**James Dyson**

After opting to move headquarters to Singapore to “future-proof” its business, Sir James Dyson’s Weybourne Holdings remains a wonderful example of a UK family enterprise which can emulate the American dream.



The newly-published *Sunday Times* Rich List 2020 has calculated that the Dyson family is the richest in the UK, worth £16.2 billion, following a potential 20% rise in earnings thanks to overseas expansion. The Hinjuda family and David and Simon Reuben came joint-second, each with a worth of £16 billion.

*Dyson’s James Group appliance business was the fourth-highest taxpayer in the UK in 2018, with a contribution of £103 million*

The strength of the Dyson brand means Weybourne’s operating margins of nearly 20% are not far short of Apple, the US computing giant. Like Apple, Dyson has turned mass-produced appliances into fashion items capable of sustaining a premium price. Sir James has never needed to raise money by listing his shares, thus underpinning his oversight of the organisation, plus his personal bottom line.

Scrapping an expensive electric car project in October was embarrassing but did no harm to Dyson’s finances, nourished by global sales of appliances renowned for their design, innovation and reliability.

Son, Jake, is on board as a family successor following success for his lighting appliances which pave the way for a new generation of Dyson products using robotics and the internet of things, steadily becoming popular in China.

Weybourne has diversified into farming, property and financial assets, although appliances account for much of its cash flow. Legacy issues involve educational initiatives and the Dyson Foundation.

Bjorn Thelander, a former executive with the Rausing family, became investment chief in 2018. Mark Slater, a renowned investor in growth companies has served as a director. Sir James Bucknall, former army lieutenant general in Afghanistan, administers family affairs.

Second son, Sam, and daughter Emily run their own music and fashion businesses, respectively. But they have also served on Weybourne’s board of directors.

Born in May, 1947, Sir James studied furniture and design at the Royal College of Art.  He is a perfectionist driven by his ideas, and products.

Frustrated by his malfunctioning Hoover Junior in the early 1970s, he developed a vacuum cleaner which uses cyclonic force to suck dust off floors without using bags or clogging the mechanism.

His invention was smart but Dyson was rebuffed by UK distributors, incentivised to market other products. He persevered and found success in Japan in 1986.  He went to sell his vacuum cleaners across the world, capturing a fifth of the US market in 2002.

Dyson continually updates its vacuum cleaners, including a robot version, with twice the suction of its rivals. These days, they are cordless.

The company has developed hand dryers, plus hot and cold fans by sucking air towards the rim of each device, where it joins with air brought through the back, and pushes out.

Dyson appliances are tested thousands of times over.  They are protected by thousands of patents, as well as litigation, as needed.

The company went into lighting in 2015 by buying Jake Dyson’s business His newest gadget Lightcycle Morph adjusts its own brightness to suit users and the time of day.

It has been an early mover in the internet of things, along with the Dyson air purifier, which removes unwelcome infections, allergens, pollutants and gases from rooms.

The internet and robotics have been helping Dyson to expand into further online products. In China, a key market, Dyson has struck a deal with WeChat which means 300,000 of its appliances will be connected to the internet.

Dyson has moved its manufacturing to Asia and set up technology laboratories in Singapore and Shanghai.

Sir James has said that its headquarters move to Singapore, advised by Lombard Odier, helps to “future-proof” its business by getting it close to Asian markets, which far more crucial to his sales than the European Union. The tax difference is marginal, as far as the UK is concerned. According to the *Sunday Times*, his Dyson James Group appliance business was the fourth-highest taxpayer in the UK in 2018, with a contribution of £103 million.

The last set of UK accounts filed by Weybourne at Companies House registered a 44% rise in pre-tax profits to £680 million in the year to December 2017. Its operating profit margin was 19.3% on turnover of £3.5 billion, against 21.4% at Apple. At the end of 2018, the S&P 500 companies averaged 10.3%.

