



HJCONNECTS

a newsletter from Hargreaves Jones

February 2014

Welcome

Welcome to the inaugural edition of HJ CONNECTS our new Company Newsletter which aims to keep you informed and involved in everything that is happening within our business in the UK and further afield.

Just a brief word on why we we have introduced the newsletter...

At Hargreaves Jones we have a strong inter-personal approach to our internal communications. Our general business information, strategy, leadership, and cultural guidance is generally passed down to everyone through the director responsible for each particular client team with overall direction dictated by the board and Managing Director.

With the introduction of HJ CONNECTS we have produced, and wish to continually develop, an additional formal internal communication tool to supplement the already established channels and patterns of communication and working. Ultimately we wish to facilitate the increase of the long term organisational effectiveness of the business through the alignment and engagement of all our people (including organisational culture) to the Company strategy. This is a very necessary requirement for a business that by necessity has its personnel sited at multiple locations in isolation from each other.

HJ CONNECTS will be used to deliver and augment our business brand, and to facilitate its continued growth by actively informing you all of the current business performance and future direction, and by setting out the clear expectations and values of the business.

The Objectives of the newsletter are:

- To provide open, honest and timely messages from your Board which will ensure alignment and consistency with the overall business strategy.
- To engage with everyone in order to foster and develop a strong sense of teamwork and achievement. To be successful the Company must employ and retain a high number of engaged employees whose hearts and minds are aligned with the job that they do and the organisation that they work for.
- To ensure that you are all Company Ambassadors who are committed to making the job and business successful and who are proud of this business and the work we do, and are willing to positively talk about your jobs and the business in general.
- To stimulate discussion, ideas and innovation within the Company.
- To promote the clear values of the Company and the behaviours and expectations for all of our people.

The Newsletter will be issued to all internally and will be made externally accessible on the Company website as an aid to us all when discussing the Company with friends and potential clients.

The success of this Newsletter (like our business) will depend on feedback from you so if you have something important to tell us about, an interesting topic for discussion or a technical issue that you feel it is worth sharing with the rest of the business please let us know.



Peter Hargreaves

Managing Director

In conjunction with the issue of the first Newsletter I thought it would be an opportune time to look at developing certain elements of the Company which I believe would have clear business benefits for us as we move forward and continue our planned expansion.

It's interesting when assessing our competitors, the highest performing consultants and surveyors, that many of them have definitive statements on who they are and what they value in order to set out their company identity and culture and the behaviours and expectations, which uniquely identify them as an organisation, and which they promote and enforce.

Whilst we have to date essentially done this through the leadership of Glynn and myself, ably supported by the rest of the Board, the values that we have passed down currently do not have a formal narrative addressing these points, with the exception of the HJ screensaver. In order to effectively develop a mission statement that actually both describes the values inherent in its make up and operation, and supports, informs, and constantly realigns us in our everyday work, I have attempted to list those attributes which I believe to be our principle Company values. These are;

- **Long Term Commitment**
- **Repeat Business**
- **Client Focus**
- **Continuity through a clear business strategy understood by all**
- **Staff development and retention**
- **The provision of a level of service that is exceptional**

Hargreaves Jones is successfully growing and expanding through our relationship-based approach with the majority of our work derived from long-term relationships. We work in conjunction with our clients to support their continued growth, improved profitability, and market advantage. In turn this reinforces the value of our business model and ensures our continued growth and success which provides consistent earnings growth, manageable risk, lower sales costs, and a more predictable revenue stream.

This translates in terms of Core Values as:

Forging Strong Long Term Relationships

We focus on forging strong, long-term relationships with our clients, as we consider sound client relationships the most important contributor to our success. We cement these relationships by providing superior customer value and by continuously improving our performance.

Client Focus

We focus on understanding our clients' long term strategies and immediate deliverables so that we can positively serve their needs. We succeed by supporting our clients' success. In essence, we embrace our clients' challenges and opportunities and work for their success.

