

# Future Materials Group, comprehensive expertise to accelerate development

## interview

DAVID SCHOFIELD,  
MANAGING DIRECTOR,  
FUTURE MATERIALS GROUP

An independent advisory firm, Future Materials Group (FMG) has brought together, since its creation, a team of highly specialised experts in advanced materials and high value-added industries. FMG helps companies grow by offering them a new and comprehensive approach that combines financial and strategic consulting. David Schofield, co-founder and managing director, gives us a glimpse of how the composite materials industry is evolving and of FMG's plans for the future.

**JEC Composites Magazine:** Many consultancies around the world offer strategic advice.

**What made you decide to launch Future Materials Group four years ago? And what differentiates you from the others?**

**DAVID SCHOFIELD:** As senior managers in the advanced materials sector, we purchased both strategic and technical consultancy: that client side experience proved there was a real gap in the strategic consultancy marketplace. What was missing? Most of all, focus on the outcomes. In our previous positions, we were developing businesses, and needed pragmatic and informed consultancy

to help us grow, position, and win over the competition. At that time, we couldn't find a consultancy we could bolt on to our management teams and be confident that together we would develop winning new strategies and tactics, in the right sectors. We needed well-informed research and in-depth informed analysis. And that answers your question about differentiation – the focus on commercial outcomes sets us apart from our competition: years of corporate and operational management, supported by unique industry and market research.

**JCM:** You plan to expand your operations in the DACH region.

**Why are you concentrating on this specific geography?**

**D. S. :** FMG works internation-



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ally – when we started up, we were probably the world's smallest multinational. So we're not

particularly centred on working in any one area. But our early work in Germany, where we were a strategic advisor to world-leading additive manufacturing company SLM Solutions (FMG set their growth strategy and then sourced a multi-million dollar growth capital investment), coupled with a constant flow of industry information prepared by our in-house analysts, points to Germany, Austria and Switzerland continuing to set the pace in advanced manufacturing. Even with labour costs typically a third higher than the USA, this region maintains leadership. The exceptionally high quality of technology, expertise and value, in both manufacturing and materials, of DACH companies, and their willingness to invest in the long term, make them ideal FMG clients, particularly for our business development development and merger and acquisition skills. Our work, and our expertise, is in demand here.

**JCM:** The composites industry is made up of many medium-sized businesses. How does FMG work with such companies, and what specifically can it offer them?

## About FMG

FMG is an independent strategic advisory firm specialising in the advanced materials and high value manufacturing sectors. Working globally from its headquarters in Cambridge, UK, the company helps businesses at all stages of their development, from start-up to maturity, to create

and increase value through accelerating and managing growth. Drawing on many years of industry experience, FMG can help businesses develop new products and services, engage with new markets, validate opportunities, and build new competences and capabilities.

**D. S. :** As we just discussed, the composites industry in Germany has many medium-sized firms – the famous German Mittelstand – that can claim world leadership in many different subsectors. But even the most technically adept and commercially sound company can struggle to maintain its position. Composites, and advanced manufacturing and materials, is an area that is ripe for consolidation. Tier 1 manufacturers seek closer and stronger ties with their supply chain. They also look for worldwide production to match their own multinational operations. So, no matter how superior the local supplier may be, they are at risk of losing out to similar firms that can offer truly international coverage. Germany has the largest concentration of OEM plants in Europe, for example, but more and more are now divisions of multinationals rather than being German firms. Our work is not simply discovering and assessing companies as acquisition targets for major corporates: we also work for the companies themselves, researching and developing strategies for their continued growth. These strategies can incorporate creating a mergers and acquisitions policy for them, finding and building strong collaboration and joint venture partners, and gaining investment to fund these plans.

**JCM: What particular challenges are there for new players seeking to enter the composites market? How is the value chain evolving?**

**D. S. :** New entrants have to swiftly seek to establish credibility and trust, but those with existing supply chain connections can build on existing relationships much more easily. This strategy complements the



Future markets: Construction, including oil and gas, is potentially the biggest market in the world for composites, but it's not ready right now. (Image: istock.com/FauxCaster.)

Tier 1 move to supply chain consolidation. Innovation is also a constant challenge. A new entrant may well be able to evidence innovation in parallel sectors, but they soon have to demonstrate new materials, methods and technologies to maintain any position. Innovation also extends to the development of low-cost materials. Higher performance attracts the attention of the design engineering department, but low-cost alternatives interest procurement. A market entry strategy must demonstrate customer value – keen pricing, reduced energy costs, consistent product performance, more rapid production and less wastage are essential attributes.

**JCM: Analysts are predicting strong growth in the carbon fibre composite sector. How does FMG see this demand developing?**

**D. S. :** Low-cost carbon fibre is a must-have for the automotive industry particularly. Driven by regulations and competition, automotive is increasingly open to innovative new materials, especially carbon fibre. Niches alone create massive demand: just 1% of carbon fibre by mass built into an executive car adds \$3 billion to the carbon fibre

market. Adding 1 kg of carbon fibre to a mass-market car doubles that. Construction, including oil and gas, is potentially the biggest market in the world for composites, larger than aerospace or automotive, but it's not ready right now. Designing in new materials requires education: that's expensive and takes time. Carbon fibre suppliers developing market positions within construction can expect exceptional growth.

**JCM: How do you see the composites industry evolving over the next 5-10 years, and how will this affect the development of FMG's business?**

**D. S. :** The traditional answer is a long list of technological innovations – improvements in curing time, new automated processes, and the application of nano- and bio-materials for example. But FMG provides commentary on the commercial drivers for composites, covering a broad range from social and economic influences, to specific industry needs that differ across niches, and sectors, and by geographies. Our analysis shows aerospace continuing at its present rate, adding at least one new carbon fibre line every four years. But

if automotive adopts at its more aggressive rate, we are forecasting a new line needed every two months.

We look at how the industry will evolve, and why, and what will be the business implications for companies, users, investors and legislators. As the industry moves from small runs to mass production, from thousands of medium-size suppliers to consolidated supply chains, and enters new markets and application areas, we will see much greater concentration on cost. Not just the price of parts but the cost of doing business, scaling up, meeting standards and quality control, and investment in innovation, to continually outpace competition. The opportunities are important to know, and that's what most market reports will show, but the blockers and hurdles are just as key to growth and success. We develop strategies taking both into account.

Future Materials Group is always looking at the horizon. We are interested – on behalf of our buy- and sell-side clients – in longer term opportunities. Investment banks, for example, prefer to get involved with near-term transactions and service a hundred clients to achieve a couple of deals. FMG is committed to getting the best possible deals for our clients. We plan to be involved in many more mergers and acquisitions. But FMG are working hard to help companies of all sizes grow and prosper in a composites marketplace that is expanding in many areas even faster than any consultancy predicted. It is why our name starts with Future. ■

**More information:**  
[www.futurematerialsgroup.com](http://www.futurematerialsgroup.com)