Dyson James Group, the dominant appliance business, saw a 7% profits rise to £750 million in calendar 2018, million. Turnover of £4.4 billion implies an operating profit margin of 18.3%.  That year, it paid £100 million to Weybourne.

In 2017, Sir James came to believe that his company’s design skills could aid the development of an up-market electric car using expertise in small, powerful, solid-state batteries acquired in 2015.

The car became part of a £2.5 billion investment programme. But analysts warned car production could be costly, and result in years of losses.

The solid-state acquisition was written down in value. Dyson confirmed he was abandoning the car project in October, and paid back a UK government grant.

In an interview with the Sunday Times, he said he had lost £500 million on the car, but hopes to sell solid-state batteries to other companies. He said the car was too expensive to manufacture, saying Dyson would have had to charge buyers £150,000 just to break even: “When other companies started producing electric cars at a loss, it became too expensive for us.”

Not great news, but Sir James showed he ran his business on strictly commercial lines. The closure cleared the way for research, development and design for a new generation of appliances, likely users of solid-state batteries.

To take his business forward, Sir James promoted Roland Krueger to chief executive in March 2020 following Jim Rowan’s decision to step away. Krueger is the former head of Nissan’s Infiniti luxury car division, joining Dyson in 2019 to head up its electric car initiative. His promotion implies Sir James has not necessarily closed the door on smart cars, if he can make them commercially viable. He still keeps a seven-seater SUV prototype, with a range of 600 miles, at his research centre in Wiltstone.

This year Dyson responded to a government request for ventilators in the UK, to help deal with the coronavirus crisis. It retooled his factories, only to discover they were not needed. Sir James paid development costs of £20 million out of his own pocket, and hopes to sell them abroad.

Dyson’s success has made Weybourne a large private company with book assets valued at £5.4 billion in December 2017.

It operates extensively in the capital markets, with a view to helping the strategic aims of the company and developing its role as the parent company for subsidiary businesses.”

Bjorn Thelander, hired as investment chief in 2018, used to deal with a range of financial issues at the Rausing family’s Tetra Laval packaging group and later advised high-net-worth individuals. Recent changes in his investment team have seen senior investment principal Benoit Ramsay move to Cambridge University as director of marketable assets.

Weybourne invests in commercial property including space in London’s Fitzrovia district near the British Museum, acquired through a £110 million purchase in 2017. Sir James also owns a country house in Gloucester called Dodington Park, plus penthouses in Singapore.

A recent investment in the WestRiver Mezzanine Loans Co-Investment Fund hints at a range of investment activities.

Weybourne’s agricultural business, Beeswax Dyson has a higher profile. It sets out to take a sustainable approach to farming over 33,000 acres. Its managing director is Richard Williamson, who previously worked for Velcourt, a manager of farms for landowners.

Beeswax uses crop rotation, drainage, drones and cover crops, like grass and legumes, which stabilise and fertilise the land when dug back into the ground, reducing the use of nitrogen fertilisers. It generates energy by breaking down organic matter to produce biogas and bio-fertiliser via anaerobic digestion.

Sir James Dyson sees his approach is sustainable and efficient. He believes subsidies should help farmers who take a sustainable approach. Less discriminating European Union grants have funded Beeswax but Dyson supported Brexit, saying protectionism has not helped sales of his appliances, as well as the broader UK corporate sector. He supports lower corporation tax and less red tape, believing the UK has much to learn from Singapore.

The Dyson Foundation also supports a sustainable approach. It runs a series of awards for inventions which tend to be dominated by sustainable ideas. In 2019, it was won by Lucy Hughes, who developed biodegradable plastic out of fish waste.

The Foundation also supports the development of design and technology institutes around the world plus educational partnerships.  Dyson’s commercial arm has agreed to invest £31 million a year, for five years in educational institutes.

<https://www.famcap.com/2020/05/dysons-weybourne-is-a-case-study-on-a-contemporary-family-holding-investment-group/>