Jonathan Barker started The Watch Lab with £2000 savings, a Prince’s Trust-backed loan, and one member of staff. By 2015, this premium watch-repair business had 15 branches and 71 employees across the UK. “I knew I wanted to sell, but I didn’t know when,” he tells us.

Like many entrepreneurs, Jonathan Barker sensed a gap in the market, and knew how to fill it. “Before I started the business I was in watch sales, selling to retailers, and dealing with independents and chain jewellers around the country. I noticed that repairs was a negative experience for many customers. The retailers made it difficult. To my surprise, none of the chains were offering a decent and purposeful watch repair service.”

Jonathan had a strong sense of where to take the business, and location was key. “I thought, ‘We’re going to create a store, and wear lab coats!’ I wanted it to look and feel clinical. I knew we needed to build a network of branches in prime locations, as watch repairs are not frequent – maybe every 12-18 months. But I knew footfall was key. We needed to be seen on a regular basis by potential customers.”

A big vision, then – but finding the time and money to make things happen was hard at first. “I didn’t have any money, but I knew that I wanted to create a brand, which has value. I hired a watchmaker and kept my own job going. I did that for one month before my employer realised, and I had to come clean. I resigned and gave my company car back!”
"I went to all the banks with a business plan, and all but one turned me down. They said: 'Great idea, great opportunity, but no thanks... you have no security.' One bank said we could go through The Prince's Trust loan funds, who gave me a 75% guarantee on the loan."

Initially, Jonathan worked alongside one watchmaker in Liverpool, working 14-hour days and commuting back to Preston – an 80-mile round trip every day.

At 31 when he took the plunge, Jonathan describes himself as “quite a late developer. I think you have the entrepreneurial skills a lot earlier, but not the experience and maturity.”

His commercial experience and knowledge of the watch sector was telling, though. “It was fantastic from day one. It’s been a cash-based retail business since we started. I am glad I did it that way. But I was naive. I didn’t know how to run a business any more than I knew how to sell one!”

This is where many would seek external advice, from a mentor or partner, or external input. But as a hard-wired entrepreneur, Jonathan continued to lead the business alone: “It was just me and my own determination... not just not to fail, but to be successful at building the brand how I wanted.”

Jonathan saw the path quite clearly: “My goal was to build a national chain and then sell it. It was never about a passion for watches. This business is all about high-cost leases in shopping centres with long-term legal commitments. The rents were substantial, and were all long-term leases, so winding the business down was never an option. There was a plan to sell from day one... I just didn’t know when!”

A growing business – especially one with multiple sites – needs infrastructure, and The Watch Lab began to implement a strong central management, with a family feel. “After the first two years my brother Jeremy – a brilliant man-manager, with multi-store experience – joined. We also took on an accounts manager, to set up the administration systems. Jeremy’s wife joined us, and her background was in HR.

The Watch Lab had its roots in the North, and presence across the Midlands, but in 2011, the company opened its first outlet in the south east (Lakeside in Thurrock, Essex). Then, the business secured a second southern prime location in Brent Cross Shopping Centre.

This was a tipping point. “The business had been running for 15 years. We’d opened in Glasgow, Southampton and London. We covered the whole country, and had built a new brand in the jewellery trade. Other companies had tried to do what we did, but hadn’t been successful.”

On the radar of acquirers

In the jewellery trade, repairs are known as a high-margin service. Unsurprisingly, The Watch Lab became a target for other, larger companies. “We were approached on two occasions by a big multiple, who were very keen, but wanted it for a derisory amount. We had lots of meetings, but we declined.”

“BCMS was recommended by another owner who had sold through them. We did explore another company, but the gut feeling was that BCMS was right for us.”

The sale process itself is never totally plain sailing, as Jonathan explains: “We knew we would have to commit financially and emotionally to the process. It was very drawn-out and complex, but it was made as simple as possible. Every part of the business has to be exposed...fortunately our business was well-run and well-documented from the start, so we felt there were no skeletons to come out. There was an audit trail for everything!"

Many business owners are both excited and nervous at the prospect of meeting acquirers face to face, but for Jonathan, the negotiation stage was a positive experience. “It was enjoyable. We had lots of meetings but the support of BCMS was incredible. However good you think you are, you need to know what to expect, and not to give too much information away. It’s a building process that leads to an offer.”

Synergies with the eventual acquirer – Aurum Holdings, which owns the Goldsmiths and Mappin & Webb brands – are clear. Acquirers are often risk-averse, and Aurum understood that Jonathan was key to the business’ immediate direction, specifying a two-year earn-out. So how is life for Jonathan today?

“I have got a beautiful house and created a gym, games room...I have got all the nice things, but I work very hard. Nothing’s changed. I now want to make Watch Lab successful for the whole group. I don’t know exactly what I’m going to do in two years. I have had a few different approaches from different people. Life’s good.”

Advice from someone who’s been there...

When it comes to selling a business, Jonathan is clear on the best path to follow. “I think the decision first of all is, ‘Am I ready to sell?’ Sometimes a business is ready to sell, but the people running it don’t realise it. You have got to make a decision on when it’s right to get out. If you are going to sell your business, you should explore the marketplace. BCMS was phenomenal from start to finish.”

Jonathan’s advice for business owners is simple: get an exit plan. “You may decide it’s not right for you at this point to sell. But to carry on year-in year-out with no exit plan is not an option. It may take three years or 20 years to sell. The exit plan has to be part of being in business – and that should be considered every single year.”

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