



HOW MUCH IS ENOUGH?

The Entrepreneurs' Journey

Andrew and David ran a successful marketing agency and were doing very well in business terms. However, they were both now in their sixties and after years of hard graft were beginning to feel the strain.

They had first met when they worked together in the marketing department of a global brand and had often talked about doing their own thing and following their entrepreneurial dreams. So, almost 20 years ago, they took the plunge and launched their own marketing agency which focussed on working with international food and beverage brands.

Fast forward and the agency was booming, to such a degree that they had moved to a larger (and more expensive) office and increased the team headcount again. Although the agency portfolio was excellent, and they had a steady stream of projects coming in, they were reliant on a few large accounts which carried a high level of risk and pressure to maintain these relationships.

The agency was already in some financial debt trying to stay ahead of the curve and the marketing services sector was changing at a rapid pace. This required the agency's constant innovation and investment to maintain their market position and keep the big brands on their books.

Andrew and David never took any capital out of the business despite working hard over a long period of time. This meant they rarely got to enjoy the fruits of their labour. Andrew's passion was sailing, and many years ago he crewed on a transatlantic crossing which he absolutely loved but there was little time or money for that nowadays.

David loved to travel, and had harboured plans of taking his family on a long sabbatical and visiting far-flung places together before the kids were too old and thinking of starting their own families.

Occasionally they would chat about the possibility of selling up and taking a big cheque from a friendly buyer and disappearing over the horizon to pursue other things, with complete financial security. In fact, they had spoken with their accountant who had assured them that their business was "worth £20m of anyone's money".

Then one day it happened - a call came in - there was a serious buyer looking to purchase the business, and were they willing to sell? Out of curiosity, Andrew agreed to speak with them and the coming weeks were a whirlwind of meetings with accountants, corporate financiers, bankers and lawyers. David and Andrew both felt out of their comfort zone and keeping the sale discussions private from the team was awkward.

An offer came in for £17m. It was from an international marketing agency that promised to retain their brand values, maintain content quality, and look after the staff.

Recalling his accountant's advice, Andrew told them that he wanted and expected at least £20m, so held out for more. The discussions between the two founders become agitated with David feeling that they should accept the offer as he was no longer in love with the work and wanted to reduce the relentless pace and pressure. There was then a stalemate which created some uncomfortable silences in the office.

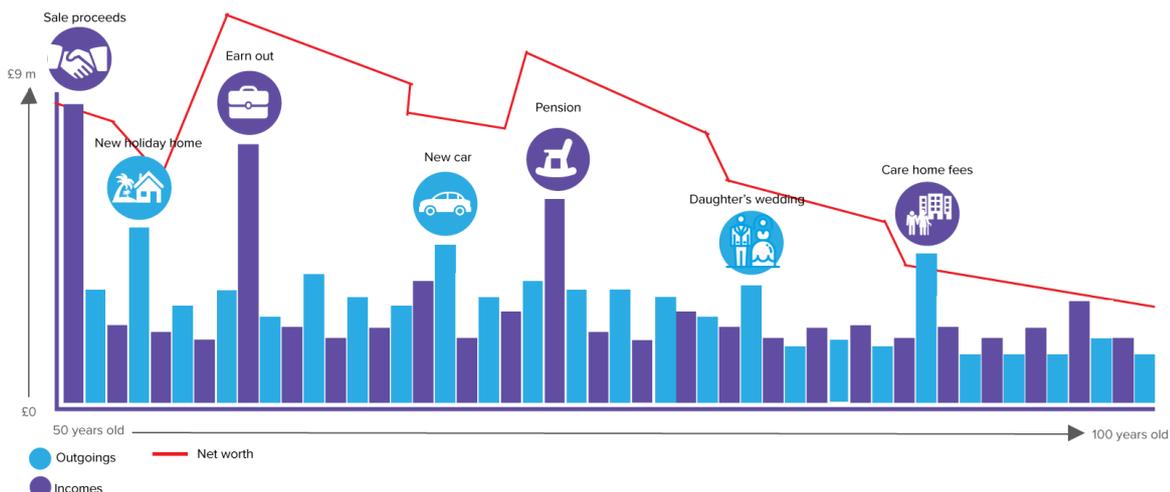
Finding their 'Magic Number'

It was at this point that Andrew and David were introduced to the financial life planning team at Capital. Meetings were held, first with David and his wife Anna and the following week Andrew with his partner, Lesley. The experienced planners at Capital asked a lot of interesting questions, many of which the two business owners had never really spent much time discussing in the past.

They were asked about their personal values and what was important to them, about their families and the people close to them. They were asked how they saw the next 5, 10 and 20 years, their hopes, dreams and what their ideal lifestyle looked like right now and in the future. It felt good to explore and talk about these things and get everything on the table.

Then, using some smart technology and crunching the numbers, the Capital team created each family their own personal 'Financial Life Plan' which they called FutureMap™. This was a detailed blueprint that provided absolute clarity on their financial numbers.

It included a detailed model of how much money each family would need to ensure that they could live their ideal life: to travel, have fun, spend time with family and friends – buy a new home and even start a new business if they wanted to – all without the fear of ever running out of money.



In the process, they found something interesting; the numbers proved that if they each received around £7m after taxes and fees, they would have achieved their 'magic number' and would be financially secure for life. And they had just turned down an offer which would have given them more than that.

They called their broker again and asked to get the deal back on the table. However, the market had moved, and the revised offer eventually came in at £16m. However, the two business partners now knew that this would be 'enough' and so were able to negotiate from a position of strength.

Their corporate finance brokers negotiated hard on the terms and on 31st October they signed an agreement to sell their 'baby', their marketing agency for £16.5m cash and an earnout that could add another £2m each after five years.

It was a huge relief and they both felt their 'mojo' return almost immediately. That was over 4 years ago, and they are now reaching the end of the earnout. With the new owner taking responsibility for much of the day-to-day management, the founders have been able to enjoy the fruits of their labour, to sail, to travel to have fun and they both have big plans for when they formally step away.

Andrew and David now feel that one hugely important chapter of their life is coming to an end and are excited to get on with the next chapter. They continue to work with their trusted advisers at Capital who have acted as their personal financial coaches, planners, investment and tax advisers. Capital also act as sort of project managers, problem-solving and pulling together the multiple strands of their financial life into a coherent and manageable structure – taking care of what David called “the dull but important stuff”.

Financial Life Planning

Financial Life Planning sits “at the intersection of money and life” and has proved to be a hugely helpful process for successful entrepreneurs, particularly as they begin to consider a business sale.

If you are even remotely thinking of selling your business, you will need your own personal family FutureMap™. So, get in touch with the team at Capital to schedule a chat over a cup of coffee and see where it takes you.





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