

# The Daily Telegraph

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## BUSINESS CLUB

### Company missing out on work with major clients due to corporate governance issues, writes **James Hurley** **TV services firm JCA pleads for level playing field**

#### CASE STUDY: SALES

**E**NTREPRENEURS will adopt all manner of ruses to make their start-up appear bigger than it really is. Take the design agency owner who “borrowed” an unused space on the floor below his serviced office pod and called in an array of family members to pretend to field calls when a potential client came in for a meeting. Serious players would never trust a one-man band, he explained.

The bad news for new owner-managers is that it doesn't always get any easier once you're established and such subterfuge has long become too risky.

Directors Simon Kay and Matt Bowman of film and television services business JCA, are evidence that even with a 20-year record and revenues of £3.5m, the scale problem doesn't go away.

JCA stores, distributes and digitises content, translates titles from format to format – from film or tape to Blu-ray for example – and puts films and TV shows on to new media platforms, such as iTunes. It also restores “legacy content”, allowing media owners and broadcasters to find new revenue streams for old titles. It recently restored *Sharpe's Rifles*, for example, the original incarnation of ITV's Napoleonic drama starring Sean Bean, transforming original film negatives to an HD format.

Other clients include the BBC, Channel 4 and NBC Universal, but JCA's founders are frustrated they are frequently at the back of a queue that's typically headed by much larger rivals.

Kay says it often boils down to corporate governance – the familiar name wins the business. “The people who are placing the work are constantly under pressure internally and have the philosophy that you won't get fired for buying IBM. They're afraid of being asked ‘Who are JCA?’”

The same applies even if you

can prove you're better at the job, Bowman, the commercial director, claims. “After jobs have been awarded, we've been leaked the scoring documents by clients as to everybody who's tendering for a contract and how they compare on their ability to do the job and technical qualifications. We're always top and then not shortlisted. It's very frustrating when it's the same old people on the list.”

Bowman admits it's not a unique problem. “This has been happening to small companies since the year dot,” he says. But the 42-year-old harbours an interesting conspiracy theory.

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“The most cyclical reason I ever heard from a potential client was, ‘[your rivals] are under service level agreements with us for performance and because they fail them so often it costs us very little to use their services’. They asked, ‘could you pay the same if you made the same mistakes?’ No, but we wouldn't make them in the first place.”

JCA had its origin in BBC Enterprises having been a management buyout almost 25 years ago, but has been in its current form since 2005 when Kay, and partner Nick Pannaman acquired the business having grown disgruntled with life at Ascent Media, the giant that acquired their original business TVP. “I didn't like sitting in an ivory tower doing spreadsheets and forecasts every day and not being able to talk to staff and clients,”



Reel restoration: from left, Matt Bowman, Simon Kay and Nick Pannaman at the company's Acton offices, where old films are converted to new formats

says Kay. “You'd start off with a capital expenditure that you knew would be cut within six months because the rest of the business couldn't sustain it. As an entrepreneur, you were handcuffed.”

Bowman's own business, a film lab, had also become part of the Ascent group and he felt equally stifled. The trio formed JCA, which has managed to gain a reputation as a troubleshooter. “When it all goes wrong for people who don't usually work with us, we're the company they call,” he says. “We had a major distributor ring up in an absolute panic. They said their

supplier had 30 failures when trying to put their content on iTunes and Apple was losing patience. They were worried iTunes would stop taking their content.”

“It's ‘can you dig us out of this hole’. And we do. It's frustrating for us that it has to reach crisis point before the call comes. Quite often, they ring up the platform and say, ‘who's good at this?’, and the platform says ‘give JCA a ring.’”

The company tries to retain the new-found client. “But sometimes we can't,” says Bowman. “Once we've fixed it, it's even more

frustrating when they give the work back to the people who'd given them substandard service.”

