

# Evodian

Annual Report to Employees

February, 1978 (Year ending October 1st, 1977.)

No.1

## Teamwork Tells

An Introduction to the First Issue of the Evode Holdings Limited Report & Accounts to employees



Almost 14 years ago, under the heading "A Unifying Influence", Volume 1, Number 1, of 'The Evodian' was launched.

I was particularly pleased to welcome 'The Evodian' to the scene because I felt it could exert a unifying influence upon the whole organisation. In view of the many sectional interests, it has since been replaced by the 'Evode Newsletter', 'A.E.P. Newsletter', 'E.W.S. News' and Evode Export's 'Project International'.

I am pleased, therefore, to present you for the first time with a new 'Evodian' in the form of a special Annual Report for all our employees. It is a further contribution to the development of our programme to improve communication.

In giving you this information we are confident that it will help you to understand the problems of your company and also to realise that we can only succeed if we are a profitable organisation. Profits are an insurance against the risks we have to take with many of our decisions and an insurance against adversities.

In addition, funds have to be provided for investment in plant and machinery for new processes and to enable us to comply with the requirements of the Health and Safety Act. We must not forget that more than 50% of what we earn in profits goes in tax and other National contributions. All these problems can only be solved with the full co-operation and goodwill of all concerned, and by working together as a team, as we have done in the past so successfully.

Dr. H. Simon, C.B.E., Chairman.

# ALL TIME RECORD SALES!

*But profit below expectations*

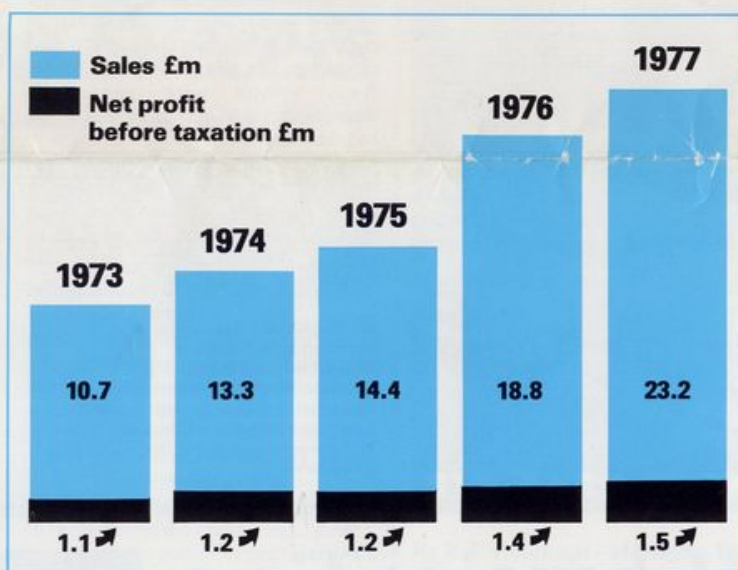


Fig. 1.

In the year ended October 1st, '77 we sold £23,218,000 of products and services satisfying the needs of customers in highly competitive markets - an all time record! Congratulations are due to Evodians in all sectors for this magnificent achievement. Unfortunately, this did not result in a corresponding expected increase in profits due to increased costs of raw materials, services, like gas and electricity and wages, which could not be fully recovered in selling prices because of competitive pressures and strict Government control of prices.

The relationship of profit to sales over the past five years is shown in fig. 1. In 1977 our profit before deduction of taxation and shareholders' dividends was £1,483,000.

We have and will continue to examine ways and means of effecting economies to help improve profits, since this is essential to our future and to the well being of us all.

## HEALTH and SAFETY AT WORK

For many years the Company has been active in its consideration for the health of its employees and for their safety in the carrying out of their duties. However, recent developments, firstly in public awareness and attitudes to this subject, secondly - and as a result, the legislation governing such matters, has led to the setting up of the present Group Safety Policy and the organisation to carry it out.

