

# THE NEXT STEP

HOW AMBITIOUS BUSINESSES CAN  
ACHIEVE THEIR POTENTIAL



**MORE TO LIFE THAN  
ONE DIRECTION**

Interview with Quentin Lister  
Founder / Managing Director  
BitBox



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A report commissioned by SAS Specialist Accounting Solutions considers the biggest challenge for any independently-owned company which has the potential to go further.

The ability of the owners to scale the business.

In their own words, directors talk about the issues they are having to address and how they want to achieve their goals.

The interviews will be brought together as a report to be published by DECISION magazine and then as a digital book.



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Astonishingly, bearing in mind both parents were school teachers, the advice given to Quentin Lister by his mother was not to follow in their footsteps, or to become a doctor, lawyer, or even accountant. The only way to get ahead, she told her young son, was to have your own business.

Not that he eschewed formal education to make that happen. First he studied software and electronics at UCL (University College, London) on a new course which joined the two together as an engineering discipline. Then, after graduating, he worked in the research laboratories at BT followed by seven years at an optical disc manufacturing business before starting BitBox (short for ‘bits in a box’), where he was immediately contracted by his erstwhile employer to produce the design for a CD recorder in conjunction with a teams from a multinational.

Initially he promoted his electronics design business in Yellow Pages (we’re talking pre-internet). The first company to engage his services has subsequently been bought and sold three times, but nearly thirty years on, they’re still on the customer roster as General Electric.

“Life has taken us in different directions because of a series of happenings which couldn’t have been predicted,” explains Lister. “Our entry into manufacturing came about when the company producing the listening post with headphones for HMV approached us because their design engineer had left with no notice, giving them just two weeks to produce a prototype with no-one to do it.

“Another time we provided the client with a design which they were going to have manufactured elsewhere but they came back to us to say they had been let down because the machine operator at the subcontractor they were using had broken their arm. We ended up with our staff on their premises making the product.

“I decided this kind of scenario couldn’t happen again. I wanted to be in a position where if something should ever go wrong, it would be solely our fault! Initially we bought some secondhand equipment, but now our resource means we are able to put down millions of components with just three people.” Their first job took BitBox into familiar territory - making a product to enable people to test headphones in HMV stores.

“We used to only manufacture what we had designed, so clearly what we created was something which could be made effectively and efficiently,” says Lister. “Now we’ve also moved into contract electronics manufacturing, we can be provided with designs produced elsewhere, and what we are finding is that there can be shortcomings often in the quality of software or that there hasn’t been sufficient thought given to the actual process of turning the design into a product.”

*Quentin Lister*



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And he thinks there's a particular reason up-stream why that happens. "Engineers on the whole can find social interaction an uncomfortable experience and that can result in the delivery of additional problems if they haven't really listened to the customer in the first place," he suggests. "I know that sounds really glib, but in reality what differentiates a company isn't just its service offering but how it is provided. And a subcontractor has to be a resource, which the customer can approach with a problem not just a requirement."

But Lister believes that the actual offering has to have differentiation, and the one that he came up with couldn't have been more fundamental. "The intellectual property of a product we design for a client is theirs," he explains. "So they are perfectly at liberty to take our design and get it manufactured elsewhere. Our pitch is that as it's our design, if there are any tweaks required, we can do it straightaway if we are also doing the manufacturing. And arguably if we can demonstrate we're reliable when it comes to the delivery of the design, then the client will see us as a safe pair of hands for the manufacturing."

"Most companies in our position want to keep hold of the IP they create for the customer but that isn't the way we want to operate. Ours is a different approach which opens up the market for us. Up-front we say we want to do the manufacturing after the design work and if at that moment their response is that they want to have it made in China, my brain leaves the room - because that tells me their real interest is price and if that's the case, we are not the company for them."

He thinks more than twice when inventors get in touch. "That's because ninety-nine out of a hundred ideas which they bring to us are absolutely ludicrous," he says. "I have never been in a situation where we could have possibly struck a deal and worked on something together. What



*Inside BitBox*

we do is a Dragon's Den on them - is their idea viable, can they afford to financially contribute to it, can we turn it into a product which can be effectively sold because then we will gain a manufacturing revenue stream? All too often they believe their idea is so good it should enable them to retire tomorrow and that we should be pleased to take on whatever the risk might be.

“We now charge to provide a full quotation, which must sound almost absurd to you. But what we do is to provide a level of information for free which captures what the customer wants but the first line is what we would charge for writing the complete specification. Because the process which results in them gaining IP starts from producing that detailed spec. Why don't we create our own IP? There is a fundamental problem with that. We're an engineering company which is able to create a solution to meet a need, but that doesn't mean we can spot

a particular need. Believe me, if we could, we'd be based now in the Bahamas. You learn continuously in business and we realised that if we had our own OEM ideas we would need to hire someone to 'own' the product, to be a customer in effect to internally make it happen, otherwise it would always end up at the back of the queue for resource."

"And resource is a key issue," he continues. "A small firm will have people doing multiple roles while in a large organisation dedicated teams will deal with specifics such as compliance, health and safety and so on. As an owner-manager, you still have to be prepared to have a finger in a thousand pies.

"I like solving problems and making things, so for me the future is having a management team in place which can run the business. That said, having good staff doesn't mean that delegating tasks to them is a given. First they must have clearly defined responsibilities, that they know the standards required of them, the parameters they have to work to, so they understand what they can and can't do in your absence. As the owner you were probably doing everything at the start and to come out of that mode, to offload tasks, you need to have the trust and confidence that the people who have taken them on can do it."

"I came to really learning about business by talking to my peers late in life," Lister explains. "Five years ago I joined a group of other managing directors because I realised I had no formal training in running a company. Which is crazy because we employ thirty-seven people and I wouldn't be allowed to have control of a car without passing a test.

"I needed to be able to put myself in a position where I could work on the business. It came about when I got a call about a government-funded scheme which met 50% of the fee from a consultant for director

training. That was a life-changer for me. It suddenly opened my eyes to how an MD should be functioning, that my role was to run the business even though the design and engineering is what I love doing.

“If I had my time again I would bring in good people sooner - but hire slowly to make sure they have the right skills, that they’re the right fit, which is essential because otherwise you dilute the culture of your business. And be prepared to fire quickly if necessary. Staff issues have to be sorted out immediately because if they drift they will only get worse. If you don’t act straightaway, boy will you regret it.

“Of course you have to be confident your company does what it says it’s going to, on time and to a fixed budget, and a significant reason for that happening constantly is down to the staff you have. Your attitude and values need to be built into everyone, not just the marketing department, so they know how to react when they find themselves unexpectedly in certain situations.”

[bitbox.co.uk](http://bitbox.co.uk)



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## About Specialist Accounting Solutions

‘We strive to give our clients the most reliable, accurate and insightful financial information’, says founder Sean Hackemann. ‘Our passion is to help businesses fully understand the numbers which in turn helps them create, grow and sustain great businesses’.

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