

## K Engineering rises from the ashes

At 3:30am on 3<sup>rd</sup> December 2014 Joint Managing Directors Ian Wilkinson and Ian (Billy) Harris of UK-based K Engineering Co Ltd got a phone call that no business wants to receive – their warehouse and head office were on fire.

Founded in 1954 by current Chairman Keith Williams, K Engineering operates as a fastener distribution network for three UK branches – distributing throughout the UK and Ireland. The fire had started elsewhere on the industrial estate, and had made its way to K Engineering's 22,000 square foot (over 2,000m<sup>2</sup>) premises.

"Unfortunately it was a very quick and catastrophic event," explains Ian Wilkinson. "We arrived just before 4am and we watched the fire move along the unit, which was heartbreaking. Within 20 minutes the whole building and all contents had been destroyed. There was nothing the fire service could do."

K Engineering's premises was totally destroyed, with the business also losing all



of its stock and vehicles – which had been stored in the unit. "We lost everything," states Billy Harris. "It was a horrific event and I wouldn't wish it on anybody."

It was two days until the site was safe enough for K Engineering to have a look inside at the damage. "It was very difficult to see. Once we had looked at the total destruction we didn't really want to go back until it was cleared. It was soul destroying," says Ian. "We had in excess of GB£1.5 million worth of products and there was literally nothing left. Everything was unsalvageable."

The company was now in disaster recovery. "The first thing we did was

call our insurance company AXA and they turned up straight away and were very helpful," comments Billy. "What really helped us was that our computer system was hosted off-site by EDP Plc. All our paper records were destroyed, so without the server being off-site we would have been in deep trouble. We used our Socketfast offices in Redditch as a disaster recovery suite, where we were able to decamp and access our system and all the information we needed."

Ian continues: "The insurer said they wanted a detailed report including the last time we sold a product, who we sold it to, batch numbers, what prices we sold it for, as well as how long it was in stock. We ended up with a table that went into hundreds of pages, but we were able to give the insurer what they wanted and prove exactly how much we had in stock. This meant that we were able to get almost the total amount back from the insurers with the help of our own loss adjusters Hamilton Bond and its Director Andy Holmes – who has been a tremendous help in our time of need."

Whilst it was a big challenge from the administrative point of view, it was also a big shock for K Engineering's employees. "We had just gone past our 60<sup>th</sup> anniversary and the majority of our staff had been with us for a long time – so it was a huge personal disaster for everybody," says Billy. "The fire was right before Christmas and there was doubt in the air about how the business would continue. It was a very emotional and difficult two or three weeks working with



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the insurance company, but the picture slowly emerged that we would be in a position to recover the business."



The next big step to get back up and running was to find new premises – which proved to be more difficult than first thought. Whilst looking for sites, K Engineering continued to supply its top customers from the Socketfast office. "It was vital that we continued to provide these customers with the products they needed whilst we were going through the recovery process," states Ian. "We knew that if we were to get fully up and running we needed to keep these key accounts."

"Finding a new site was proving difficult as we had very specific requirements," explains Billy. "We wanted something that was still in the same area – to make sure that we were not too far away for our staff – and we also wanted somewhere we could purchase freehold. As a business we have always tried to self-finance our growth and use our own working capital, which is why we were so keen to purchase the property and not rent."

"We also wanted a site that we would be able to grow into in the future," adds Ian. "The last thing we wanted was to get back up and established and then a few years later have to move again because the landlord had sold the premises or we had filled all the available space."

After six months of not being able to find anything that matched its criteria, the company finally found its new location in Aldridge, West Midlands. The new building is 38,000 square foot (over 3,500m<sup>2</sup>), which is almost double the size of the previous

premises. "We moved in on 1<sup>st</sup> July 2015 and we immediately started to add our racking and products," points out Billy. "In the

previous warehouse we had steadily grown over the years, which had led to different types of racking and being confined by the size of the premises. However, with the new warehouse – which is broken down into three bays – we have been able to buy all new standardised 10m high racking that has helped create more pallet space."

"We had already ordered products in late February/March 2015, as we knew that due to the lead times, it would take roughly six months for the products to arrive," adds Ian. "By the time we had installed our new racking, the stock was arriving, so it was almost perfect

timing. We have probably fitted 80% of our previous stock in just bay one. We still have over 850 pallet locations in bay two and also have 10,000 square feet (over 900m<sup>2</sup>) of bay three available as and when we need it."

To add to more racking space, there is also a lot more space on-site, making it easier for the company to handle goods and incoming containers. Another benefit is that K Engineering has been able to design the warehouse from scratch, which has enabled the company to optimise how the product moves through the warehouse – creating a better flow from goods in to goods out.

"When we started the recovery process we were adamant that we did not want to go back into the market half-heartedly. We wanted to wait and make sure that we could offer the service that customers have come to expect from K Engineering," comments Ian. "We are now fully operational and looking forward to getting into the market and getting our name back on customers' buying lists."

"Thanks to the hard work of all the staff we have been able to turn what was a disaster into a very positive future for the business," adds Billy. "The new location is almost like a new start. We have kept nearly all our staff from the previous site and everybody is feeling positive about the future. The aim is to get back to the levels we were at initially, but with the new building, and additional space, we will look to grow even further. One thing is for certain, the K Engineering name is back in the market and we are here to stay."

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