Safety is not a one-sided matter and modern conditions demand the assistance and co-operation of all Evodians. Completely in accordance with the requirements of Government legislation and about two years in advance of the date when it becomes enforceable, the Group has set up the Safety Representatives and Safety Committee organisation, that is now in full operation.

Safety representatives are appointed by recognised trade unions and are thereby considered as union officials. Their function, under the Health and Safety at Work Act 1974, is to represent employees in consultations with the Company on safety matters. Other duties are to investigate potential hazards and dangerous occurrences, to investigate health and safety complaints, to make inspections, to represent employees in consultations with Health and Safety executive inspectors and to attend meetings of Safety Committees. The Company provides, at its own expense, full training facilities for safety representatives.

Whereas the shop steward represents his or her own union members in consultation with management, the safety represent-

ative, with the consent of the unions concerned is generally recognised to be a representative of all fellow employees, regardless of the unions to which they belong. For this reason each safety representative is assigned an area. This area will usually be that where the representative normally works, to ensure familiarity with the materials and processes used, and the potential hazards which they exhibit. This knowledge can therefore be applied for the greater benefit of Evodian colleagues.

It will be apparent that the safety representative is a very important Evodian who is able on the one hand to draw management's attention to problems which may arise and on the other is able to convey advice and exhortation to colleagues in the interests of safer and more healthy working conditions.

# AROUND THE GROUP

## Holding Market Lead

By V. Vohralik - Managing Director, EVODE Ltd.

Although our sales in 1977 were the highest ever, this was not achieved without considerable difficulties. The competitive pressures in the market-place were particularly severe and the effects of inflation damaging; consequently it cost us as a company a great deal to maintain our position as market leaders. Inevitably this was reflected in lower margins for our product range.

Despite this I feel that everyone - in the factory and offices, in the laboratories and out in the field, played their part admirably during the year to keep Evode ahead of its competitors.

In terms of personal effort 1978 isn't

going to be any easier - to use a simple analogy - we all have to run faster in order just to stand still - and we have to do more than that if we are to stay out in front.

Looking on the brighter side, the results of the test marketing of Rok-Rap are encouraging and we have plans to exploit the potential of this unique new product in 1978. The first stage of our investment programme for this product is the installation of the solvent recovery plant which will be in operation in February, 1978. The subsequent improvements achieved in the production process will enable us to meet the anticipated demand generated by our national sales promo-

tion. Whilst on the subject of investment, you may be interested to learn that our projected capital expenditure for 1978 i.e. what we shall invest in new machinery and equipment - will amount to just under half a million pounds - our expenditure for last year was almost as much also!

European Economic Community legislation covering safety for solvent based adhesive products is likely to be introduced in 1979. We are well poised to take advantage of the opportunities this presents with our water based adhesive products, Evo-Stik Safe 80 for industrial users and Evo-Stik Non-Flam for the D.I.Y. market.

We are looking closely into ways of increasing our D.I.Y. product range to make the best use of our selling and distribution resources and to build on our excellent reputation in this sector. Not all our efforts in this direction in 1977 were successful, Evo-Stik Easifill and Clean-Away results were particularly disappointing and corrective action will be taken this year.

Given reasonable economic factors and your continued support - also the support of our customers, we must never forget them! - I am confident that we shall be able to maintain current levels and standards of employment.

