Henson Crisp
making your future possible

EARLY RETIREMENT
Case Study

We have worked with our client for a number of years, through their time as an importer from Europe when they started to see the consequences of BREXIT within their market, to the sale of the business as part of an MBO.

UNDERSTANDING OUR CLIENT

Our client had grown from a start-up over 25 years ago, with Henson Crisp being the director's financial planners for around 20 years. We had helped them accumulate significant pension funds and manage the cash within the business to ensure it was working as hard as it could be.

Because the company was a specialist in its sector, a trade sale was always going to be difficult. However, the Managing Director wanted to retire from the business within five years. We therefore explored the different options available for the company: trade sale, MBO, EOT, or winding it up. The MD's preferred route was an MBO, as this would provide certainty for both the current team and the businesses they supply.

PREPARING THE BUSINESS

The directors felt that they needed to strengthen the team they had in place. Therefore, we recommended a recruitment consultant we knew in their sector to look for a member of the team who could take over the running of the business when they wished to sell, with the intention that they had two years to train them and for them to prove their capabilities. If they did not feel that they were able to do this, then they would have to pursue a closure of the company, but this would not be ideal, as they really wanted to protect their customers and team.

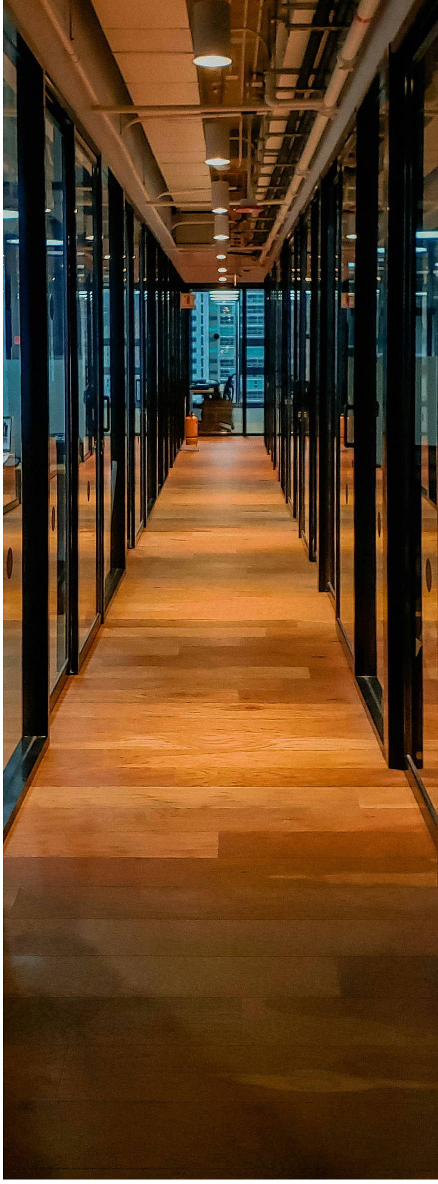
Over the course of two years, we worked closely with the directors on cash flow planning. This ensured their pensions were on track and that the company's cash reserves were invested to achieve the best possible returns.

PREPARING THE BUSINESS CONT'D

The detailed recommendation report, using the provided information, was presented to Brian and Fiona. Taking up the recommendations that we had made and demonstrating these through various cashflow modelling scenarios showed to them that they could indeed retire comfortably, when they were in their early 60's, in fact when Brian reaches age 63.

THE NEXT STEP

We met with the directors to discuss options for their consultancy going forward including number of days worked, tying this in to their earn out period of two years, the sale was payable 70% on completion with 15% at 12 months and 15% at 24 months, the directors ve made themselves available for 120 days in the first 12 months and 80 days in the next 12 months for a pre-agreed day rate.



BEYOND THE SALE

We are now 14 months into the purchase, and all is going well. The customers and suppliers already knew the team that bought the business, so this has provided them with stability and confidence. The retiring directors have stepped back and are enjoying spending time on the next chapter.

As they are still being paid, they have not needed to draw down as much as they expected from their retirement plans. We revisit their cash flow plans for spending each 12 months and provide them with ongoing advice.

enquiries@hensoncrisp.com

www.hensoncrisp.com

PETERBOROUGH OFFICE
Ground Floor Bank House,
The Lawns, 33 Thorpe Road,
Peterborough, PE3 6AB

01733 355120

CAMBRIDGE OFFICE
Nine Hills Road
Cambridge
CB2 1GE

01223 987120