

Case Study

Shareholding Restructure Consumer technology business

Smarthomes is a consumer technology business that needed to manage negotiations with legacy shareholders to achieve agreement on an exit valuation that was affordable to the company and acceptable to the shareholders.



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After a merger that nearly resulted in the business failing, Smarthomes has grown steadily over several years and returned to profit. As part of the merger, the company gained several legacy shareholders who have had no active role within the business. The company had been seeking to negotiate an exit for the legacy shareholders for more than two years but were unable to agree an exit valuation and communication had ceased in 2014.

The Challenge

Restarting the negotiations with the legacy shareholders to achieve agreement on an exit valuation that was both affordable to the company and acceptable to the legacy shareholders.

The Issue

Since negotiations had ceased the company had grown further, by expanding into new markets as well as benefiting from one-off profit gains on project work.

The company felt that previous value expectations of the legacy shareholders had been too high and were unaffordable for the company or existing management to fund.

Sector: Technology

Turnover: Circa £2m

Novus Brief: Shareholding Restructure

Result: 100% Transfer of Ownership to Management

Novus Solution

Novus worked through the historical sequence of events to gain a better understanding of the situation and then conducted a full financial review to enable realistic valuations and shareholder expectations to be set for the current management team.

Working from a position of strength due to the detailed management information available, Novus could coach the team to set out their position with the legacy shareholders resulting in a quick and smooth transaction, and complete ownership of the company passing to the current management team.

The Outcome

The successful repositioning of the shareholders expectations of the value of the business enabled the company to fund a complete share buyback from company reserves, resulting in the current management having 100% ownership of the company.

“Having dwelled on a company shareholding structural issue for many years whilst wanting to grow the business to the next level, I employed the services of Novus to assist with the challenges ahead. The Novus team made the decision process very clear and simple whilst at the same time making it as painless and pleasurable an experience as possible.

I have now met my immediate restructuring goals and am very pleased to have the Novus Team on board to help develop and deliver the business growth strategy for the future.”

Peter Worthy – Managing Director