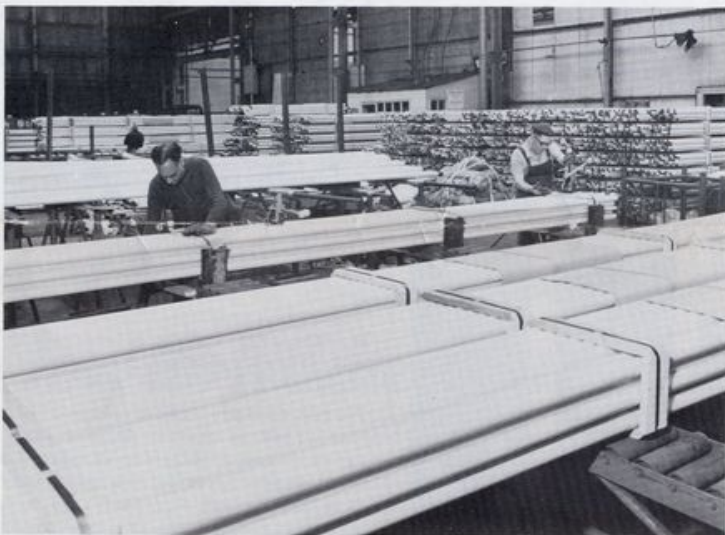
*Evo-Stik Hot Melt Adhesive is used extensively by the British Steel Corporation, Coombs Wood factory, in the production of P.V.C. coated pipes. Here we see some of the finished products being packed for despatch. (Photo by kind permission of the British Steel Corporation).*



### Evo-Stik Rok-Rap in action

*Tests are currently underway with a special grade of Rok-Rap for an interesting application in the construction of pre-stressed concrete circular structures. Our photograph shows Rok-Rap in experimental use on a banded potable water tank. The equipment illustrated is the Preload Stressing Machine which applies large quantities of stressed high tensile steel wire, concentrated into bands, in horizontal recesses formed in the outer surface of the wall. These bands are wound into freshly applied mortar and this is followed by a further application of a special mortar so that the wire is completely encapsulated. The idea is that Rok-Rap should replace the mortar bed. If successful the on-site advantages would be legion, for example, easier handling, the requirement for sand and cement would be dramatically reduced - pneumatic spray equipment for mortar would not be required etc. etc. This is just one example of the many potential uses of this unique, versatile new product - another Evode 'first'.*

*(Photograph by kind permission of Preload Ltd., London - a member of the Galliford Brindley Group).*



## Challenge of Changing Times

By F.B. Lynch - Managing Director, EVODE INDUSTRIES Ltd.

Despite the economic problems in the early part of the year we can derive a great deal of satisfaction from the fact that we have increased our share of a very competitive market. Competition from imported products has the necessary price increases to recover these costs. It follows, therefore, that we must look to the alternative - increased efficiency in all areas. Plans are in hand to reduce wastage to an absolute minimum and economise wherever possible.

Despite our difficulties we have had our successes and I refer particularly to the

launch of the new Evo-Stik Hi-White range of ceramic tile fixatives. We can now justifiably claim to be market leaders in this area. We have also achieved substantial success in the sales of our Building Chemicals and Sealants. This progress is a tribute to the goodwill and co-operation which exists throughout our company.

We are convinced that things are not going to be any easier in 1978 and will call for greater effort from all sectors of Sales/Marketing, Administration and Production. We must take a critical look at our methods and where necessary adapt to meet the challenges of changing times. Sales/Marketing are committed to the use of the most sophisticated methods of market research and the Division is now well equipped to seek out new markets for our products and to sell successfully into those markets. The introduction of new

product lines is also a top priority.

Computer Systems have been introduced to assist our administration and in due course will make a substantial contribution towards providing the essential information based on which decisions can be taken. It will also increase the speed and efficiency with which order processing can take place.

We are investigating ways and means of improving our degree of mechanisation for our various processes in order to keep ahead of our competitors. If on the other hand, we do not keep pace with modern

