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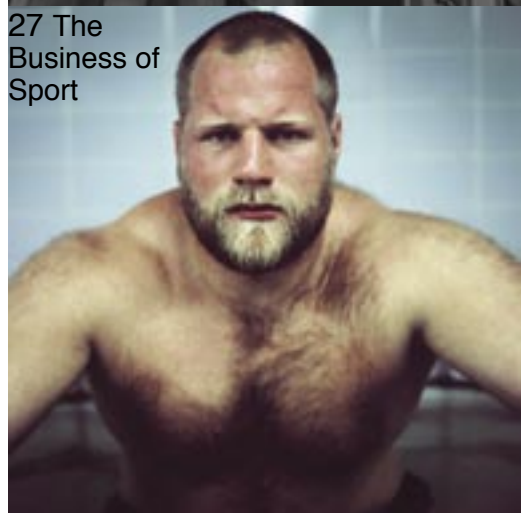
ATLANTA MAGAZINE ISSUE 17
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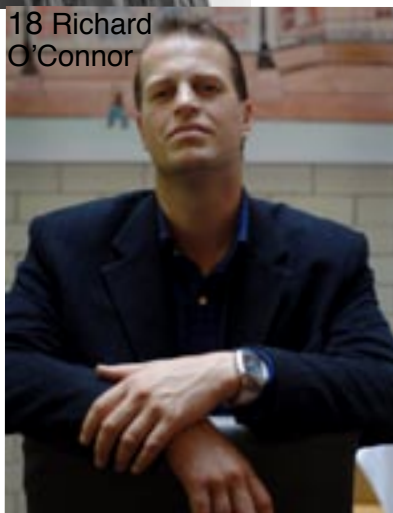
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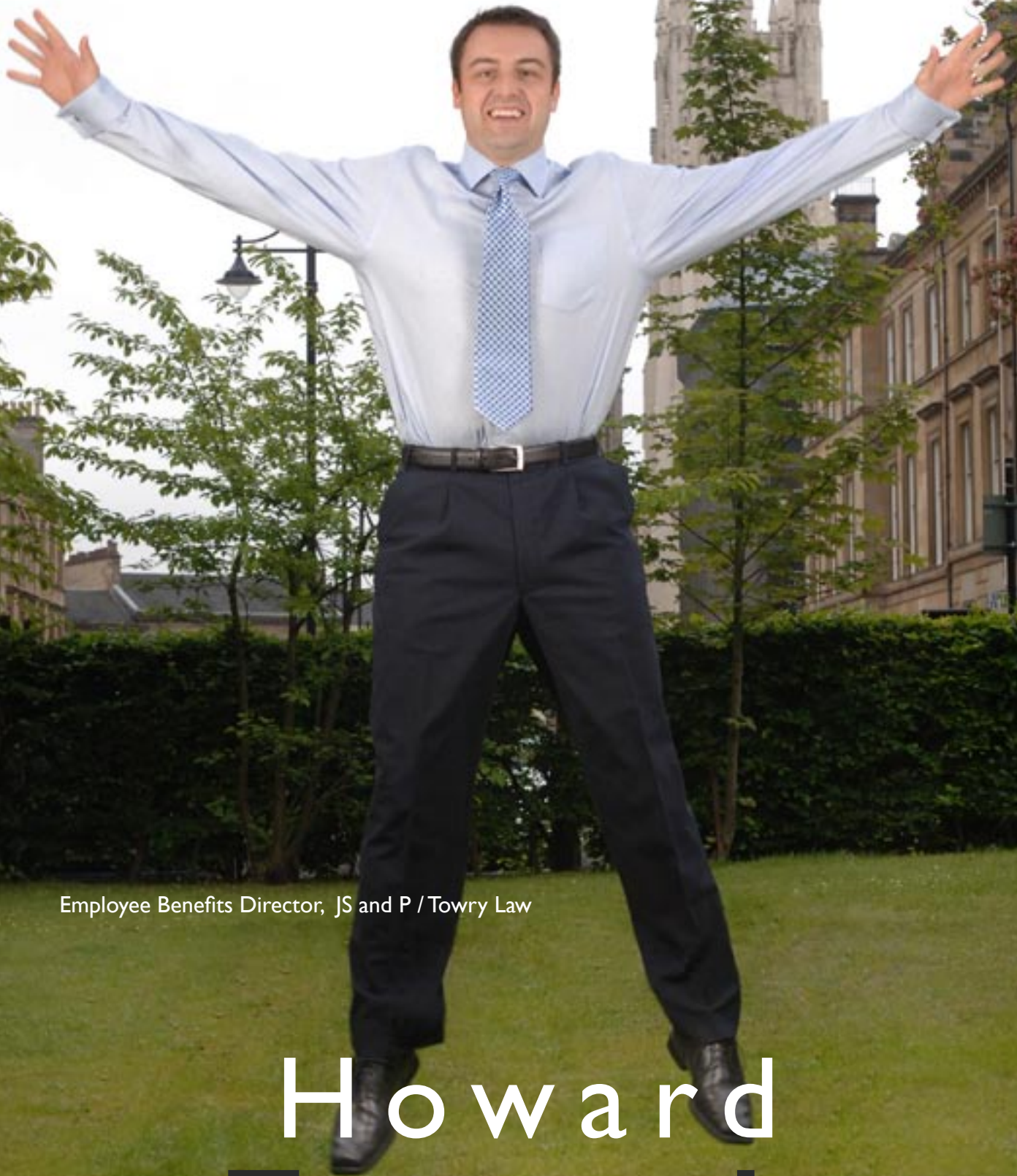
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From £5m to £50m



Employee Benefits Director, JS and P / Towry Law

Howard Finch

Success in life comes from making the right choices. Howard Finch (left and below), a young, hungry and successful manager, has hitched his star to two entrepreneurs who, between them, are taking him right to the top.

