

CregTech Case Study

Introduction

CregTech is a team of scientists, consultants and engineers in biomanufacturing projects with a world class reputation. CregTech provides a range of bio-technological/high end logistics services, to maybe larger Pharma companies. This involves process development, sample analysis (using high-throughput techniques/robotics), pilot plant testing, scale up, pre-production consultancy through to clinical (GMP) manufacturing. Essentially CregTech supports businesses in realising the commercial potential in research processes and developing fully licensed facilities.

CregTech was created in 2010 by two friends Craig Bellamy (aged 55 currently) and Megan Forsyth (aged 53 currently) who met first at school in Flatsands in Essex. Whilst they went to different universities for both their first degrees and eventual PhDs in Biochemical Engineering, they met again when starting their first jobs at Laag Bio, a US based multinational cell and gene therapy (CGT) services company. Having decided to start their own company they also decided to return to their hometown of Flatsands, as they wanted to CregTech to be different to the Biotechs typically found in the UK medical research cluster of Cambridge, where businesses too often 'sell out'.

CregTech Location

Flatsands is a typical British seaside town in a very attractive part of the UK, with relatively low cost housing. It is about a 1hr 45minutes drive across country roads to Cambridge, and a two hour drive or 1hr 45 minutes train journey to London. Flatsands main source of income is from tourism, although it also supports the offshore industry (oil and gas, and windfarms) with standby boats and ferrying supplies. This makes CregTech the premium high technology company in the town. The business supports a couple of local charities, the local foodbank and rescue dog shelter, however their main involvement is offering non-scientific work experience placements to the local schools and especially to local children who have gone onto University and are looking for science based internships etc.

Growth and development

The company remains private to Craig and Megan who share the role of CEO. When starting the company the founders were primarily focused on creating a cell and gene therapy (CGT) services company with a solid technical reputation rather than on commercial success, and so the company has grown organically over the past 10 years to 50 employees in 2020. The two are now supported by a Finance Director (who also manages all the non-scientific functions) and Technical Director (who manages all the scientific functions). Craig has focused on leading the overall business especially the 'people' aspect, whilst Megan is involved in the Consultancy and Business Development side.

All the employees have been personally interviewed and selected by either Craig or Megan, indeed many of them were already known to them through their personal or CregTech employee networks. This has resulted in many of the employees being loyal and so the company boasts very low employee turnover (5%) amongst the scientific staff. The geographic location and style of leadership has mainly attracted either older workers in the latter part of their career or young families looking for somewhere 'nice and safe' to bring up their families. However, it has had problems attracting newly qualified PhD science students who are typically looking for more cosmopolitan and vibrant cities, and greater personal development opportunities provided by their employer.

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Employee Relations

Given how the company has grown Craig and Megan believe they have created a healthy and convivial employee relations climate, and the issue of Trade Unions has never arisen. Where issues have arisen, they have typically been met through some form of compromise and resolved to most employees' satisfaction (if not Megan's), and passed off as 'every family will have its disagreements'.

Reward Package

The package offered is straightforward and has managed to keep costs under control. The people costs account for around 55% of GregTech's business costs, which is typical for the industry.

Salary	<p>Around 5% lower than the competitive salary for Cambridge, reflecting the lower cost of living and lack of local competition. Although the last two recent hires for technical staff were at full Cambridge rate, reflecting an upturn in the market.</p> <p>The company has created a number of salary bands for the functional areas, which are quite narrow. Promotions are looked at once a year.</p> <p>The annual salary review for all employees is based on the annual cost of living/inflationary and is the same percentage for everyone.</p>
Bonus scheme	Bonus scheme based on company and individual performance. Although in reality it is a 'black bag' lottery as it is a mystery to employees how much is available and how the bonus is calculated, or indeed what they need to do to get one. But it appears most employees receive a 5% bonus in a typical year.
Employee Referral Scheme	£500 given any employee who introduces someone to the company, who remains for one year and meets the performance requirements.
Pension	The government required plan.
Health cash plan	Scheme where employees can claim cash back up to £50 per year for each dental, eye test, prescriptions etc
Discount at the local gym	20% discount at the local gym
Holidays	Statutory minimum, however the site shuts down over Christmas for five days, and these do not need to be taken from the holiday allowance. There is also a company paid for Christmas party.
Sick pay	Statutory
Maternity	12 weeks on full pay for the first 12 weeks of maternity leave. This was Megan's personal initiative as a working mother to assist the other working mums. She leveraged this heavily for her Most Influential Woman in Business when receiving her county award.