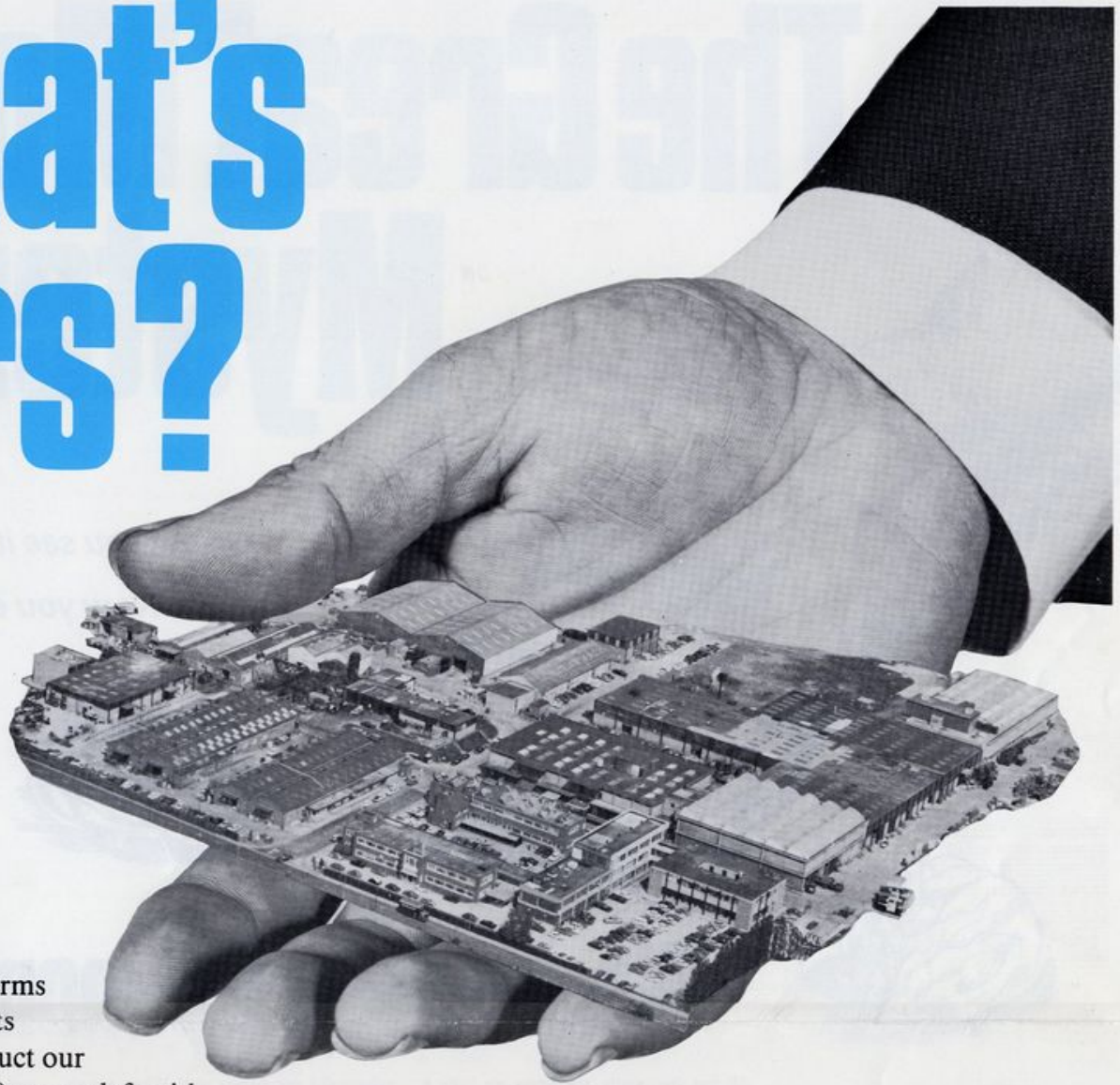
production machinery and methods then inevitably our competitors will be able to produce more economically and as a consequence will take a larger share of our markets.

We have worked together successfully to build this Company and a lot has been achieved in twenty years. However, the challenge for the future is undeniable and a lot more remains to be done. With the co-operation, goodwill and teamwork which has marked our relationships at Evode Industries we can look to the future with renewed confidence.



Aerial view of Evode Industries Ltd., factory at Swords, County Dublin.

