

SDC makes £1.4m profit – and hands £510,000 to employees

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By John Leitch

SDC Builders made a pre-tax profit of £1.4m last year – and £510,000 of this sum has been handed back for distribution among its workforce.

Taking an even-handed approach to this redistribution, the result has been that all of SDC's 290 employees have received the same percentage top-up to their basic annual salary, regardless of rank.

Francis Shiner, managing director, said: "I got the same percentage as everyone else. We need to motivate staff and this works."

It is the first-time that the group's employees have benefitted in this way and the message is that they got more than they were expecting, given that Shiner and the top team had made no promises as to what sum might be handed back.

"But last year was a good year for the group," he explained.

When the company was sold a year ago by Brian Fox and David Ledsome it was left to Shiner to come up with a new ownership format that would put SDC's employees in the driving seat.

The result was a form of management buy-out. No-one actually owns shares – rather the company owns itself.

Latest accounts (covering the 12 months to 30 September 2008) list the company's owner as being SDC Employee Benefit Trust.

Shiner says that there is no absolute equivalent to what SDC has become, the closest parallel being the John Lewis Partnership where annual profits are also distributed to employees.

"Twelve months on from the change, staff certainly do now think of the company as being theirs," said Shiner. "People even say to me 'be careful – that's our money you're spending you know'.

"We've always had good relations with the staff and a lot have 15-25 years' service.

"I can't say how this has affected churn rate as no-one is leaving anyway because of the state of the construction market."

SDC Builders' latest figures show turnover higher at £130m (comparable figure in 2007: £120m). The previous year's profit was broadly similar at £1.5m.

The company, based in Bedford, provides a breakdown of the work undertaken last year in various market sectors:

- £32m – general industrial
- £31m – commercial and leisure
- £17m – mixed-use schemes (residential/commercial)
- £17m – education and technical facilities
- £16m – housing
- £13m – special projects
- £1m – Limegrove supplies

SDC says that it is "well placed to ride out the current crisis" with a forward-order book of £180m spread over the next three years.

The net cash inflow from operating activities last year was £5.1m (comparable figure in 2007: £5.6m). The result is that net funds ended the period £5m higher at £12m.

SDC operates as a main contractor but it will also send out specialist teams to tackle smaller value projects, affordable housing and M&E services.