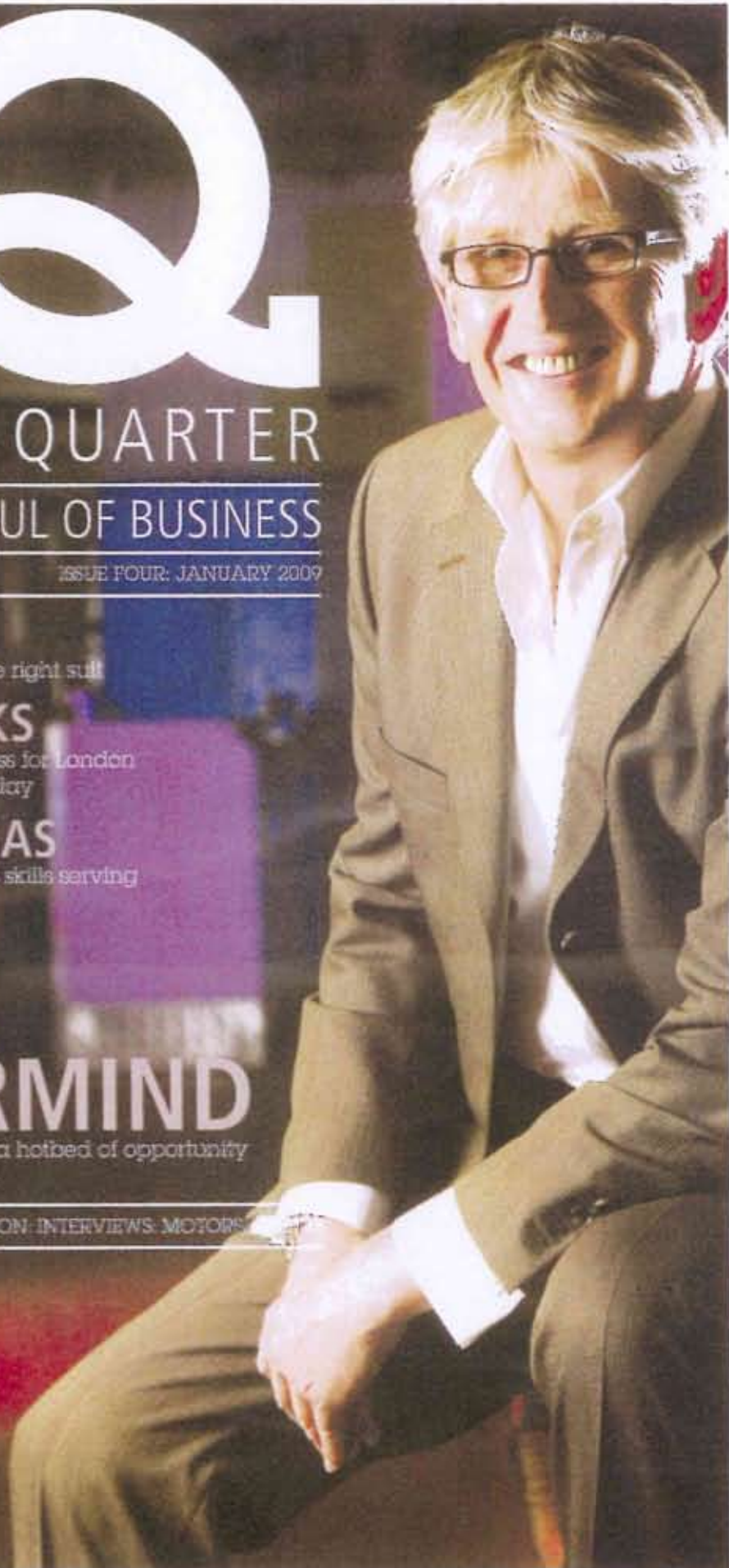
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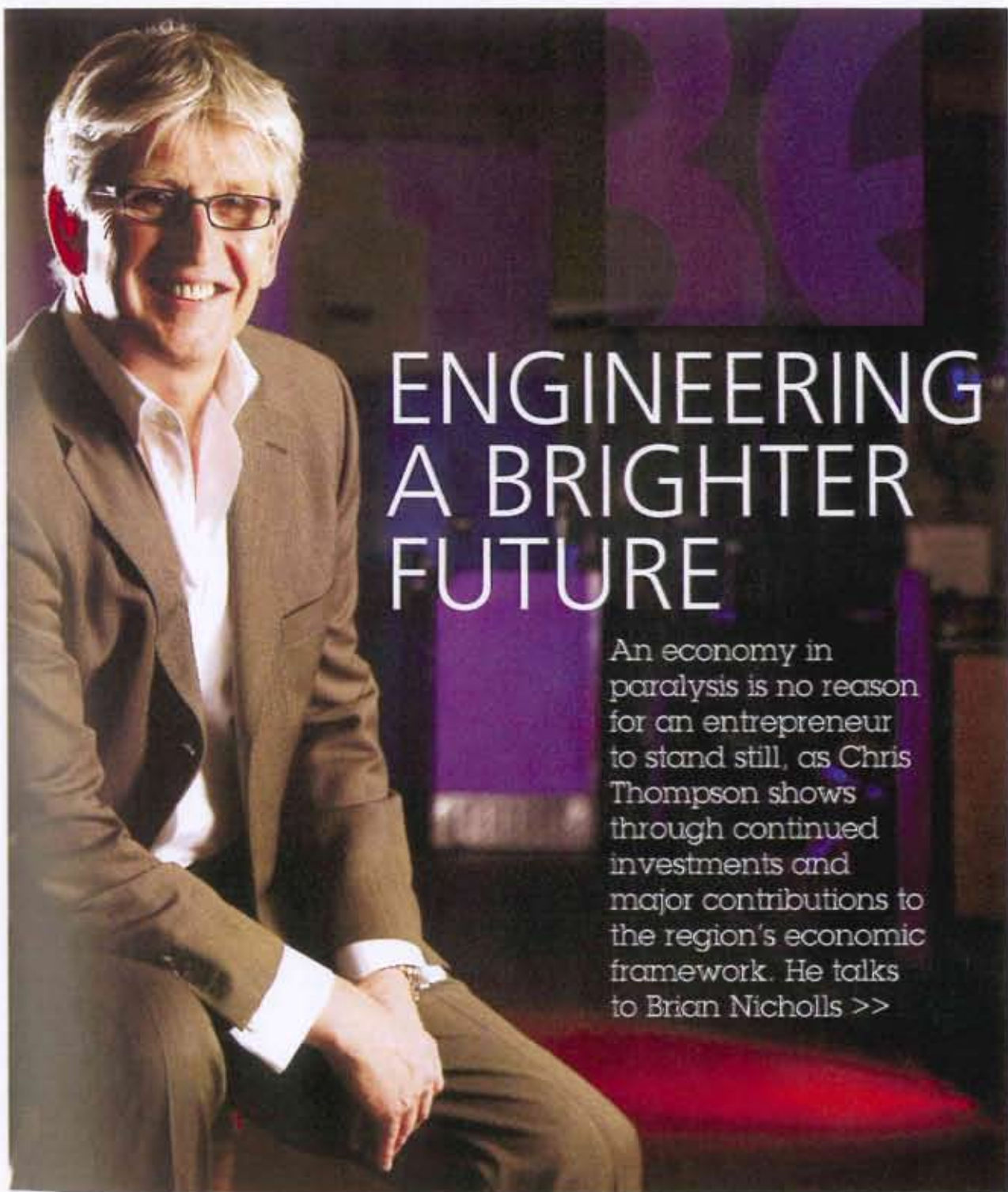
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ENTREPRENEUR



