



John House
Finance Director
McGinley Support Services

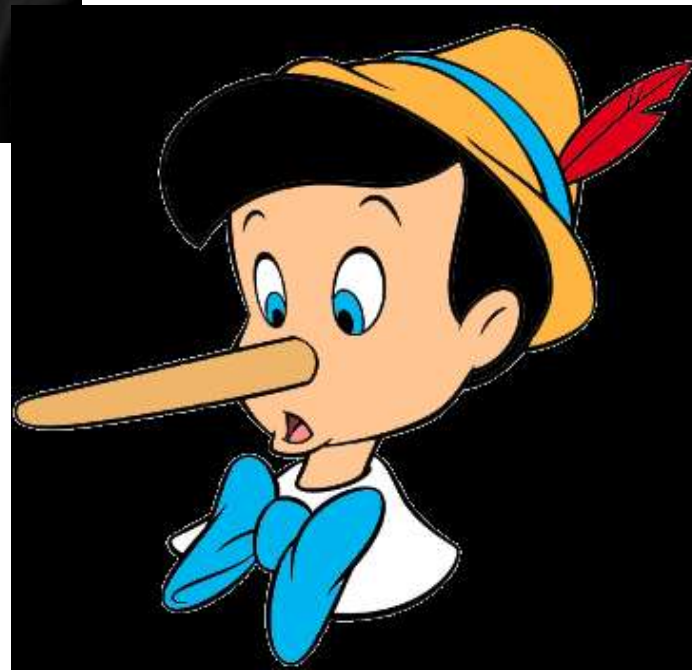
Private Equity

Some

reflections

Family Firm





DRAFT

**Curriculum Vitae
John House**

Currently Seeking Opportunities

**Previous Experience: Finance Director,
McGinley Support Services**

Distinction No. 1

- ❑ There is no bridge to cross between Director and Shareholder
- ❑ The concept of a “greater power” is anathema. Power is absolute.



- ✓ Enormously trusting
- ✓ “Just do it”
- ✓ Simple, quick, responsive
- ✓ I made the decision, I support you!
(Lloyds v AN Other Bank)
- ❖ Don’t listen to him, do what I say!
- ❖ “Qui custodiet ipsos custodes” – no
fund to manage expectations for.

Distinction No. 2

□ Personalities are Key, Reputation is Paramount

- ✓ If the company name is the family name, it becomes even more personal
- ❖ Heart” will win over “Head” – the case of bad leavers
- ✓ Treated more as a “grown up” – greater freedom to flourish, or possibly hang yourself
- ✓ Less concerned about the need to appear “politically correct”, although not to suggest a reduced level of professionalism.
- ❖ Individuals can be above the law....



Distinction No. 3

□ Family and Loyalty

- ✓ Work and personal lives crossover a lot
- ✓ Average length of service, gives the place a “soul”
- ✓ Family members cut each other more slack
- ✓ Above and beyond the call of duty in many cases
- ✓ A unique bond (the tattoo saga)

- ❖ Work and personal lives crossover a lot
- ❖ Can be a clique – hard to break into
- ❖ Family and friends come first for new roles, unlikely they will always be the best candidate!
- ❖ The sense of being “bomb proof”
- ❖ Finding fresh blood is a real challenge (lots of senior people have never worked anywhere else)



Distinction No. 4

Can you do my tax return?



- I need a tractor this afternoon please, delivered to France.....
- Company credit card – what's my password?
- Parking fines and court summons
- Foreign currency

Distinction No. 5

Cash Flow

- Perceived wisdom when applying for a job within Private Equity
 - Understand how the business generates cash, be on top of it!

Reality

- True, but in my experience it is a long term notion.
- In the Family business environment, it is real, it is relentless, and it is a continual daily focus

Longer
term
investment
v.
Lifestyle
returns



No real
chance of
any help if
it all goes
wrong....

Distinction No. 6

❑ Does Posterity Matter?

- ❑ Private Equity is run for the P/E House by a hand picked, capable, and suitably incentivised Management Team.
- ❑ A Family Run business is not (in the same way)
- ❑ What is the Principle Objective of P/E? To make a fantastic return! It is the “Raison d’etre”
- ❑ The concept of providing a legacy post an exit is not part of the deal
- ❑ The owners of McGinley are justly proud of the family business, its reputation, the people they have developed, its contribution to its locations.
- ❑ To them, Posterity matters. The Legacy matters.



Distinction No. 7

It's a question of risk

What is the best way to deliver growth?

INVESTMENT

If you are used to the P/E approach, persuading the family to make big investments today for a great return tomorrow is a tough nut to crack

The gamble has very different consequences if it doesn't come off!

For a P/E fund, they play the odds, knowing that out of 10 investments, not all will work. It is the “acceptable collateral damage”.

For a family business, it is boom or bust.



Distinction No. 8

❑ **Business is Business, but....**

❑ **Family attitudes can overlap / get in the way**

- ❖ **Not “ruthless” enough on investing for growth or cutting costs when the pressing need is there**
- ❖ **Acknowledged that the business has outgrown some people, but this is when that service is repaid through loyalty**

Distinction No. 9

Odds and Sods

Corporate Structure (Board Meetings, REMCO, Reserve Matters, Accounts Approval, Delegation of Authority)

Professional Advisors

Corporation Tax

A vertical bar on the left side of the slide, composed of several colored squares: red, orange, yellow, light green, dark green, blue, purple, pink, and dark teal.

Thank you

April 2016

McGINLEY
A horizontal bar with the same color sequence as the vertical bar on the left: red, orange, yellow, light green, dark green, blue, purple, pink, and dark teal.
SUPPORT SERVICES