

# CHIEF EXECUTIVE'S Q&A

# Q&A

with **Darren Waters,**  
Chief Executive



Darren Waters joined Eurocell as Chief Executive designate in April 2023 and was appointed Chief Executive on 11 May 2023, following Mark Kelly's retirement at the 2023 AGM. He was formerly Chief Operating Officer for Ibstock plc and has extensive experience and knowledge of the building products and fenestration sectors in the UK.

In this Q&A, we ask Darren to share what it was that attracted him to Eurocell, what his initial observations have been and how he sees the future for Eurocell.

**Q** What attracted you to the role of Eurocell CEO?

**A** Eurocell is a business that I knew well from my time as CEO of Tyman UK & Ireland. From the outside looking in, it felt like a business with a strong foundation, based on a market-leading position in PVC door and window profiles, plus an established national network of trade counters. From an ESG perspective, I also admired what it was doing on recycling. What struck me though was the potential to take the business to the next level, and I felt that I could really draw on my recent experience with Ibstock and Tyman to make that happen. The opportunity to work with our Chairman, Derek Mapp, given his reputation and track record, was also compelling.

Taking us to the

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**Q You joined Eurocell in April 2023. What are your first observations, and is it what you expected?**

**A** Derek gave me a good overview of the business before I joined so there weren't many surprises. The business had been through quite a lot of change, with the warehouse move and cyber-attack. When I arrived, I knew we were facing headwinds due to the depressed housing market and also grappling with rising input costs, but it was also clear that the business had underestimated the scale of the market downturn. We therefore had to act quickly to reduce the cost base, eliminating around a hundred roles at the half year.

On a more positive note, I've inherited a strong team with some great people, who are very engaged with the business and hungry for change. We've got a lot of work to do to develop a more cohesive culture, but we are moving at pace on that.

**Q What changes, if any, have you made to the business so far?**

**A** Safety is now the first agenda item in every leadership meeting and has had more airtime, so it's been pleasing to see a 50% improvement in our performance.

Our Commercial MD is now 100% focused on the Branch Network, with fabricator sales now reporting to me. I felt we needed to give more attention to the branches, because there is so much opportunity to go after.

We have been improving our door and window proposition through the branches, because I felt that we weren't punching our weight in these core big ticket product categories. The work we have done since is very exciting, and now one of the key building blocks in our new strategy.

I also kicked off a review of our strategy, as we didn't have an overarching plan that set out where we were going, or how we were going to get there. The early feedback I got from investors was that they didn't really understand our strategy either. By November, we had put the finishing touches on a high-quality piece of work, that clearly articulates our future vision for the business, and sets out the initiatives that will drive the business forward. The feedback from our key stakeholders so far has been positive, so we've now got to get on and deliver it!

We can't do that without our fantastic employees, so we've recently welcomed a new People Director into the business, who has some great experience with the likes of Halfords, Costa and Pets at Home, and is a great addition to our Executive team.

**Q You have set out a new purpose and values. What can you tell us about those?**

**A** Everyone knows that purpose-driven organisations perform better. A great purpose should act as a 'call to arms' and energise employees. To put it bluntly, our former purpose did not set the pulse racing, but its replacement is bold and inspiring. Given that culture is an untapped opportunity, we've also created a new set of values that define our personality and set the tone for the organisation. I'm really pleased with the outcome of this work, as the language we have used (e.g. Gritty, Decent) will really resonate with our employees. Having landed these, we are now starting to cascade them throughout the organisation, alongside our new strategy. I know from experience that it takes a long time to embed new ways of working, but changing the culture will really help us to mobilise and sustain our ambitious strategic agenda.

**Q You have now completed a review of your strategy. What are the headlines from that?**

**A** The headlines are that we believe we have a clear growth strategy, built around four pillars: Customer Growth, Business Effectiveness, People First and ESG Leadership. Through this, we have a pathway to building a £500m revenue business generating a 10% operating margin within the next five years. It's an ambitious vision, but when you aggregate the growth opportunities, applying a degree of sensitivity, it is an achievable target.

