



A successful exit strategy: How Pure Washrooms were sold with EFM support

Case Study

At a glance

- Long-established company needing full financial support and a sound exit strategy.
- Successfully delivered detailed business plans, management accounts, cash flow analysis/forecasts, and tax-efficient methods of withdrawing earnings.
- Refinancing deal and an additional £300k loan finance were negotiated, enabling a smooth transition for the business.
- A successful management buy-out and subsequent trade sale were concluded, allowing founding directors to exit the business, at separate times, at an agreed value.

Background

Set up in 2003, Pure Washrooms was third-party funded and run by two directors with equal shareholding. Glyn Abba, an experienced EFM Finance Director with multi-sector expertise, was introduced to the company in 2013 by EFM's Managing Director, Gary Jesson.

Glyn acted as FD, working for Pure Washrooms one day per week initially on business plans, cash flow analysis and management accounts, as well as enabling the directors to withdraw earnings in more tax-efficient ways.

Challenges

A decade after launching the company which had seen significant growth, the original venture capitalists who had funded the operation since 2003 were looking to exit, meaning new financing had to be sought.

In 2017 one of the two founding owners wanted to exit and retire, whilst the other wanted to continue growing the business.

Fast forward another few years, and in 2021 the remaining director received an offer for the business which enabled him to exit and pursue other life interests, and Glyn was instrumental in successfully guiding the owners through all of this.

Solutions

EFM structured a new finance deal with Adelphi in 2013 to fund the management buy-out when the original venture capitalists exited.

In 2017 Glyn worked with both owners to facilitate a buyout enabling one to retire at an agreed exit value and the other to continue as the 100% shareholder. Glyn successfully negotiated an additional £300k of loan finance to help with business growth and increase its selling potential.

In 2021 a trade sale was finalised, and the remaining 100% shareholder successfully sold the business to an international purchaser.

The outcome: both business owners exited at a time that was right for them, at the right price, on their terms. A true case of “on time and on budget”.

Glyn has since been working with multiple other SMEs, including charities, a cycle distributor and educational organisations, to deliver outsourced financial management, as well as facilitating other exit strategies for business owners.

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Glyn played a critical role in the day-to-day running of the company and was also fundamental in the successful buy-out and eventual sale of the business. Glyn’s eye for detail, combined with his ability to see the big picture, and ultimately understand our own personal motivations, led to both me and my fellow business partner being able to exit the business on our own terms”.

Martin Pugh, Director, Pure Washrooms

Benefits

Glyn’s role as FD ultimately grew into that of a growth consultant, brokering a deal to enable one director to buy out the other.

Having formed such a strong relationship with the directors throughout this process, Glyn again played a pivotal role when the remaining director had an opportunity to exit in 2021.

Glyn’s knowledge of the business and understanding of the numbers made him perfectly placed to guide the owners through the deal, working on valuations, costings, and due diligence - but also getting involved in the legal side of things, and liaising with the company’s tax advisors.



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