A Clear Sense of Team

We work closely as a team, irrespective of our diverse work locations, to support the achievement of our client deliverables. This necessitates that training, mentoring and ongoing communication to everyone in the business is seen as essential to our client deliverables and ultimate business success.

Integrity

We succeed by doing things the right way and always act with integrity. At times this may mean we have to turn a commission down or inform a client of an unpalatable truth but a principle only means something when upholding it may be painful. However, long term, our clients will appreciate us all the more for it.

Excellence

We earn and advance our reputation by delivering superior value on every project that we undertake.

Delivery

We are committed to getting the job done for our client no matter what the circumstance. They can trust us to deliver.

It is our dedication of to these principles that differentiates us from our competitors and makes us proud of what we do on a daily basis. They define what we represent to our clients and ensure that everything we do is done the Hargreaves Jones way.



Hargreaves Jones successfully completes commission on Europe's largest Oil and Gas Project

Hargreaves Jones has just completed an 8 month commission working with our client as an Independent Assessor on the review and validation of a multi-billion dollar EPSCC project for a major gas processing plant in the territory of the Russian federation.

Peter Hargreaves (Managing Director), Ronan Donaghey (Senior QS) and Richard Dunn (Intermediate QS) were based in the Contractor's office in La Defense, Paris, during the Open Book Tender (OBT) phase of the project providing commercial, surveying and estimating support to the client (a special purpose vehicle owned by two major companies involved in the global energy market) before agreement of the final Contract price.

Our team worked to a vastly accelerated schedule and led highly detailed quantities and pricing negotiations conducted separately in both Paris and Yokohama, Japan, over the course of the OBT process. Despite encountering a number of challenging obstacles in pursuit of the correct Contract price for our client, the team managed to directly secure significant savings in review and validation of the Contractor's Bills of Quantities and further significant indirect savings in challenge of the contingencies and risk allowances submitted by the Contractor in the build up of his pricing of his Lump Sum packages. The team also participated in detailed negotiations with our client's Project Management and the Contractor to help successfully reduce the cost of the Project Gap Register and facilitate the agreement of the Financial Investment Decision for the largest current Oil and Gas project in Europe.

Hargreaves Jones reports best ever financial results!

Glynn Jones (Director) stated that he was very pleased to report that HJ's draft business results for 2012/13 were our best in the eight years Hargreaves Jones has been in existence. While only draft at this point, as they have yet to be ratified by our accountants, they are an outstanding testimony to our business model and the people, all of you, who are executing it so successfully.

Turnover increased by just over 40% to just in excess of £2.4m.

PBT increased by double figures before exceptional pension charges but still showed a very healthy increase on last year.

We also increased our client base significantly with major commissions with Sellafeld Ltd and Martins Properties while continuing our existing relationships with the likes of Unilever, Worley Parsons, SSE, SGN and Jacobs.

Equally as telling was our ability to recruit two very experienced and able Directors in Eric Allan and David Litherland which speaks volumes in how far HJ has developed as a business in that it can now attract such high calibre individuals.

Eric has already made a significant impact in his work with SSE which is allowing us to free up Glynn Jones, who spearheaded our expansion in to Scotland over the last five years, for new exciting areas business.

David has joined to head up our Buildings cost management team and has instantly developed new work fronts while augmenting new and existing commissions with our current clients.

Our growth strategy of sustainable expansion continues with an offer already made to an undergraduate who will join us next summer and a search for at least one more graduate underway. We also intend taking on at least 5 more personnel over the next twelve months so if you know or become aware of a QS at any level who fits the HJ profile, of dynamic, enthusiasm and an understanding that hard work and dedication to delivery provides career fulfilment and a very good remuneration package - well, don't hesitate to bring him or her to my attention and I'll do the rest.



Let us introduce you to

David Litherland MRICS

Director

David joined Hargreaves Jones in October 2013 from EC Harris, where he held the position of Director for Buildings in the property sector. He is a certified Member of the Royal Institute of Chartered Surveyors with vast experience in the buildings cost management sector.

What is your position at Hargreaves Jones and why did you decide to join?