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## CHIEF EXECUTIVE'S Q&A CONTINUED

**Q Tell us about these strategic pillars, starting with Customer Growth?**

**A** Customer growth is predicated on us becoming the trade customer's preferred choice, in all markets and segments where we operate. The largest element of this is our Branch Network, where we are aiming to sell more doors, windows, and conservatory roofs to become the number one destination for professional tradespeople.

After a two-year hiatus, we are planning to open more branches from H2 onwards and we see an opportunity to add 30 new sites over the next three to four years.

We then have our extended living spaces range (garden rooms and extensions), where we are gaining a strong reputation for the quality of product and professional installation service. All of this is underpinned by our investment in digital, to raise awareness of our products and home improvement solutions, to acquire new customers.

**Q What kind of initiatives will underpin Business Effectiveness?**

**A** We want to make Eurocell a lean and efficient business, so we are upgrading our business systems to streamline processes and make us easier to do business with. By selling more doors and windows, we will utilise spare capacity that we have in our composite door business and rigid extrusion manufacturing operations, thereby making us more efficient.

We are also embedding a continuous improvement ('CI') philosophy, which is already highlighting significant opportunities, particularly in our manufacturing and recycling operations.

**Q Can you expand on what People First means?**

**A** People First is all about making Eurocell a great place to work, through a relentless focus on health and safety, an enhanced employee value proposition, improved levels of employee engagement and effective talent management. Many of our people really love their jobs, but we want them to love Eurocell too. We have pockets of excellence, but we are just not consistent across all our sites. I'm passionate about this initiative, as I've seen the impact of getting this right and I know how it can positively affect performance.

**Q ESG Leadership is not straight forward for a business that uses PVC – what are you planning here?**

**A** Eurocell is already a leader in PVCu recycling, which is preventing thousands of windows being sent to landfill. But that's just one aspect of ESG and, looking ahead, we aim to excel in all areas. We are now working with a specialist ESG consultancy to develop our Net Zero strategy and improve the way we capture and record data, through our own business and the rest of our supply chain.

**Q What are the biggest risks and challenges you face to deliver the strategy successfully?**

**A** One of the biggest challenges we face is bandwidth, as there is a lot to do, plus there are a lot of interdependencies between the various elements of our strategy. As an example, we cannot deliver on the potential upside in the branches without upgrading our trading system. Furthermore, to grow our extended living spaces range, we must execute on our digital strategy. We also have some gaps in capability that we are addressing, but not at additional cost.





**Q Looking shorter term, how do you assess your core markets today?**

**A** It's very hard to predict given the instability caused by events in the Middle East, but our forecast assumes flat vs H2 2023. Private housing (10% of revenues) is starting to pick up a little, after the drop in interest rates, but remains well down on the levels we saw in 2022. RMI (85% of revenues) has been more resilient but is still challenging. We are therefore not anticipating any improvement in the market this year, but if inflation continues its downward trend and interest rates drop further, then H2 could turn out to be a little better, which would be a bonus.

**Q What are you going to focus on this year?**

**A** Our focus for this year is all about accelerating the branch network transformation (including the new trading system), embedding the new culture, delivering on our CI projects and raising our game on ESG. There is an expectation that the market in 2025 will be much better, and we want to be ready to take advantage of that.

**Q Any final thoughts?**

**A** Towards the end of 2023, I really felt that we were beginning to build momentum on several fronts, which we've carried into the new year. We are also starting to see more consistency in our performance, which is generating belief in our ability to deliver an improvement in the quality of our earnings over the medium term, something that we are committed to achieving. If we maintain this trajectory, then we will be well placed to benefit from an uptick in the market, when that comes.

I am loving the job, relishing the opportunities that we are uncovering, and confident that we can make Eurocell a great business.

➤ Read about our new strategy on **pages 18 to 29**