

Nigel Wright speaks to...

Richard Cooper

Richard Cooper is the former main board director at McCambridge Group and Managing Director of bakery products manufacturer, McCambridge Ltd. He left the business earlier this year, 2013, following the sale of its own-label cake division to private-equity firm NBGI, as part of a management buy-in deal.

During his 15 month tenure at the helm of McCambridge Group, he led a full business reorganisation of the cake division, improving cross functional cooperation and successfully creating a dynamic and entrepreneurial culture, which led to the successful sale of the cake division in 2012.

Richard has enjoyed an extensive 20 year career in the UK food sector, during which time he has developed an extensive portfolio of creating value through organic, turnarounds and M&A. He has held senior leadership roles at RHM plc, Premier Foods plc and Maple Leaf Foods Inc, leading a number of complex disposal transactions, operational restructuring challenges as well as implementing commercial led strategies. Here he talks to Nigel Wright about his time at McCambridge Group, his advice to businesses preparing to sell to private-equity, as well as his plans for the future.

What attracted you to the McCambridge Group project?

McCambridge was attractive for a number of reasons. It was an operational transformation project that required creating value for investors. The business had some significant cultural challenges, both internally and externally. It was also lacking a clear, identifiable strategy and customer perception of its focus as well as the quality of its products was poor. The cake business, however, which was formed in 2009, was focused on ambient cakes and pastry (worth £1.2bn) where it enjoyed the number one and number two positions in the market. There were also a number of other factors such as the need for consolidation, streamlining efficiency and maintaining good customer relations, which were attractive to me. These were all areas where I had previously enjoyed success.

What were the main challenges you faced, in preparing the business for sale?

The business had a principle investor which owned 60% of the equity derived from a 'debt for equity' swap, and the primary objective was to recover the debt. The key challenge was preparing a business strategy robust enough, so that potential investors could see value. The management team hadn't been through any form of sale process before, albeit they'd experienced a number of restructures and significant executive churn, so enabling and empowering them to own and deliver a plan that ultimately would lead to the sale of the business, as well as provide a partial road map for the business for the next three or four years, for the new investors, was critical.

What were the key actions you took?

I used Oakwood Partnership Ltd to help me guide and control the initial process and through them, developed a relative attractiveness matrix to shape strategic choice, evaluate attractiveness and ultimately prioritise the propositions for the business. By using a catalyst, such as the above process, you get significant leadership engagement and collaboration, enabling you to quickly work out any skill shortages or knowledge gaps, you will ultimately have to address. Leadership is the key in any change program, but even more so when a business is in 'sale' mode. It's imperative to keep a well-motivated team and one that is engaged in the process, rather than concerned about 'what might be on the personal level'. If the team is managed effectively and engaged, the sale will more likely be clean and uncomplicated. The management team experience at McCambridge and the commitment at all levels, became significant factors in the business ultimately succeeding in its chosen markets.



What were the key objectives around the sale?

Very simply: a robust financial model and plan that is on course; a return for investors and a clear value strategy that enables delivery of a significant upside for any new investor. Business stability and leadership engagement are also critical; remember that any private-equity backed purchaser is buying knowledge, USP, technical know-how and leadership. All these 'less tangible' assets are valued as much as the tangible ones.

What has been your experience of dealing with potential private-equity buyers?

My experience of dealing with private-equity buyers has always been good. They bring investment that may not be justified in the existing business model. Furthermore, they will often invest in new infrastructure to leverage change that wouldn't have been accessible through traditional business returns. By doing this, they provide some level of protection from new market entrants, or at least help keep pace with product innovation and differentiation. All of this ensures that the business has every chance of being even more successful, for its current custodians.

Did everything go according to plan? With the benefit of hindsight, would you have done anything differently?

Without wanting to sound overly confident, yes, everything with the sale couldn't have been better. It was as clean a process as me and the team could have possibly delivered. The measure I guess, in all of this, is how the various stakeholders have reacted and without exception, all have been complimentary and provided praise to me and the team. I think if you'd asked me about the previous transactions I have been involved with, I would have given you a list. McCambridge however, is in a great position to be an even stronger business, principally, because we developed a plan that was deliverable and that required further investment, which a new private-equity investor has brought to the table.

What would be the three key pieces of advice you would give a privately owned business, considering selling to private-equity?

Be clear and realistic about your expectations, both financially and personally. Ensure you have a financial model that is robust and

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clearly deliverable. Have a well-developed strategic plan, or at least a coherent business plan, that is deliverable and where any new investor can see value. The management team and your colleagues and partners are the key factor in the delivery and transition process, make sure that you are all aligned and all facing in the same direction. Working with private-equity can be fun and brings a level of balance and equality to the board room, if you are all investors.

What have you been doing recently and what are your plans for the future?

It took about nine months to complete the sale process at McCambridge and this was on top of a fairly intense period in the business, so a well-earned rest was in order! This has been great as I have been able to travel through California and spend some well deserved time with family and friends. But all things must come to an end. Professionally, I anticipate the future being more of the same. I'm ultimately looking for the next opportunity either supporting another turnaround or transformation, co-investing, taking on a CEO/ COO role or providing executive advisory - and be taken seriously as an NED who has experienced it and can add true value and contribution to a board – so not much really! I would also like to fulfil a number of personal objectives. I am involved with the government backed initiative 'Start-Up Loans', as a business mentor, and am advising a number of smaller businesses. I also intend to continue my work with 'Crisis', where I am a volunteer. I'll continue this work regardless.