I've joined as Director responsible for the commercial management of building projects. This is the development of an additional specialism to our business and I saw it as a great opportunity to join an already successful business and apply my skills and experience within the buildings and property sector to expand our cost management offer. After speaking with Peter and Glynn it was clear we have the same values and vision and it was the logical next step for me.

Describe your role, what your team does, and the types of clients/stakeholders you work with?

I am responsible for the management and delivery of our commercial Management of Building Projects typically employing the more traditional QS skills with a diverse range of clients including commercial developers, end users, leisure and hotels operators, retail and high end residential.

What do you see as the most interesting aspect of your job? What are the challenges?

I really enjoy meeting our clients, listening to and understanding their objectives and requirements for their projects and helping find solutions to their problems. I strive to provide a service to them which focuses on and delivers to their needs. The challenge which I face which may be slightly different to other areas of our business in that I can be working simultaneously on a number of different projects, which can be in different phases of development, and have a diverse range of Clients interfaces and this needs a certain amount of 'plate spinning'.

What makes Hargreaves Jones different from the competition?

I believe Hargreaves Jones offers the complete Commercial and Cost Management Service with a skills base which spans all the key industry sectors and has the capacity and experience to deliver in a wide range of Project profiles and values and for a diverse range of Clients. I would suggest there isn't another business out there, particularly of our size, that can deliver cost management services on such a wide range of capital construction and infrastructure investments.

What would you hope to achieve with Hargreaves Jones in the next few years?

I will grow the buildings part of the business and introduce new types of work and establish new clients and ultimately make Buildings a significant part of the business.

What project are you currently working on?

We are currently working on high end residential developments in London, one on New Kings Road providing 9 apartments and another on Kings Road, Chelsea, providing 5 apartments and a large restaurant unit. We are also just starting a new commission to construct a new community centre in Kensington. We have a number of ongoing projects with Unilever, in particular the new build of a process building and the refurbishment of the historic Lever House at Port Sunlight to provide a world class environment for Unilever's IT department. We are also providing commercial support to the contractor refurbishing the Belfry Hotel.

What key projects have you worked on? What is the most technically challenging project you have worked on?

I have worked on a number of key projects most recently the £40m relocation of the studio and Coronation Street set for ITV, a new Cineworld cinema development in Gloucester for Peel Holdings.

My most challenging project, however, was the £20m redevelopment of the Ellenborough Park hotel for a consortium of private investors. I held the dual role of PM and QS on the project and had to manage a very demanding client who had an ever developing idea of features which should be included in the build. Nevertheless I managed to successfully deliver the scheme on time and produced a beautiful and distinguished hotel on the original Cheltenham racecourse estate.

What are you most proud of?

Firstly my family, wife Sue and daughters Sarah and Emma and recent grandson Oliver. Professionally I see the management and delivery of the Ellenborough Park Hotel development as the project which gave me the most satisfaction - not least because the client was delighted with the end result.

How do you describe what you do to friends and family?

This is always a difficult one for a QS as, without going into detailed explanation, it is a real challenge. If asked, I will usually just say 'construction' but 'counting bricks' usually steers the conversation elsewhere. I am still not sure my family fully understand what I do!

What would your perfect day consist of?

An early start with a long walk over the fells of the Lake District. Whilst walking I would be getting regular updates on United's convincing 7-1 thumping of City at Eastlands. I could then happily sit down to a long and boozy dinner with my family and close friends.



Construction Industry Set for Five Years of Growth

The construction industry is primed for five years of solid growth with private housebuilding, infrastructure and commercial investment driving the recovery.

Both the Construction Products Association (CPA) and Experian revised their growth forecasts for the industry on the back of the recovery in the wider economy.

The CPA's forecast anticipates growth of 3.4% in 2014 and a further 5.2% in 2015, with Experian forecasting growth of 4.2% in 2014 and 4.4% in 2015.

The withdrawal of the Government's 'Help to Buy' stimulus in 2015 may have an impact on these forecasts as much of the growth is driven by housebuilding.

