

From zero to £4bn turnover in 15 years: the rise of Vertu Motors

“All bad things are a blessing in disguise, I find,” Robert Forrester says. “Out of challenging times come better times.”

He would know.

In 2006 he was busy turning redundancy into what would become a multi-billion turnover, North East headquartered Plc, employing thousands of people.

He had been financial director of Reg Vardy during its takeover by Pendragon, and could see the writing on the wall for his role way before the deal was finalised.

Read more: [Vertu Motors CEO becomes undercover boss in TV mission](#)

But the Oxford geography graduate and chartered accountant never once worried about his own future.

Instead, he and a team of colleagues took the opportunity to create a new company from a cash shell. Just a year after Pendragon took over his former employer, Vertu Motors was formed, quickly becoming one of the North East’s largest firms.

15 years into its history, Vertu has 155 dealerships across the UK, employs more than 6,000 staff including 500 at its Team Valley head office – and will this weekend celebrate its landmark birthday with a huge party, featuring Radio 1 DJ Jordan North and opera singer Russell Watson.

Not bad for a company derived from a bedroom powerpoint presentation.

Mr Forrester says he and his Reg Vardy colleague Karen Anderson – now Vertu’s CFO – tried to carry out an MBO of Reg Vardy, bidding against Pendragon, before the deal ended up being completed at £9 a share instead of the original price of £6.35.

“Actually I wasn’t worried about it – I never worry about much to be honest. It was obvious I wasn’t going to have a job at the end of it. Pendragon’s plans certainly didn’t include me. And actually I didn’t want them to include me because it was obvious it would involve the dismantlement and closure of Reg Vardy.

“One of the reason Vertu was a success in the end was that we set it up with a very particular ethos, with values and a vision which chimed well with people from Reg Vardy.”

Working with a raft of people within the region, including Lucy Armstrong at The Alchemists, Reg Vardy’s non-executive director Bill Teasdale and others at the likes of Deloitte, Muckle LLP and Brewin Dolphin, he began playing with a raft of ideas for the cash shell – a listed business with cash in the bank.

“We needed to find something to buy, get some money, get manufacturing consent, and get a good team. It sounds simple when you say it like that. And I knew what I wanted to buy – I just didn’t tell anybody,” he recalls.

He and Bill Teasdale went to London, floated the firm and collected £26m with which to buy dealerships.

“We got £26m – and we only went for £3m! Then in February the following year we went back to the City and got another £26m.”

Within months it acquired national dealer Bristol Street Motors for £40m, taking it overnight from zero to 32 dealerships, three used-car hypermarkets and 500 staff. Vertu Motors was motoring.

But where did the name 'Vertu' come from?

Mr Forrester revealed it was the result of an evening down the pub with the husband of one of his wife's friends. A designer by trade who was in between jobs, Mr Forrester tasked him with coming up with the company name, its branding and the company website.

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"It's small, sounds Greek or Latin, I like the 'V' because of the Vardy connection, it has the French word for green,

'vert', so it's environmentally friendly and it sounds vaguely virtuous."

The team's initial plan was to get to 65 dealerships and in year one it got to 40, and after that dealership acquisitions came thick and fast. Then came the economic crisis which hit in 2008.

"The big thing that happened that was of benefit was the global financial crisis. That was fantastic," he said, "Some of our competitors lost £250m that year but we made £3.5m, in our second year. And we went back to the City, raised some more money and then bought dealerships that were really in distress."

Vertu Motors' 'buy and build' strategy has succeeded by taking struggling firms and turning them around, with the right people in place. The firm is now in the strongest position it has ever been in, Mr Forrester says, with no debt, making it one of the few Plcs to truly benefit from the pandemic and the chain of events that have followed.

"I never thought it would happen this year, but because of the very strange market conditions – shortage of used cars, an increase of used car prices (up 27% in six months) – we will make more money this year than Reg Vardy ever made."

