

# A SUCCESSFUL PRIVATE EQUITY DEAL DEMANDS A SPECIAL TYPE OF INTERIM – AND A BISCUIT BUDGET!



**It's easy for management to tolerate fundamental operational inefficiencies when companies are relatively small and delivering fast, profitable growth. But when they become medium-sized and aiming for private equity sale, operational rigour and quality fall sharply back into focus. This was the scenario facing Adrian Gardner when he arrived as the new CFO of Ipes in 2016.**



"Ipes was a true pioneer in providing specialist, outsourced fund administration to the European private equity market. It had grown rapidly every year since its foundation in 1998. Before my arrival, private equity firm Silverfleet Capital had bought the company with the usual five year investment period expected," explains Gardner.

**WE NEEDED TO MAKE FUNDAMENTAL IMPROVEMENTS IN FINANCE OPERATIONS TO KEEP UP MOMENTUM IN THE BUSINESS**

— ADRIAN GARDNER

The company growth story up to this point was impressive in a relatively niche business services market. Revenue had risen 13% on average for eight successive years. Business growth was entirely organic. The firm had about 250 people managing more than 150 clients across five offices: Cork, Guernsey, Jersey, London and Luxembourg.

"Because Ipes operated on a quarterly client billing cycle, it was only after about eight months that we began to see reality. It became clear we needed to make fundamental improvements in finance operations to keep up momentum in the business," Gardner adds.

These changes naturally fell to him as CFO to manage, with sponsorship from chief executive Chris Merry, brought in earlier by Silverfleet to continue the Ipes growth story.

What they inherited were overly-complex, time-consuming manual business processes that could not be scaled and were no longer fit-for-purpose. The design of these systems led to a number of challenges. Cashflow had

slowed and outstanding debt was growing, as some clients withheld payment of invoices under query.

"Problems such as these and others had arisen in part because of the inconsistent way client contracts were drawn up. Further investigation suggested that how we captured and recorded billable client work also needed to change. The impact of all this was beginning to test client relationships. It became clear we needed a project to review everything; from agreeing a new contract to billing and cash collection, and right across the business from one end to the other," says Merry.

The project needed a senior figure who could devote 100 percent of their time to managing such fundamental changes; someone who could quickly take expert command, identify what was needed in fine detail and then carry it out decisively, with high levels of confidence in securing results. However, Ipes, as a small company, had neither the individuals nor the required skillset to call on.



**WE PREPARED A DETAILED PROJECT BRIEF, THEN CHALLENGED NICK TO SEE WHO HE RECOMMENDED**

— CHRIS MERRY

"Both Adrian and I had previous experience of working with interims and I knew Nick Diprose of Holdsway. We prepared a detailed

brief for the project and the kind of interim we needed, then challenged Nick to see who he recommended, explains Merry.

“And that’s how we first met Sue Mesher. Nick sent two interims for interview. They were both suitably qualified and good fits for Ipes, but Sue was the standout individual.”

Mesher was duly hired and began work in May 2017. Her analysis of the situation produced a long and detailed list of issues to fix that ran to thirteen A4 pages. These ranged from pricing policy, charge-out rates, time-accounting, contract design, reporting and billing. A side project to clear a backlog of unpaid invoices and improve cash collection also emerged, adding to Mesher’s already long list of attention items.

“It turned into a much bigger, company-wide transformation project. We had to go back to first principles and start from the position of what clients wanted, what they valued, what we did versus competitors, and so on. We then needed to re-set how everything was done. It required a significant culture and behaviour change,” she explains.

Employee dialogue at every level was a crucial early step. Mesher’s approach to culture change, refined over successive assignments, starts with listening to those who will be instrumental in success and understanding their points of view. The aim is to ensure everyone is heard and all thoughts are openly expressed. Implementation is based around this information and execution is designed to be fun and engaging, with a strong focus on regular communication. Meetings and workshops were never held without Mesher’s secret ingredient:

“When I’m negotiating an assignment, I always request a specific budget for sweets and biscuits. It’s a small thing but I’ve found it makes a big difference with people. I always have 100 percent attendance at my workshops!”

By December 2017, Ipes was in significantly better shape, says Gardner:

“We’d virtually cleared the payment backlog. Client relationships had improved. We had better visibility of cash flow and a much more efficient back-office. People were more engaged and continuously improving how they worked.”

He acknowledges Mesher’s character and talent played a critical role in achieving this.

“Sue is relentlessly enthusiastic and cheerful. She is personally engaging and made a difficult project fun. She has this rare ability to get people on board, motivated and behind her. This was a short-term, back-office project but every single employee at Ipes, across all five offices, knew who she was, and nobody had a bad word to say about her.”

In May 2018, Ipes was sold to Apex Fund Services, one of the world’s largest private equity fund administrators. Regulatory approval across five legal jurisdictions was needed before the transaction completed.

The ultimate measure of success in this case was unusual; the orderly exit of not just the interim but also the CEO and CFO, as Ipes was rapidly integrated into Apex.

On 31st January 2019, after more than 20 years, IPES as a separate company and brand ceased to exist. But the legacy of Mesher’s outstanding interim management project survives in the business improvements Apex has inherited.

## BIOGRAPHY IN BRIEF: SUE MESHER



Before becoming an interim executive in 1998, management accountant Sue Mesher spent a decade at the Automobile Association (AA), where she worked for various directors on many, varied projects. It was this experience that led to Sue realising she most enjoyed projects that involved fixing and improving complex situations. After the AA, she undertook widely varying interim assignments for companies such as Colt Technology, Thames Water, Centrica and Capquest, a private equity-backed Debt Recovery firm. Different sectors and roles – covering general management, HR, sales and finance – have all given her the rare combination of know-how, skills and confidence to tackle anything

without being phased. Although she somewhat defies categorisation, Sue describes herself as an ‘interim general manager who works right across the business, end-to-end’. Asking the right questions, drilling down into the detail and, where necessary, challenging assumptions are among the key skills she believes any good interim manager should possess. Sue was first introduced to Holdsway founder Nick Diprose by a former AA finance director. Then, in 2017, as her transformation project at Thames Water was ending, Sue was catching-up with Nick just as the Ipes brief arrived at Holdsway. It turned out to be fortuitous: simply the right place, right time and the right opportunity.

**For more information about interim management please visit [www.holdsway.co.uk](http://www.holdsway.co.uk), or contact Nick Diprose • Tel: +44(0)20 3053 4438 • Email: [nick.diprose@holdsway.co.uk](mailto:nick.diprose@holdsway.co.uk)**