# What's ours?



## What do we own and what do we owe?

In simple accounting terms if we calculate our assets (what we own) and deduct our liabilities (what we owe) we are left with the net value of the Group. Here's how it was at the end of our financial year, i.e. on October 1st. 1977

### What we Owe

	(£000's)
Value of goods and services received but not yet paid for	4146
Bank borrowing and Mortgage	211
Taxation	1100
Dividends and Tax thereon	209
<b>TOTAL LIABILITIES</b>	<b>5666</b>

### What we Own

	(£000's)
Land and Buildings	2631
Machines and Equipment	1390
Stocks of Materials	3235
Associated Companies	200
Money owed to us by customers for goods and services delivered but not yet paid for	4953
<b>TOTAL ASSETS</b>	<b>12409</b>

	(£000's)
Therefore What we own	12409
less What we owe	5666
<b>Net value of Evode Group</b>	<b>6743</b>

## The Prosperity Chain



# The Great Money Mystery...



Now you see it....

Now you don't....



## Where does the money go?

All too frequently nowadays we take a pound from our wallet or purse and before you can say 'Anthony Wedgewood Benn' or even 'Margaret Thatcher' it's gone! as if by magic. If you have bought more than five items you are very lucky, more often than not it only covers a small portion of your purchase and at the end of the week or month we all tend to ask

'where did the money go?' When we sit down and analyse it, it becomes only too clear where it's gone and it's got nothing to do with magic - simply the baker, the butcher and the taxman.

Whilst as a Group we earned £23,218,000 of sales last year we had to spend £16,129,000 on essential raw materials

and services to keep the Group operating. This left us with a surplus of £7,089,000 out of which we had to pay wages, social security, bank interest, shareholders' dividends, the taxman and invest in replacement of plant and equipment. Here's how each £1 of our surplus disappeared last year.

71.62p

7.04p

16.78p

2.13p

2.43p



Wages, salaries and pensions



Taxation



Re-investment and Depreciation



Interest



Shareholders

### A V.I.E. (Very Important Evodian)

Let's look now at how a very important Evodian fared from that surplus

#### THE EVODIAN EMPLOYEE

Sharing £5,077,000 in wages, salaries, and pensions, on average each of our employees was backed by £6,670 of net assets generated £22,965 of sales, was supported by £736 of new investment, received £3850 in pay

## Pension Plan

### Safeguarding your Future

A Brief Outline of the New Group Pension Fund commencing 1978

Providing properly for the future, particularly for retirement, is often an afterthought for many people, although it should be an important consideration for everyone. In recognising the importance of this, the Evode Group has pursued a policy of establishing good contributory pension schemes for its employees.

In April 1978, the new State Pension Scheme comes into operation, providing a two-tier scheme - basic pension and earnings-related pension, both of which will be increased broadly in line with inflation.

### Significant Improvement

This is a significant improvement on the current State Scheme, but, in general, the Evode Group schemes provide greater benefits and therefore, after consultation with the unions, the Company has elected to contract-out of the State Scheme. This means that, whilst everyone will continue to pay towards and eventually receive the basic State Pension, the earnings-related part of the pension will be provided from Evode Pension Funds.

From April of this year, the Evode Pension Schemes will be modified in some respects to provide some improvements, whilst retaining all the benefits of the existing schemes. These include:

- \* The addition of a widows' pension for the Works scheme

- \* Improvement in the widows' pension and of life cover for the Staff scheme.

### Why is the Evode Scheme better than the State Scheme?

There are a number of important provisions in the Evode Scheme which are not included in the State Scheme. They are:

- \* Lump sum cover for death in service
- \* Opportunity for commutation on retirement i.e. you have the option to exchange part of your pension for a tax-free lump sum when you retire
- \* Early retirement provision
- \* Orphans benefit [staff only]

- \* Tax relief on Company scheme contributions

- \* A maximum of 40 years service towards pension against only 20 years maximum for the State scheme.

### How is your pension protected?

- \* Under the new State Scheme, once pensions are paid, inflation linked increases granted by the Government to both the basic and earnings-related pensions will still be available to those contracted out
- \* Escalation of Evode pension payments by 3% per annum
- \* Safeguards to preserve Guaranteed Minimum Pension equivalent to the State Scheme.