Things are far from broken – last year's revenues of £3.5m were up from £2.6m in 2009, while margins grew by a more modest 12pc to bring pre-tax profits to £340,000. JCA is particularly adept at winning business from small and medium-sized distribution companies keen to future proof output by moving to digital formats and remote “cloud” file storage and distribution.

“They trust us,” says Kay. “It's getting that to work for the bigger players.”

The company has considered partnerships, acquisitions, a new approach to sales and even moving its office from suburban North Acton to the heart of the creative industry in London's Soho. The latter option has been rejected. “We're at the end of the creative cycle. It's not, let's sit and have sushi for six hours in a [production] suite trying to get the look just so. That's what Soho's become and it's not us.”

International partners – or potential acquisitions – that could give JCA more scale and reach are still on the agenda, although a remote and reactive approach to

#### At a glance

**Company** JCA  
**Based** North Acton, London  
**Turnover** £3.5m  
**Employees** 38  
**Challenge** Persuading large clients to see the business as a viable long-term partner rather than just a troubleshooter

finding one isn't working. “It is more people coming to us than us going to them. To find the local JCA in New York, we need to go out there and walk the streets,” Kay admits.

Could non-executive advice open some doors? “Maybe we need the ITV model, with someone from outside the industry, but how do you find them?” asks Kay.

“We've been thinking about a non-executive adviser, but also whether we need a younger style of sales force,” Bowman adds. “People talk about social networking tools, and we look at each other blankly. We've been asked, ‘you're at the forefront of digital content, why aren't you engaging’. Perhaps we've missed the point that the youngest member of our management team is 42.”

Can't the company simply focus on building market share among smaller players? “People keep buying them,” says Bowman.

“We're happy to look at small businesses, but the desire is to grow as quickly as possible. We're hungry,” adds Kay, who is predicting sales of £4.25m for the current financial year. The 50-year-old feels it would be a mistake to simply settle for modest organic growth.

“We've gained more clients and the reputation of the business is really growing. We're crammed to the gills where we are. We could sit there until we win the next contract and simply add a couple more machines and people each time. But there's more ambition than that in the business and the marketplace needs the skills-set.”

## EXPERT VIEW

#### Martin Leuw

Chief executive, incube8it

JCA's growth challenges are familiar to anybody who has grown a small business into a larger one and there is no single “magic bullet” to address them. However, I'd suggest a fundamental starting point is to ensure the business looks and behaves like it is larger than it is.

Don't let being a smaller business become a standard excuse for not winning



BBC grounding is impressive

bigger deals. Continuously follow up lost deals to get to the bottom of what can be done next time to ensure success, which might include recruiting top sales people from successful competitors.

When a potential client visits the website or receives a presentation or information on the business, they are looking for a relationship with minimum risk, so the “elevator pitch” for JCA needs to quickly get across: a 30-year history emanating

from the BBC, testimonials from major blue-chip clients, impressive metrics other than revenues and key points of competitive differentiation, with examples of clients that have been rescued from messy situations.

Other points that help are customer reference sites, sector specialisation, standard contracts which require minimal alteration and a focus on added value relationships rather than transactional business.

#### Annabel Venner

Marketing director, Hiscox

When I look for new suppliers I am not necessarily concerned about the size of the business but rather their client base and reputation. A recommendation from a trusted peer is extremely influential in deciding who to tender.

If JCA feel they are already well known in the small to medium market then they could identify “challenger



Word of mouth is influential

brands” – small but fast-growing companies already punching above their weight – to approach for new business.

Challenger brands can take you on their journey with them as they expand rapidly and take a larger share of the market. As these brands grow to compete with larger companies, their suppliers can use this as an opportunity to grow with them, building reputation and networks as they grow.

These growing brands will also be looking for suppliers that are hungry for new business and provide a high-quality product or service. Their size and expectation for growth means they need to be strategic in how they allocate their creative budget and therefore will not just be interested in hiring larger creative companies – which might not have the same passion for smaller clients.

That's where I'd put my new business focus.