Employee statistics

Recruitment has been mostly on the science side, with the administrative roles kept to the required minimum. Where possible the company has preferred to outsource roles that it did not consider core to the business.

Function	Employees
Senior Management	4
Scientific and Administration Consultants	5

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Scientific Staff	32
Finance & IT	4
Administration & Procurement	3
Business Development	2

Men	24
Women	26
Full time	42
Part time	8

White	44
BAME	6
Disabled	2

UK Nationals	36
EU Nationals	8
Non-EU Nationals	6

Venture Capital Investment

Whilst the focus has not been on commercial success this is not to say the company has not been successful, over the last 5 years CregTech have developed a portfolio of UK and international clients, delivering over 380 projects across 17 countries. The recent COVID outbreak has been particularly beneficial, and saw a dramatic change for the company.

The COVID outbreak saw demand increase significantly for its services, plus the way in which the management team responded to government requests and contributed to the development of vaccines within the industry significantly raised its profile.

Such is their recent rise in profile that they have attracted an investment by BVCC (Boston Venture Capital Corporation) a US based Venture Capital Company, of £12M. Following the investment BVCC now have 30% stake in the company, although it remains privately owned.

The investment will also see a significant increase in the number of employees from 50 to 150 in the next three years. It should be noted that the location site does not have enough space to accommodate a threefold increase in the workforce. However, the investment does provide sufficient funding to create a new process development and clinical manufacturing facility.

BVCC are not a 'sleeping partner' and like to be involved in their investments and have certain expectations 1. A solid leadership team capable of managing the business growth 2. Clear leadership succession plan 3. Acquisition of world class talent 4. Continuous development of world class skills and knowledge 5. Performance driven culture. They do however take a long term investment view of their portfolio companies and like to see well thought out and executed strategies. Whilst these are seen as positive traits, when they invest in overseas companies they are keen to be kept up to date with developments, they don't like surprises, especially bad ones, and so they do need 'managing'.

They have raised a few questions from the start of the investment discussions, the main one being whether Flatsands is the best location for CregTech and would meeting some of BVCC's five expectations be more easily met if the business was based in Cambridge, for example?

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Overseas joint development opportunity

Additionally, to the investment by BVCC, CregTech has also been contacted by biotech company Kodeshi, who are based in Kode Japan who want to talk about some joint research and developments together. Given that the two companies are on different sides of the world it is not too surprising that they have not met each other before, however Kodeshi looks to have a similar profile to CregTech in terms of size, and turnover. Given the two have excellent reputations in their own respective markets, and whose skills complement rather than compete, this has promise. However, to date CregTech has been an entirely UK operation apart from sales overseas and of course the investment by BVCC, so this is very new and so far its has only been a conversation initiated by intermediaries.

Future development

Faced with the prospect of all this Craig is wondering whether, as the company starts to morph into a different entity, age 60 is the right time to retire and cash out his share in the company, particularly as his own health is declining. For his last few years with the company he would prefer to move back into the laboratory and supervise a team there. Megan, who has always been the more commercial of the two, has no desire to step down and in 2019 won an award as Most Influential Woman in Business in her county and aspires to win the same award at regional level.

In conclusion the future looks very exciting for CregTech, however there are many fundamental challenges which will require new processes and practices.