A total of eleven individually designed, timber-clad sports domes have so far been constructed for schools in the Ipswich area. The Evode System, complete with Silverfilm solar reflective finish has been used to waterproof no fewer than seven of these unique structures, pioneered by architects Johns Slater & Haward, Ipswich. Our photographs show just four of the seven.



1. Priory Heath Secondary School.



2. Downing Primary School.



3. Hanford Hall Primary School.



4. Halifax Primary School.

# Resounding win despite wet wicket

By A.A.R. Cobbold - Managing Director, EWS Ltd.

Roof waterproofing is a weather sensitive business! This seems a fatuous statement with which to start my report to Evodians. It begs the response 'of course

it is, if it didn't rain then roofs wouldn't leak' - O.K.! but by the same token we can't waterproof roofs when it's raining and during the early part of our financial year we experienced some pretty bad weather and 'rain stopped play' too often for comfort. In fact at the half year, we had some doubts about being able to maintain our full work force. An emergency action plan was devised and implemented. This, plus some very hard work by everyone and some reasonable spells of settled weather saved the

situation. So much so that we finished the year ahead of target for sales and profit, a very creditable performance.

The impetus achieved in the second half of last year has continued into the present financial year and with the better weather experienced so far this winter we look forward to consolidating our position as the leading industrial roof waterproofing company in the United Kingdom. Our Joint Sealing Division has been strengthened by additional personnel and is set for expansion. Regretfully, we were forced by economic circumstances to withdraw our contracting service from Northern Ireland but will maintain a presence by supplying other contractors there with our materials.

put our relationship to the test we are very grateful for the support of our colleagues in Evode Ltd., who produce the goods we apply.

Having outgrown the accommodation provided by our parent company at the Common Road site, it became necessary to seek new premises for our H.Q. Fortunately we were able to secure a lease on buildings on the Astonfields Trading Estate, adjacent to the Evode factory complex, to where we moved in November, 1977. We are now well established in our new 'home' and all is set fair for future growth.



The Company flag flies bravely over the new Evode Waterproofing Systems' offices.

# Three Point Success

By J. Cardy - Managing Director, Allweather Evode Paints Ltd.

I am pleased to report a year of very real progress for Allweather Evode Paints Ltd. Despite the acknowledged difficulties of British industry and world trade we managed to improve sales considerably and show a satisfactory increase in profit over the previous year. Apart from the very real personal efforts of all our employees I attribute part of our success to three factors. First, we were able to maintain reasonable price stability for our products throughout the year, second, our improved production performance, which was assisted by the installation of the most modern dispersion machinery as part of our planned capital investment programme and third the achievements of our men in the field.

During the year we restructured our sales force, to provide improved efficiency and service to our clients, to cater for better training facilities and to establish a clear promotion path for our successful salesmen. All this was necessary to meet the challenge of intense competition and to achieve greater penetration of our markets. A notable sales success in 1977 was the winning of an order worth over £100,000 for the supply of our products to protect steel work etc. at one of the largest chemical complexes in Poland.

We have also implemented an ambitious research and development programme, aimed at providing anti-corrosive coatings of the future to keep us ahead of the field. To cope with this important work some re-organisation of our Gillingham laboratories was necessary.

Health and safety matters continue to receive high priority, to ensure the safest possible working environment for all our employees. We also maintain close liaison with the Chemical and Allied Industries Training Board so that we may benefit from the facilities they provide.

The Company's philosophy of growth through increased sales and profits, success and the pursuit of excellence in all departments, prevails to ensure we meet the targets we set ourselves. This philosophy will be promoted by involving our employees as much as possible in the progress of our company in which we all have a vested interest. A useful start has already been made in this direction with the formulation of Management, Joint Consultative and Cost Saving Committees which have improved communications between departments in a demonstrable and rewarding fashion.