# ENGINEERING A BRIGHTER FUTURE

An economy in paralysis is no reason for an entrepreneur to stand still, as Chris Thompson shows through continued investments and major contributions to the region's economic framework. He talks to Brian Nicholls >>

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A good investment: Uber Dartmoor, one of Matt Forster's paintings using his 'uberpainting' technique in which Chris Thompson is keen to invest

So what's a buzz-a-minute serial entrepreneur to turn his mind to when the economy is in seizure? The future, as usual. Chris Thompson is one of the North East's most prolific company creators, responsible for 40 and more start-ups during the past decade. They range from training and consultancy to high-volume automotive manufacturing. Many, he has sold on, too; part of his ethos.

Some entrepreneurs launch one enterprise after another wholly for personal profit and satisfaction, but Chris also gets pleasure creating career openings for others and knowing that his own development and success enables many around him to achieve their goals.

He gives time and talent unstintingly, in addition to working within the public-private sector for the good of the region he cares so much about.

The words 'Chris Thompson, engineering' roll naturally off the tongue in this region, and have done for two decades and more, even before 1993 when he was named North East Business Executive of the Year.

He is now pressing ahead with an investment of £3.5m over two years in his Express

Engineering company. This will create 40 more jobs while many other businesses hesitate as they wait to see how the financial wind blows. Chris says: "Express Group has withstood the recent pressures in manufacturing because it has majored in growth sectors - defence, oil and gas - and these appear to be holding up."

He could have added, but did not, that acumen and foresight have also played a part. Instead, he says: "We are cautiously optimistic and shall continue to invest and increase capacity. Even so, we are monitoring the situation monthly. Our plan is incremental and can be altered. That £3.5m investment represents a big commitment on our part."

