

## CASE STUDY TONY HOGG

# FINDING THE RIGHT BUYER

**I joined Willbond in 1972 and bought the company in 1987 in a management buyout. After working in the plumbing supply business for over 40 years I was ready to sell up, but finding a buyer who would look after the company and my staff would be key to any transaction.**

After the financial crash we had worked hard to first stabilise the business and then to get it back on a growth track and now aged over 60 years it seemed a good time to start planning for my future. It was in an informal meeting with Cooper Parry that the topic of sale came up and they mentioned an electrical merchant who might be interested in buying us. At the time I wasn't sure - water and electrics don't mix! However, after meeting the prospective purchaser I learned that they were about much more than electrical merchanting and it was soon obvious that they would be the right buyer.

My business was an easy one to sell. We had very steady revenue and profit streams and we worked hard on our Information Memorandum (IM) to make sure that it accurately conveyed the business we were selling. This really showed our credibility.

If the assertions you make on the IM come through then you really build trust with your buyer. Over the years, we had always been an ethical trader and we had no skeletons in our closet to worry about. This really paid off when the due diligence came to be done and it gave everyone a lot of confidence.

We kept the sale confidential to the board and senior management and when the announcement was made it was a big shock for most of my staff. Their stunned reaction was quite upsetting and it really helped that I could tell them, hand on heart, that our new owners were a) committed to growing the business and b) were financially strong enough to withstand any future recessions and keep them safe.

We'd put a share option scheme in place for our executive directors to help retain and reward them for their great service. One of our senior directors actually reached retirement just as we sold and he came out with a great nest egg. This was a really positive note to leave on.

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When selling your business, it really helps if you've almost made your own role redundant - enabling the business to continue operating successfully when you leave. After our sale my deputy stood up to become the company chief operating officer and the buyers asked me to stay on 3 days per week and help them acquire more businesses in the plumbing and heating supplies market. This suited me as I was very apprehensive about full retirement but, such was our success, that we rapidly became the largest independent merchants in the sector and yours truly became the Chief Executive Officer! Needless to say my 3 day week soon became 7 and it was obvious that I needed to find another successor. This has now happened and I am now almost retired but I have continued as a non-executive director of the business and this has kept me in contact with many of my old work colleagues.

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Any regrets? It's like selling a house - there's always going to be that feeling that you always could have changed something. If I'd have known the outcome, I would have sold up earlier so I could have stayed as Chief Executive of the group for longer, as this really was a brilliant job. Other than that, I wouldn't change a thing. The eventual result was beyond my wildest dreams, I feel that I have left the business in good hands and sold the business for what I believe it was worth.

If I could give one piece of advice to business owners thinking about selling, I'd say think about your life post sale and whether or not you want to retire. For the people who have built up businesses they won't want to just dump their former employees and it's a big win if you can look everyone in the eye post sale. The key to achieving that is to work really hard on the sale process which is quite taxing anyway. Undoubtedly a bit of luck is also helpful but as with all things you get out what you put in.