

CASE STUDY



Start-up Support, FD Gap Management, Equity Investment and Company Turnaround

Barony Universal

Barony Universal Plc was founded in Ayrshire and moved to state of the art manufacturing premises in Irvine in 2011.

Barony provides aerosol contract filling services to leading high street retailers and global brands, as well as marketing its own branded products.

Executive Summary

The Barony business grew rapidly and was started by Stewart Shaw who arrived back from Australia where he was Marketing Director of an international cosmetics business. Bob was involved in an interim capacity from the early days, and a business relationship formed which would endure through various stages of growth and development.

Challenges

- Building the business in the early years with all the growth challenges
- Establishing a fit for purpose finance function and structure
- Establishing financial reporting planning, forecasting, financial controls and a costing system
- Gap management at FC/FD changes providing stability and control
- A final FD support stage through a turnaround post equity investment

Results, Return on Investment

- ✓ The early days utilizing an experienced FD underpinned the business management focus and demonstrated to stakeholders a serious business intention with ambitions for growth.
- ✓ Recruiting an FC locally to take over finance. BHL supported in a GAP management role two years later as the business grew the FC moved on and as complexity increased a full-time FD was deployed. Contributing to stability, continuity and removing pressure in the recruitment process.
- ✓ The final phase of support (three years later) and post a new equity investment BHL was deployed to support in a company turnaround/recovery phase. Issues in the ERP system are resulting in stock and over reported profits with pressure building by both funders and equity investors.
- ✓ The issues resolved and stakeholder confidence restored, and the business moved back to full profitability and back on track. During this time BHL reported direct to an independent NEC and working closely with the founding CEO.
- ✓ A new FD was recruited to take the business through a significant growth curve in the years ahead.

Summary

- ✚ A series of timely Interim FD interventions in Barony's development made a tangible positive impact and ultimate shareholder exit value.
- ✚ The final shareholder outcome cumulated in a trade sale exit realizing six times the original investment with an IRR of over 29% per annum over its eight-year investment period.