He is very proud to have created a successful business in the North East and is highly critical of mergers that move power away from the region. The company employs 500 people across two buildings at Team Valley and has now acquired a third building, with hopes that more jobs will soon be created.

"The North East has struggled because North East companies get taken over, just like Reg Vardy, and all the high-powered jobs get shifted to the south. Having headquartered businesses here is very important to the region.

"The decision making is here – we use local lawyers and

accountants – there's an eco system here. The North in general and the North East in particular has had the heart ripped out of them in terms of headquartered Plcs, and even the Plcs that are here, a lot of them are frankly not! If there's one thing, Vertu has created a large, quoted plc in the North East, we've created 500 jobs in Gateshead and intend to take on more, so from an economic development standpoint, it's been an absolute case study. It does help the economic development of the North East, for sure."

The future growth of Vertu, Mr Forrester says, depends on the firm remaining completely flexible to fit in with each customer's needs and wants.

During the pandemic the company ramped up developments on its website and launched its 'personal shopper' concierge system, whereby customers can link up one-to-one with staff any way they want, including video calls, to complete sales. Used cars were exchanging hands purely through the website during lockdown, because that was the only way sales could be made.

Most people, however, want to carry out test drives and visit dealerships in person. The growth of electric vehicles – they account for 15% of volumes now – highlights the importance of the dealership for Vertu.

"Everyone's different. There isn't a customer journey at all because everyone is different, and you've got to be flexible enough in the systems and the approach to let the customer choose how they want to buy a car."

The Government plans to phase out the manufacture of traditional combustion engines by 2030, with just electric cars – with some hybrid exceptions – forming new sales from then on.

Mr Forrester – who recently went donned a disguise and went under cover in the business for the ITV show Undercover Big Boss – says electric vehicle sales are growing, and that the

range is improving – but he still thinks customers should have a diesel or petrol car alongside their electric car “for good measure”.



Robert Forrester, CEO of Vertu Motors

“I don’t think there is a plan or policy to generate electricity, if you want me to be brutally honest with you. So I think we’re in for a bit of a crunch. The politicians have said that in 2030 new car sales will all be electric. That’s a long time off. They may change their minds.

“The whole net zero debate is getting some heat actually because it could be argued it is wholly unaffordable. Net zero is probably economic suicide and more and more people are looking at China, who are laughing their socks off. We’re going to commit economic suicide and they’re supplying us with all the bits to do it.”

Vertu Motors has millions of pounds worth of cars on its books, with Mr Forrester regularly sitting down with the major manufacturers. Thanks to Vertu's 'motherboard' system he can drill down into the minutiae of every deal carried out by every dealership on his iPad and laptop that he carries with him at all times.

The irony is that he is not, and never has been, a petrolhead.

"I'm not really interested in cars," he deadpans. "I'm interested in business. I didn't grow up as a petrolhead. I quite like driving them cars – I've got a BMW X7M 5 litre diesel – a seven seater because I carry kids to parties.

"You have to understand models and their impact on the business but I don't think you need to have a passion for them. My job is to run the business, grow the business, make sure the culture is right, people are happy and we have the right team."

And he's looking to grow that team, quite considerably, with his target now set at around 400 dealerships.

"But whether I'm the right man to run the group in 15 years will be an interesting one. I'll be 67 then. I have no retirement plans, but at each point in the year you have to look at if you're the best person to run the group and if you're not, you move on. But I have absolutely no plans to retire whatsoever. The chairman might have a different view on that!"

While getting to 15 years would be a milestone for most businesses, Mr Forrester mainly views this month's 15th birthday as a chance for Vertu to celebrate its accomplishments in such a short space of time.

He says: "Most of our competitors are over 100 years, so to grow from zero to £4bn turnover in just 15 years is quite some achievement. I don't think there's many that grow to 6,000

people in 15 years. But we've got a great team of people who have enjoyed it. And that's the key isn't it?"

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