Our plans for this year aim at further increases in sales, profit and maintenance of our prices at competitive levels.

Of course, our business is very different from that of the rest of the Group since we are mainly contractors and very much subject to the vagaries of the weather and the building industry. It is, therefore, most important that we react swiftly and efficiently to changing situations and to the requirements of our clients. Inevitably throughout the year we go through a number of high and low periods of demand and although at times this might



The General Sales Office.

# Shoe fashion change boosts sales!

By K.J. Robinson - Managing Director, VIK Supplies Ltd.

Last year started off badly for Vik Supplies. Sales were down due to the extreme foreign competition faced by the UK footwear industry. Nevertheless, following a beneficial change in shoe fashion, our business had improved considerably by the end of the year. The fact that a large number of our shoe trade customers were forced to apply for the Government's temporary employment subsidy caused us some concern. We can only hope that when this comes to an end, markets will have recovered sufficiently to keep all of them in business.

Our export performance during 1977 was disappointing, our prices rose due to inflation and international competition increased. We shall make every effort to improve the situation this year.

During 1977 we transferred our centre of operations from Stafford to Superior Works, Enderby. Those production processes that could not be transferred were integrated into the Evode organisation

together with the Vik employees involved. The benefits of this consolidation are now apparent and we have introduced new product lines with a consequent increase in our number of employees in the factory and office. It was only with the full co-operation of the entire work force that we were able to achieve this smooth change in our organisational structure and we are grateful for their generous support.

There are now positive signs of a more buoyant UK shoe industry and this, together with our deeper involvement in plastics production, should assure us of a good twelve months' trading.

I am confident that we are making the correct level of capital investment to improve our resources and our service to customers. Of course, our major priority is to maintain full employment and this can only be achieved as a result of our ability to continue to manufacture high quality products at competitive prices.



Hi-Build Chlorinated Rubber Paints and Pitaguard Pure Phenolic Micaceous Iron Oxide Coatings were used to protect the main structure and parapets at the Staples Corner fly-over. (Photograph by courtesy of PFA, Central Electricity Generating Board and Department of Transport).

# What in the world - and where?

<b>ARGENTINA</b> Chemotecnica Sintyal S.A. Buenos Aires	(L)	<b>KUWAIT</b> General Trading Co. Al Safat	(A.C.)
<b>AUSTRALIA</b> Ajax Importers Pty. Ltd. Melbourne	(D)	<b>MEXICO</b> Evomex S.A. Azcapotzalco, D.F., Naucalpan	(A.C.)
<b>BRAZIL</b> Duokolan Industria Plastic S.A. Sao Paulo	(L)	<b>NEW ZEALAND</b> Guild Industries Ltd. Auckland	(L)
<b>CANADA</b> Drecona Industries Ltd. (Ercona Adhesives Ltd.) Town of Mississauga, Ontario	(S)	<b>NORWAY</b> A/S Evonor Oslo	(L)
<b>EIRE</b> Evode Industries Ltd. Swords	(S)	Asfaltdekke Oslo	(L)
<b>FINLAND</b> Yhtyneet Paperitehtaat Oy Valke Valkeakoski	(L)	<b>PORTUGAL</b> Somaco Lisbon	(L)
<b>FRANCE</b> Societe Chimique Emfi Haguenuau	(S)	<b>REPUBLIC OF SOUTH AFRICA</b> Prolux Paint Holdings (Pty.) Ltd. Durban	(L)
<b>INDIA</b> Lloyd Bitumen Products Private Ltd. Calcutta	(L)	<b>TURKEY</b> Yapi Koruma Malzemeleri Ticaret Ve Sanayi A.S. Istanbul	(L)
<b>IRAN</b> Adinco Incorporated Tehran	(L)	<b>U.S.A.</b> Evode Incorporated Somerdale New Jersey	(S)
<b>ITALY, GREECE, YUGOSLAVIA</b> Ditta Fratelli Zucchini Ferrara	(L)	<b>WEST INDIES</b> L.J. Williams Marketing Ltd. Port of Spain	(L)



(L) Licensee. (D) Distributor. (S) Subsidiary. (A.C.) Associated Company.

