REAL LIFE CASE STUDY

JOHN WARD
FASTEQ

SECTOR: AEROSPACE & DEFENCE

John Ward, co-founder of Fasteq, successfully sold his third business before the age of 50. A serial entrepreneur, he has used the proceeds to invest in new opportunities, including a hotel, pub, craft brewery, and his wife's family business.

STARTING YOUNG

He first started his own business aged 24, selling nuts, bolts and machined parts to companies such as IBM. He sold this business to a PLC, becoming a Director for the acquirer, and ending up driving up and down the country 'discussing pie charts for someone else'. Like many hard-wired entrepreneurs, he liked the thrill of starting and running a business – and simply being an employee left him feeling unfulfilled.

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COMPANY NAME
Fasteq

LOCATION
Linlithgow, UK

FOUNDED
1990

BUSINESS ACTIVITY
Aerospace & defence components

SOLD
October 2012

REASON FOR SALE
Growing too fast

ACQUIRER
Haas Group

bcms

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In 1999 he decided to embark on the entrepreneurial route once more, and put his house on the line to set up Fasteq, in 50/50 partnership with former colleague Mike Connelly. The new company's first challenge came within six months, when it became apparent that companies were moving production to Eastern Europe. Fasteq quickly set up a subsidiary in Hungary, but could see the trend was going to move further east to China. "So we changed our strategy, and decided to focus on total quality management, and also specialise in supplying the aerospace and defence sector," explains John.

The decision was a game-changer. With John in charge of sales and finance, and Mike in charge of operations, Fasteq secured long-term contracts and turnover climbed to £6m. "The most enjoyable part was getting to become an industry player."

CREATING GREATER OPPORTUNITIES

The decision to sell was taken in late 2011, when they realised Fasteq was growing too fast. John believed that a bigger, more robust organisation would be able to grow the business and take advantage of the opportunities on offer.

"We knew we had a competitive advantage in the marketplace. We were doing smarter things than our competitors. We had developed this process that would set us aside from them," John explains when asked why they decided the time was right to sell. The sale was primarily technically driven – the company had invested in a new machine that provided a unique service. At the time, Fasteq was the only company that could offer this service in-house, but John knew the company's competitors would catch up eventually – it was time to sell while this major competitive advantage was in place.

THE SALE PROCESS

The shareholders appointed BCMS to handle the sale.

"We were excited by the way BCMS creates a market, and after approaching 200-plus companies, we had 60 expressions of interest."

John was surprised at the list of potential acquirers BCMS put forward. John and Mike had put forward a number of competitors they felt would be interested, but none of them made it to the negotiation stages. Fasteq met with 16 interested parties, and received eight firm offers.

John quickly realised that dealing with daily Fasteq business and with the BCMS process was going to be difficult; "We realised that we would have to take time out of the business. It was like speed-dating, meeting all these different potential buyers."

Having BCMS on side also took the pressure off: "BCMS was always very professional with how they prepared you for meetings and what to expect, and there was always a client manager at the meetings with you. They kind of guided you through and quite importantly told the acquirers when to back off or when it was appropriate to ask specific questions."

Eventually the shareholders met with a CEO "who was really respectful about Fasteq." That CEO was from Haas Group – an international supplier with around $500m annual revenue. Although they didn't make the highest offer, the deal contained no earnouts or warranties, and John was offered a job with the new subsidiary.

WORKING FOR OTHERS

"I became Managing Director of Haas UK," says John, "and I went from running my own business with 15 staff to managing 200 people and being based at the other end of the country."

In turn, Haas was backed by New York private equity investor The Jordan Company, which sold Haas to US defence supplier Wesco in 2014. John decided it was time to leave and was put on gardening leave. Within a couple of weeks of his nine-month gardening leave agreement he realised he needed to do something to avoid "drinking too much and watching daytime TV". He began to get involved in community events, such as coaching the boys' football team, and he also helped out in his son's business.

Besides keeping himself busy, John is also keen on mentoring young entrepreneurs starting out on their business journeys, and helping build up his wife's family business.

In April 2016 he became director of sales at a specialist adhesives and lubricants supplier for the aerospace industry, located near Birmingham.

John enjoyed effectively being an employee again, as he didn't have to worry about the difficult stuff, such as VAT and HMRC inspections!

FINAL WORDS OF ADVICE

John knew that when the decision to sell had been made, he needed to look at the business through a buyer's eyes, considering the information an acquirer would want to see, and ensuring it was all in place. He wanted to be quite prescriptive about the type of buyer he wanted, but at the same time, knew that gut instinct would also be important – would he be able to work with the acquirer? Would the staff be able to? As John says; "when selling a business there has to be trust both ways."

Above all, the seller needs to be able to separate themselves from the business they created once it has passed out of their control. As John advises: "Be clear that your business will change after it has been acquired. You cannot hold onto it."

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