The Express Group of manufacturing companies, he points out, represents a brand. It comprises his investments, but not all the component firms are necessarily under his complete ownership. He holds controlling interest, however, in a number of the specialists of process engineering, contract manufacturing, and rapid tooling activity. With the group turning over some £35m, and around 40% of its work for clients in 30 countries abroad, there are hopes the national economy will be fitter for manufacturing

purpose by the end of 2009 and early 2010. Meanwhile, Chris Thompson also invests in some unexpected areas turned up by his twin passions of fishing and sailing. He has acquired a stake in the premium fly fishing rod manufacturer, Thomas and Thomas, of Massachusetts, and in the Caribbean, where he sails, he is building an eight-bedroom boutique hotel in the Grenadines at Bequia (pronounced Beckway, meaning 'island in the clouds').

Back home, like many investors disillusioned at present with stocks, shares and property, he has turned to fine art. Alongside some business partners, he is evaluating investments in contemporary art in the region, specifically a six-figure sum in Matt Forster, who is pioneering his Uberpainting technique from The Art Works Galleries in Newcastle. Matt explains his watercolour Uberpainting technique as: "A portrayal of stunning ideas involving the reflection of both real and super landscapes, reducing subjects to essence, and characterised by distinctive forms and an original palette."

Chris Thompson says simply: "I like his work. He is not only a talented artist, but

entrepreneurial, having sold about £1m worth of his work already," he adds.

He is also working to transform the appearance of some of the remaining stretches of industrial dereliction on the Tyne's riverbanks. In partnership, he has designed a site for 1,000 houses where Smith's Dock once stood in North Shields, and this has been sold to Places for People, which is one of the UK's largest property management and development groups.

Chris and associates have also been working with South Tyneside Council on a plan for the council to sell on or develop itself.

He is involved principally in redeveloping 13 acres of the former Middle Docks at South Shields. This is part of a central regeneration to set up a new mixed development near the Customs House arts venue, close to where BT and South Tyneside Council are creating an advanced support facility for local authorities that could mean 1,500 new jobs.

These activities enable Chris to stimulate job opportunities and fill existing vacancies. He is trying to get people back into work and he encourages others to do likewise through his activity in other capacities, such as his deputy chairmanship of the regional development agency One North East and his chairmanship of North Star Equity Investors, a venture capital firm specialising in early-stage high-growth opportunities.

NorthStar handles £22m of funding through a Co-Investors Fund and £10m through a Proof of Concept Fund. The former assists high-growth technology opportunities in the North East, and will lead or participate in syndicates. The latter invests in pre-start, early-stage or more mature science and technology-based firms.

Both funds were due to end in 2008, but Chris

says: "We have secured funding for 2009 so are able to continue. An experienced team, largely brought in from London and the South East, decides in which companies to invest. They look for business quality rather than quantity and are helping particularly where pioneering technologies are locating gaps in the market.

"North Star equity supports where there is no conventional route to funding, and we have so far been able to help more than 100 companies through the Proof of Concept Fund. We have also invested nearly £60m with co-investors in 35 of the region's technology SMEs. One of the firms now has a public share listing."

Many entrepreneurs are in permanent stand-off with the public sector and government. Chris's closer involvement, however, gives private enterprise power through interface, a current example being his New Year meeting with Prime Minister Gordon Brown, Chancellor Alistair Darling and Secretary of State for Business Peter Mandelson.

As vice-chairman of One North East, he was deputising on the occasion for the chairman, Margaret Fay, at a regional economic council gathering.

He expects 2009 to be 'both interesting and challenging' for the agency. With its investment target of £250m a year to create 22,000 more businesses and get 70,000 more people into work by 2016, his cautious assessment is understandable.

"Until the crunch came we were making great progress," he says. "As a region, we have been improving in comparison with other parts of the country, and the region's percentage improvement in gross domestic product has shown it."

He also chairs the North East Employer

Coalition, which again involves an interface with non-commercial parties such as the Department for Work and Pensions, local authorities and the Learning and Skills Council to get people back into work.

He has been a prime mover nationally in this objective, not least through his paper on the subject, prepared jointly while he was David Goldman visiting professor of innovation at Newcastle University's business school.

His paper highlighted the plight of families with up to three generations out of work in an economy considered prosperous, and indicated how existing systems were failing such people.

"The landscape has changed in three years,"



## Angel of the North

Chris Thompson, 52, was born in Walker, Newcastle, and later lived in Chapel House and attended Walbottle Grammar

School (now Walbottle Campus).

He studied in London and trained to be a quantity surveyor. He then worked alongside his father in the family engineering business.

He took over the business when his father retired and trebled sales in five years.