#### EVODE (EXPORT) LIMITED ALSO REPRESENTED IN THE FOLLOWING COUNTRIES:

ABU DHABI	FALKLAND ISLES	JAPAN	NIGERIA	SWEDEN
BAHRAIN	FIJI	JORDAN	OMAN	SWITZERLAND
BELGIUM	GAMBIA	KENYA	QATAR	TAIWAN
CAMEROONS	GERMANY	KOREA	SARAWAK	TANZANIA
CHANNEL ISLES	GHANA	KUWAIT	SAUDI ARABIA	THAILAND
CYPRUS	GREECE	LEBANON	SEYCHELLES	TRINIDAD
DENMARK	GUYANA	LIBYA	SIERRA LEONE	UGANDA
DUBAI	HONG KONG	MALAYSIA	SINGAPORE	YEMEN ARAB REP.
EGYPT	ICELAND	MALTA	SRI LANKA	ZAMBIA
ETHIOPIA	JAMAICA	MAURITIUS	SUDAN	

## EXPORTS

### How do we measure up?

'Exporting is fun' is a phrase we often hear these days, usually it is uttered by the uninitiated, those whose job it is to bolster up a company's export effort in difficult territories might well apply a different description. Certainly to land a large export contract is very satisfying and is likely to attract a lot of good publicity but such successes are only the tip of the iceberg.

The point is that exporting is a very complex operation. First of all we must make certain that our products are suitable - i.e. that they comply with differing countries' statutory requirements, performance standards and the demands of climate. Second, that we can cross social, economic and language barriers successfully and third, that we can deliver the goods. To do all this well calls for very careful research and a specialist knowledge of world markets together with methods of transport.

So how do we measure up in this very demanding sphere of activity? Well, last year we achieved a healthy fifteen per cent increase in sales and we plan a further increase in 1978 despite the fact that the rising value of sterling will make it harder to remain competitive. A growing part of our activities are 'Turnkey' operations. This involves the selling of a complete factory 'package' including design, plant specification and technical know-how etc. 'Turnkey' projects have already been established in Kuwait, Kenya, Trinidad

and Tanzania and negotiations are being conducted for 'Turnkeys' in Uganda, Zambia, Sri Lanka, Japan and Hong Kong. This operation forms an important part of our export trade since we supply all the raw materials from Stafford in the form of master batches.

The Middle East is also a prime target for our products. The vast revenues from its oil resources are being ploughed back in an enormous expansion of building works including hospitals, hotels, air and sea ports, dwellings and sports complexes. Our products are being used in these projects, notably The Evode Roof Waterproofing System and Joint Sealants. A new addition to our Joint Sealing range is a jet fuel and blast resistant grade specially designed for use in airfield runways. Orders have already been received and its future looks bright.

Evo-Stik Flashband continues to do well and we now have packs specifically designed for the American, German, French, Dutch, Swedish, Danish, Norwegian and Japanese markets. Similarly, our technical and sales literature is now multi-lingual and orientated to 'local' requirements.

Plans are already in hand to step-up the number of active sales visits to our many overseas customers and our front line sales executives have a very busy time ahead of them. Although we know that '78 will not be an easy year, we are optimistic that significant progress will be made.



An important aspect of promotion in export markets is the local Trade Exhibition, Evode (Export) Ltd. take part in as many of these as is practicable. Our photograph shows the Company's Stand at the 'Middle East Construction Exhibition 77' held in Dubai, U.A.E. in November. Interviewing a visiting V.I.P. are Commercial Manager Gordon Barrett (left) and Export Sales Manager Mike Stead.

### MEETING POINT

And so, gentlemen, we have complete agreement!...that's two black coffees with, one white without, three teas with and one without, right?

