

# KARL DURHAM

Chief executive of DAC Holdings

This month we catch up with Karl Durham, chief executive of DAC Holdings, a group of companies specialising in automotive coatings and consumables distribution, vehicle repair, technical training, bodyshop software and tier one supply.

## For those not familiar, tell us a little bit about DAC Holdings.

Many of the businesses under the DAC umbrella will be familiar names to the collision repair sector – International Applications, GT Motive Estimate, Xpress Centres, Cornerstone Technologies and Paintbox, which is where it all began. DAC is also a shareholder in ITAS, the specialists in technical training, network auditing and bodyshop software development.

## Tell us more...

The very first business I started was at the ripe age of 19 with my business partner James Sharp, who today is still managing director of what has become Paintbox. I am a panel beater by trade and James was a paint technician and we started out in business from a farm unit, preparing used vehicles for resale, then on to painting tin-tops and single-seater racing cars.

We had great success and by the mid-90s decided to diversify into process automation, beginning our transformation into a niche specialist materials sequencer.

Today the business is a full, first tier supplier to vehicle manufacturers, employing 400 people. We now do all the CAD design, manage the tooling and then place the tooling with a manufacturer. We then sequence it from manufacturer into our paint plant, through sub-assembly and then back into the vehicle manufacturer's production process.

I remain part of Paintbox as a non-executive director and shareholder but have concentrated in the last decade on building other business interests across the automotive sector.

## What happened next?

Having an in-depth knowledge of paint I saw an opportunity to begin supplying coatings and consumables to Paintbox and to other businesses I had dealt with in the past. I founded International Applications (IAL) in 2006 and took us into the *Sunday Times* Virgin Fast Track 100 for three consecutive years.

The business now has a turnover of around £20m. I remained managing director until two years ago when we appointed Llewelyn Mulder to head up the business. His ambition for IAL is for it to become the largest wholesaler of coatings and consumables in the UK which is perfectly feasible.

Ideally we'd like to do as much of that as we can organically but it's inevitable that with such a big ambition there will be an element of investment into distribution. We've already made two partial acquisitions in Paint Store and BS Supplies, following on from our acquisition of Trade Group in 2015.

Eguchi Iwao, Japan's leading supplier of automotive and industrial paints, has recently taken a 20% shareholding in IAL. Eguchi Iwao is a partner of Kansai Paints, one of the fastest-growing paint manufacturers in the world, and has a very aggressive international growth strategy. Their investment in IAL is a key part of their global plans.

## How did the rise to prominence within the UK aftermarket come about?

I had always been aware of the value of the aftermarket but it was only really a few years ago that we woke up to the fact that if we wanted to become really influential then we had to start developing compelling and progressive solutions.

The net result is that today, DAC Holdings is an umbrella organisation for more than a dozen businesses, almost all of them start-ups. Particularly relevant to the aftermarket are ITAS, GT Motive Estimate, Xpress Centres and Cornerstone Technologies, all of which are generating a great deal of buzz.

## How did some of these relationships develop?

GT Motive approached us when they were first looking for entry into the UK and as we shared the same good relationships with vehicle manufacturers and an ambition to bring choice to the market, we were happy to spend six months helping each other. Having proved such a dynamic partnership, it was agreed that we



would become the sole licence holders for GT Motive Estimate in the UK.

Regarding ITAS, I had first met Bryan and Tony Young in 2013 and was impressed with the scale of activity that they were running for their vehicle manufacturer customers. Their focus on repair safety and on bringing innovation through technology really struck a chord with me and I was delighted to invest in the company. At ITAS we have what I am confident is the UK's best technical training facility. Their strong partnerships with vehicle manufacturers and insurers in this country and internationally speak volumes for the important role ITAS plays within the industry.

## Are you 'hands on' with the current business operations?

I'm always hands on. I make it my job to make sure that I understand the day-to-day activity and the wider strategic and business plans for each of the business units.

I think my strengths lie in taking businesses from start-up to multi-million turnovers by finding the opportunity, pursuing it and influencing outcomes. Most important, though, is what I call assembling the Avengers, choosing the right people to run the businesses.

Today every business unit within DAC Holdings has a great operations director. My role is to add commercial and strategic value by applying the know-how I have built over the last 30-odd years in the automotive arena.

## How do you see the industry today?

To my mind the industry has followed two approaches in recent times: one which has depended upon and encouraged general practitioners, and the vehicle manufacturer approach which has promoted specialists.

With the connected car, telematics and ADAS, I think the industry is heading towards a re-convergence where high-quality bodyshops are the businesses who will succeed. As a group we are committed to support this.

I believe that bodyshops will evolve into being specialist repairers of multiple vehicle marques. This is where

ITAS can play a critical role through its network management and reporting activities which will give its manufacturer and insurance customers valuable insight to assure quality, efficiency and best practice across networks.

I also think that we will continue to see a growth in repairs being triaged differently, with structural and cosmetic repairs being expedited via different solutions. Both Xpress Centres and Cornerstone Technologies are key players in the area of small, same-day repair and we look forward to filling this gap and enhancing the customer journey.

## In your opinion what could the industry benefit from?

I think that there can sometimes be a resistance to seeing and doing things differently. I appreciate breaking new frontiers is not something that comes naturally to everybody but for those brave enough to embrace change and build a strong business case around innovation, there is a great opportunity to engage the industry to move forward.

At DAC we are all about thinking differently and though we know we can't be everything to everyone, we are aiming to create and deliver major innovations and alternatives in each market sector in which we operate.

## What are your future plans for DAC Holdings?

Each business has its own rolling three-year business plan as I believe it is important that they work independent of each other, though with an understanding of where strategies can be shared to achieve the best outcomes for our customers and partners.

One thing is for certain, I want to be involved in a movement within the accident repair fraternity which levels the playing field for repairers and opens up the market for the benefit of all. I've set my heart on trying to play my part in bringing that about and that's what really motivates me and the business units within the group.

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