

### **Background and Problem**

The UK subsidiary of a German software distributor had experienced substantial year-on-year losses, was struggling to establish itself into the UK market and was now facing closure. The Managing Director was overstretched, was undertaking most business functions personally (sales, operations & finance) and as such was predominantly fire-fighting on a day to day basis. His personal livelihood was also being threatened.

### **Actions Taken**

After reviewing the situation it was clear that the greatest impact would be in the commercial area of the business and so a part-time interim Commercial/Finance Director (FD) was appointed. The new FD appointment freed up some of the time of the MD and also enabled a significant improvement in the business performance and also the personal earnings/equity position of the MD to take place.

### **The Result**

- The FD negotiated a management buy out of the UK subsidiary; acquiring goodwill, assets and intellectual capital for £1
- In addition, the FD negotiated a six-figure 'golden handshake', a stepped royalty agreement and also a deferred royalty agreement
- The business successfully acquired South African ERP development business
- New national and international distributor partners with significant telcos and software brands were sourced and secured
- The business completely turned around its performance and at the next year end recorded a profit with little capital investment and working capital
- The business 'boxed above its weight' until subsequent profitable disposal

**If you want to find out more about any of the areas covered in this case study  
and how we can support your business – contact us today.**