Further successes followed as he embraced the principles of total quality, transparency and a no-blame culture, and dedicated 3% of annual turnover to training.

His commitment as a champion of the North East is manifest in Express Group's distinction of having been the first private donor towards creating the iconic Angel of the North.

*An experienced team decides in which companies to invest. They look for business quality rather than quantity, and are helping particularly where pioneering technologies are locating gaps in the market*

## Centre of design

Chris Thompson is driving forward, in concert with others, one of his biggest ambitions for regional industry - the establishment of a £13m

Design Centre North. This is to advance engineering and other manufacturing through innovative design and product development. The centre will stand in Baltic Business Quarter, just behind The Sage Gateshead. "Engineering manufacturers in the region are very much into product innovation, and they need to get involved also in design. This is how Express Group grew," he explains.

The project, six years in the making so far and unlikely to open before summer 2010, is edging forward with plans now before Gateshead's planning committee, and a board of business leaders appointed to develop an accompanying design network.

This will be led by Sunderland-based RTC North, which already has an impressive record in helping firms to develop new products, and it will be partnered by the universities of Newcastle, Teesside and Northumbria.

One North East has committed £4.4m, and final approval is being sought for £3.6m from the 2007-13 European Regional Development Fund. Developer Terrace Hill will also contribute, and one of the centre's two wings will comprise commercial office space.

The cogs of public-private partnership often grind slowly, but eight years, assuming the opening is on schedule, must seem unduly long to many for a key research and development asset serving the region. Chris must be frustrated, but he describes it, diplomatically, as "a long time in the making".

"There has been a lot of change in six years," he says. "The market drivers are different now. The original intention was for the centre to encourage US corporations to look to the North East to design products for the European markets and a major part of that concept has diminished.

"Good design, however, remains a great way in which to embrace skills and, now, to prepare for the eventual upturn of the economy.



*Engineering manufacturers in the region are very much into product innovation, and they need to get involved also in design*

especially given the sharing of specialist best practice that will accompany it."

Fortunately, corporate enthusiasm has been sustained. Mike Addison, senior scientist at Procter and Gamble, says: "We firmly believe world class innovation, supported by world class design, is a key to consistent and sustainable growth. The planned design network fits very well with these aspirations." Dianne Sharp, managing director of Mechatronics, the Bishop Auckland maker of solenoids, says: "Small and medium size enterprises in the region will now know where to go for help in developing innovation. Until now, general design and engineering support has been fragmented here. But this investment will go far in bringing together a network, attracting the right people to the region." Speaking for engineering generally, Tony Sarginson, regional manager of the Engineering Employers Federation, says: "Facilities in this design centre are going to prove so important to our manufacturers." And Martin Vickerman, director of Terrace Hill Group, which has to provide commercial

viability, says: "We are confident the centre will provide both a stimulus for future investment in the region's design industry, and a focus for inspiring and promoting innovative and productive design companies in the region." The design sector presently accounts for about 2% (£600m) of the region's economic output. RTC North's chief executive, Gordon Olivere, says: "At a time when productivity quality standards are universally high, and costs have been driven downward, design and functionality are the most important factors in success or failure in the market place." Chris Thompson himself now sees opportunity for the North East, particularly in manufacturing associated with medical advances being made in the region. Just why Chris has so much support on all sides for the design hub was made clear by Malcolm Page, deputy chief executive of One North East: "Research found the North East was not using design to generate business growth as many of its regional counterparts were. The potential development of a central and neutral facility enables us to do this."

*With more responsibility passing to local authorities through government changes, and with the eventual demise of the LSC and growth of the green economy and other economic drivers, we are going to see a lot of change*

he says, however. "We do now have people tackling the problems. Over the next couple of years there will be new government policies, similar to those proposed in the Leitch Report."

The Report said the UK must spend significantly more on boosting skills at every level, and that employers should have much

greater say in what should be funded. This, Chris says, gave credibility to the proposals. "Now, with more responsibility passing to local authorities through government changes, and with the eventual demise of the LSC and growth of the green economy and other economic drivers, we are going to see a lot of change."

He is scouring renewables for his own business interests beyond manufacturing, hotel building and patronage of the arts. He has invested in a training company, Trade Training Associates, which specialises in heating and ventilation in renewable energies.

He has set up trade training with Fenhams, the Gosforth family firm of heating and ventilation contractors, running integrated training and qualification programmes to City & Guilds standards for work in solar panels and photovoltaics. "The solar panels can generate electricity, but you need integrated training of craftsmen with specialist plumbing, electrical and installation skills, and training until now has been disjointed," he says.

He is also into online marketing and waste recycling, through the Newcastle firm Media Works and a medical waste company in Nottingham that recycles clinical refuse from hospitals into plastic products. ■



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