Henson Crisp

SERIAL ENTREPENEURS
Case Study

We have worked with our client since he left employment and started his own company. As the company grew, we provided advice to the Managing Director and the senior team.

UNDERSTANDING OUR CLIENT

This Cambridge-based company employed us to provide advice to their staff and manage employee benefits. Growing rapidly, they reached a headcount of 80 in the biomedical field. To support this growth, they took funding from Private Equity, while the three directors remained fully invested. After five years, the Private Equity firm wanted to cash out. This coincided with a period when the founders had not considered selling, but an offer from an American company presented an opportunity to bank some of the value and reduce their risk.

LAYING THE FOUNDATIONS

We worked with the founders to plan their financial strategy, ensuring they were equipped to make informed financial decisions. Although they were in their late 30s and too young to retire with many more ideas ahead, we helped set a solid foundation. Since accountancy guidance had traditionally been offered to the company after sale, we introduced them to an accountant who could now give personal tax advice moving forward. The legal work was handled entirely by the lawyers appointed by the private equity investors.

We worked with each of the founders to create tailored financial plans. These included pre-funding their children's school fees through to the end of A-levels, purchasing a larger property for one founder to accommodate their growing family, and setting aside money for personal goals. The latter ranged from business-class travel to a sports car for one founder and a holiday home for another.

BUILDING THE FINANCIAL PLANS

Once they had decided on these things, we looked at a financial plan for each of them with the remainder, constructing portfolios of tax-efficient investments, making use of unused pension allowances, and also carrying out cash flow planning to see when they would be able to retire following the sale of their shares in the company.

For most clients, this would be the wrong way round. We would normally ensure the financial plans were in place first and then look at the fun spend, as these founders were still young and likely to go again, they decided to have the fun and then do the financial plan.

PLANNING FOR THE FUTURE

Whilst the sale was for a significant amount, the founders all knew that they were too young to retire, but wanted reassurance that neither they nor their families would have any financial worries going forward.

The three founders left the company after the earn out period of 24 months and have now started another company, stating that "they have one more company in them", learning from what didn't go so well in their last company, but with the reassurance that they have some protection with the proceeds of the sale of the last company being looked after and managed by us.

This case study is based on real clients' and their financial circumstances. These case studies provide insight into how we work and the services we provide for our clients which may or may not be suitable for you. Each clients' circumstances are assessed on a case by case basis and our recommendations and advice may differ from the solutions we provided to the above client. Please speak with one of our advisers who can take your individual circumstances into account when offering guidance or putting together your personal financial plan.

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