

# An FD's view of the sale process

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Galago

THE NEXT GENERATION

# Background

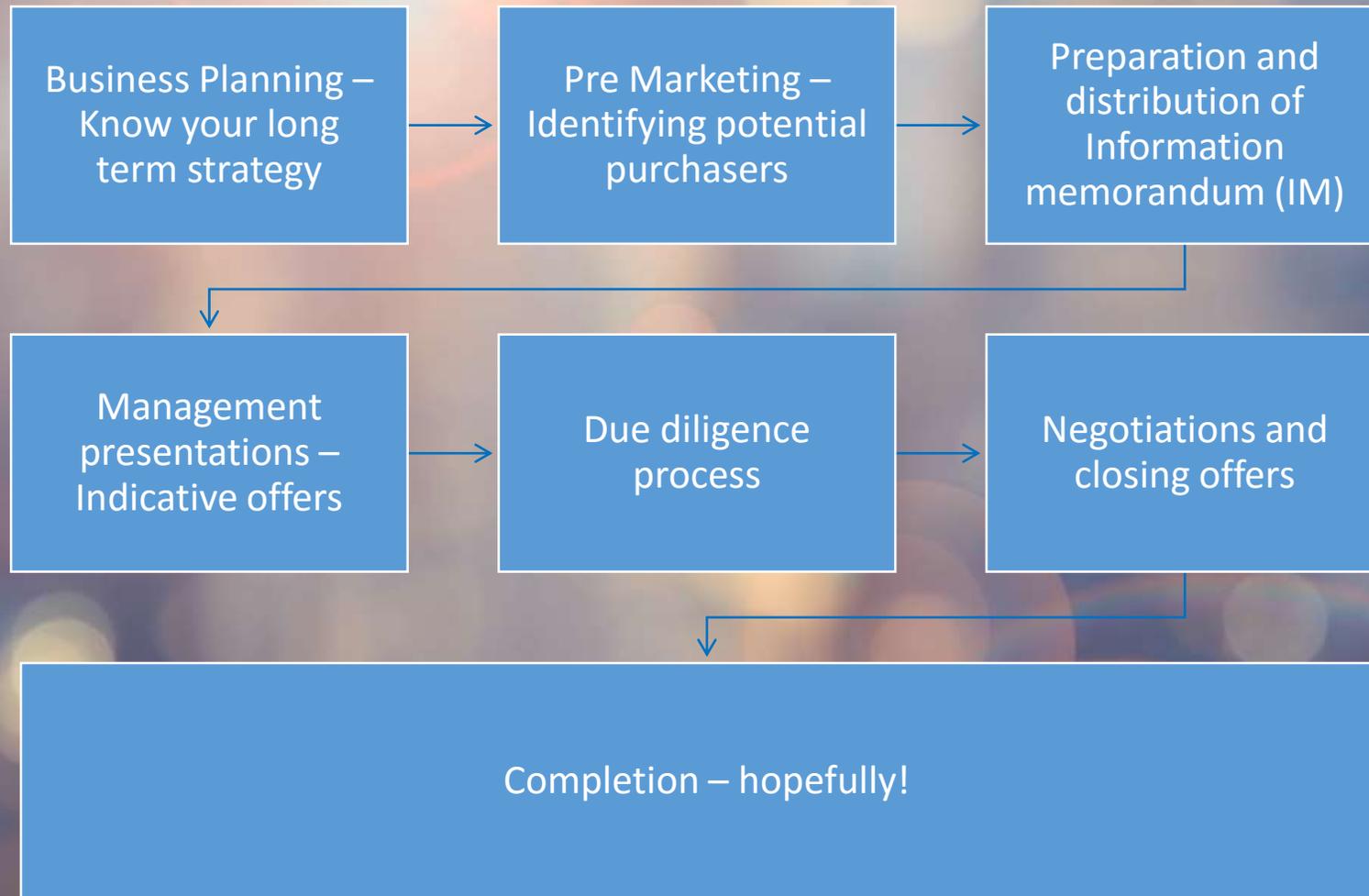
- FD of Team24 –Healthcare recruitment sector
- Business setup in 2005
- Privately owned by founders
- At sale turnover of £32m, EBITDA of £4.2m, 80 staff based in one main office
- Sold to Capita Plc in May 2011 for £24m on cash free/debt free basis
- HoT to completion in 5 weeks.
- Used Grant Thornton's Gatwick team as corporate finance advisors and Steven Raize (then of DAC) now Gateley's as our corporate lawyers.
- Now Group FD for Galago Group – Aim to grow and add value to businesses specifically in the recruitment space

**I DON'T KNOW**



**WHERE TO BEGIN**

# Stages of the sale process / cycle



# Key Areas to consider



# Long Term Strategy

- Understanding shareholder vision – What type of FD are you?
- Consider your management team – they are key to the exit
  - Right team in place
  - Consider any potential gaps in management team
  - Incentivisation plans, EMI, Entrepreneurs relief or ESS?
- Implement software and systems that provide accurate and timely data
- Think twice about above risk strategies eg. Tax or networks/partners

# Appointing Advisors

- Talk to advisors early – They can add value from very early on in the process
- Use specialist advisors who you are confident will add value and come with credibility in the market
- You are placing the business in their hands so be confident they can deliver and will also give you their full attention
- Important to know that they have the capability and specialists around them
  - Tax specialists and tax lawyers in order to assist in structuring but also reviewing tax sections of the SPA
  - Employment lawyers – To manage the process and protect you as the employer and employees
- Consider non executive directors and value they can add

# Due Diligence

- Start preparation as early as possible. The volume of information is immense. Use your advisors.
- Last minute due diligence doesn't work and may affect the sale price
- Consider vendor due diligence engagement
- A vendor due diligence exercise can be a hugely valuable for the business and create value.
- Be prepared to explain variances in detail. Gaps need filling. Buyers won't "take a view" on discrepancies.

# Financials and working capital

- You need to know your numbers and performance like the back of your hand
- Get your advisors to help on areas that you may not have experience. This is their role.
- Working capital must be high on the agenda – this will impact sale price
- Be aware of the impact of the sale process on the business – across the management team and plan for this
- Hit your numbers during the process

# Final considerations

- Ensure you are aligned with the shareholders/management vision
- Use advisors and experts to maximise value
- Organise the business from Day 1 in a way that will benefit due diligence processes
- Be confident about hitting publicised forecasts and achieve them
- You are key to the process and will be heavily relied upon. Be prepared for very long hours and hard work. I promise you it is very rewarding time.

# Questions?



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