

Top gear

From humble beginnings, the Milltek performance exhaust brand has become a firm favourite around the world. **Nick Ryan** reports

Change is inevitable for Phil Millington. After more than 20 years of continuous growth as an international success story in the supply of high-performance exhaust systems, his company stands on the brink of major expansion.

"The key is passion," he explains. "Our end users are serious about their cars. You have to know the trends they follow. We listen to them." With an annual turnover approaching £5m and 40 employees, Derbyshire-based Falcon Automotive and its main brand Milltek Sport has become a market leader in high-performance products for sports and classic cars.

Millington's customers are high-achieving, brand-conscious and demanding individuals who are willing to spend tens of thousands on their cars – and several thousands on a Milltek system, too. The firm – which supplies both classic cars (as Falcon), as well as new marques (as Milltek) – prides itself on developing new products as and when new vehicles are launched. For example, it spent three years on a waiting list for a new Audi R8: within three months of receiving the vehicle last September, a new performance exhaust was ready.

Early days

"The company was started as an exhaust manufacturer by four people in Taunton in 1983," Millington explains. "We were working for a small company and felt we could do things slightly differently. We were so effective we overtook our former employer within six months."

Following a move into classic car exhaust systems, the company bought an established business in the East Midlands, he says, where it now has a manufacturing and sales base. Exporting has remained key to success – it sells to 55 countries via a growing network.

Milltek, in particular, has aligned itself with German manufacturers, a decision vindicated by the amount of business it has received from German customers, initially from the classic car market. "From that we started picking up business from the German tuners to make exhaust systems. By the late 1990s we decided we could design the products far better ourselves. It was a lot of change for the company, but one which has brought dividends."

The challenges that accompany expansion have been various. Firstly, the firm has to appreciate the costs to distributors of importing goods into the country on time.



Milltek exhausts: tapping into the German market

"Language is also an issue," Millington admits. "We try to conduct business in English and some customers make great efforts to speak English, but we have to be careful not to misunderstand them."

In addition, currency fluctuations, particularly the strong pound, have affected the company. "We do a lot of business in the US. The strong pound is a bad thing – making costs rise by 25 per cent. We're tackling that. We have to deal in pounds for the moment, as we're a UK manufacturer – something of which we're very proud."

The road ahead

The company has been sourcing components from outside the UK for five years. Millington visited China and Taiwan last year to build future contacts. The internet is a cornerstone of this drive – a specially developed website for its dealers enables them to order parts online via a password-secure process.

"We've really tried to use the internet and viral marketing," Millington adds. "Much of our target market is extraordinarily computer literate. For example, all our product videos go up on YouTube. We get an enormous volume of traffic worldwide and our dealers love to use it."

HW has been a partner to the business for the past two years, helping to navigate the minefield that comes with growth. As Ross Willcox, director, HW Corporate Finance (East Midlands), explains, HW has adopted a mentoring role, advising on many aspects of the business development. "I take Phil out of the business, talk about his export management strategy and some of the other developments that are taking place. For example, Phil's just completed his first delivery from China direct to the US. He hopes to do more direct trading with the end-user in future via his website."

Proud that the company now has many long-term customers and proud to be still pressing the flesh at track meetings, Millington is not resting on his laurels: "Our challenge is to not get complacent, but to prepare for change. Change is inevitable." ■