Hargreaves Jones welcomes new members to the board of directors

In line with Hargreaves Jones' continuing expansion, two new members joined the Board in the latter quarter of 2013.

David Litherland and Eric Allan both have extensive commercial and project management experience and strengthen the existing senior management team.

David will work out of the Manchester office and primarily focus on the buildings sector whilst Eric will focus on increasing our service offering in Scotland.



Building Magazine Results

Hargreaves Jones were pleased that their continued expansion was recognised by the 'Building' magazine's 2013 survey of the Top 200 Consultants in the UK with the following results;

- Ranked 1st fastest growing consultant by total UK staff
- Ranked 11th fastest growing by fee income
- 58th in Top Financial Performing for fee's per total chartered UK staff
- Ranked 74th in Top Financial Performing for fee's per total UK staff
- Ranked 189th in Top Consultants League (last year 217th)

Labour Shortages Threaten UK Construction Growth!

Following on from the forecast growth in the industry, a consequence of the increased activity is the demand for resources, particularly in the labour market.

Over a third of surveyors say labour shortages are holding back growth according to a latest RICS market survey.

There are particular shortages in trades connected to the housing sector including bricklayers and joiners with respondents reporting this to be as bad as it's been since 2006.

The CITB has previously warned of a skills shortage 'time bomb' that will result from a failure to recruit enough new talent into the industry.

CITB chairman John Wates said 'with major projects such as the new nuclear build programme coming online in the next 5 years, construction needs to be attracting young people by showing it is a high tech, world class industry with outstanding career prospects.'

New Commissions Awarded

- Sellafield Ltd.
- DWF
- HC Contractors
- Martins, Design and Construction
- Watts
- Unilever
- WorleyParsons

New Appointments

Malachi Burton

Graduate Quantity Surveyor

HJ Current Locations

South & South West

Brentford
Heathrow
Portsmouth
Yarnton

Midlands

Lutterworth
Poundbury

North West

Cheshire
Manchester
Port Sunlight
Risley

Scotland

Glasgow
Perth
Dalwhinnie
Inverness
Mellness
Muir of Ord



Britain keen to get Fracking on...

Despite the ongoing protests and continuing controversy over Fracking which involves drilling deep underground and releasing a high-pressure mix of water, sand and chemicals to crack rocks and release gas stored inside, last month saw David Cameron boldly announce that his government was 'going all out for shale', January also saw Total become the first international oil major to join the bid to exploit Britain's resources whilst the controversial process still remains banned in their native France.

Government ministers also appear to be reacting to the concerns of Fracking industry leaders such as Lord Browne, the chairman of Cuadrilla who fears that getting to the point where companies can start fracking for shale gas would take a long time because of current UK planning laws, by continuing to attempt to rush through pro-fracking planning reforms in the UK. In addition to this, leaked documents appear to show that the Government has also beaten EU attempts to impose legally binding regulations that ministers feared would cripple the industry at birth.

It appears that David Cameron and the current government agree with Lord Browne who believes that utilising shale gas is a 'national imperative', with 1,300 trillion cubic feet of gas estimated to be locked underground in the north of England alone. Last month, David Cameron said fracking could create up to 74,000 jobs and result in £3.5bn of investment. Across the Atlantic the US has also seen energy prices plummet after its revolution in shale oil and gas, and it would appear that all parties are keen to see the same effect in Britain, where households are grappling with rising bills.

With even environmentalists such as Lord Deben (aka John Gummer), the chairman of the official Climate Change Committee, urging that fracking begin as soon as possible, the Government seems to have set a certain course in promoting the controversial energy industry sector which of course requires many of the commercial skills and services which we offer at Hargreaves Jones.

Social Events

Thanks to everyone who attended our annual HJ get together last weekend.

A great weekend was had by all in Manchester with Laurence Rimmer's team taking home the inaugural HJ Cup with a spellbinding bowling display.

Richard Jones will continue to keep you updated with our list of scheduled events for the rest of the upcoming calendar year.

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