Financial services may not seem the most exciting of fields. Yet it is in this world that Howard has grown and blossomed and his present CEO, Andrew Fisher, looks well set to make history.

From £5million to £50million in 3 years - that's just the beginning of the Howard Finch (and Andrew Fisher) JS and P / Towry Law story.

Howard started his climb to the top in 2004. He joined, as a young manager, the entrepreneur Brian Aitchison in Glasgow. Brian had built up his IFA business (Independent Financial Adviser Aitchison & Colegrave) to £5million turnover over fifteen years through relentless hard work and one good idea. Brian's special idea was to give his 'stars' (his financial advisers) double the number of administrators than was common in the industry. This left the advisers with no paperwork to do, nothing to do all day but advise and sell. Growth was relentless.

In 2004 Brian Aitchison decided to turn his asset (his business) into cash. He went looking for a buyer for the business and found Bradford & Bingley. Historically a building society dealing mainly in mortgages, Bradford & Bingley had become a plc and decided to diversify. Bradford & Bingley bought Brian's business and another IFA business, JS and P, operating mainly in the South and West of England.

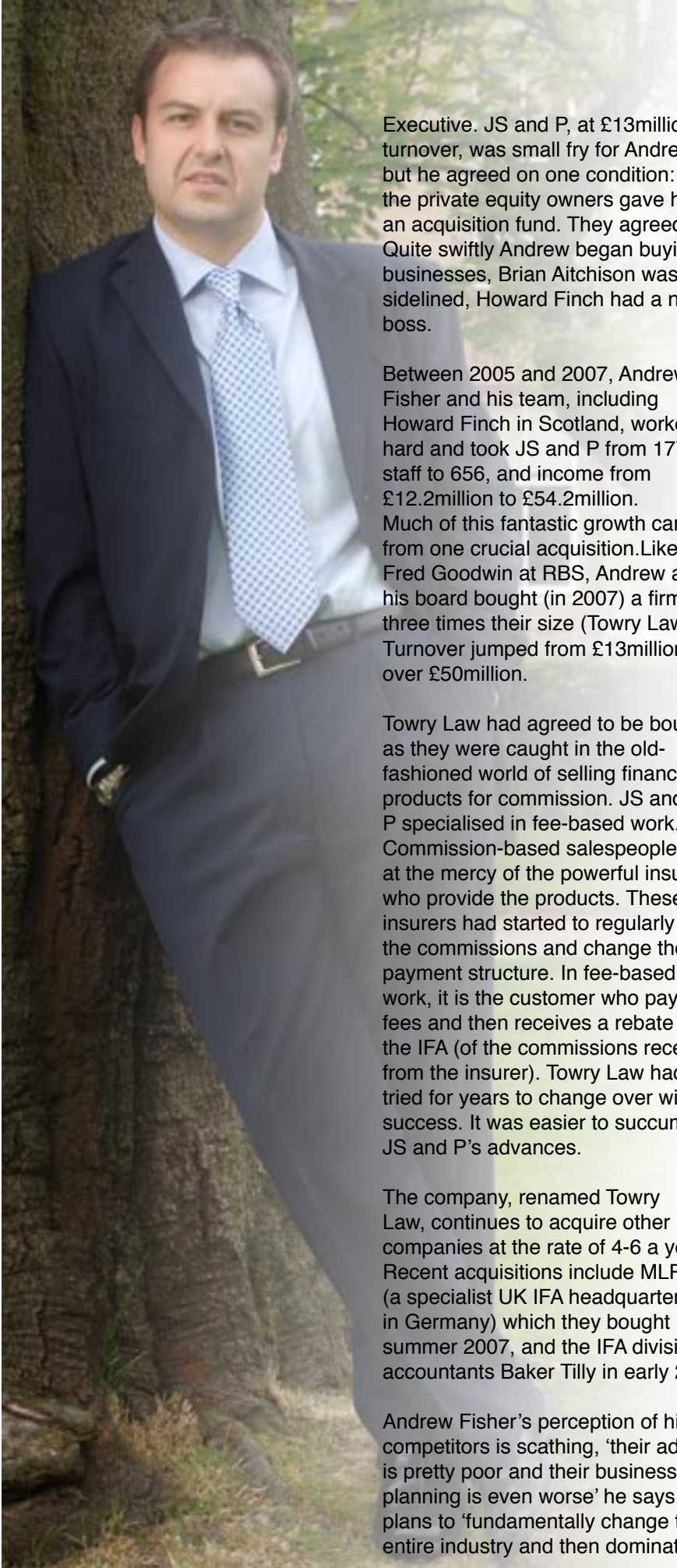
Brian Aitchison pocketed serious amounts of cash (reportedly a few million pounds) and continued

happily running the company in Glasgow as before. Bradford & Bingley were almost completely hands off.

Then suddenly, barely nine months later (spring 2005), a new Chief Executive joined Bradford & Bingley and completely changed strategies. 'Back to basics' he insisted (i.e. mortgages) and promptly sold the two IFA businesses. Under the JS and P banner, they now had a combined turnover of £13million and an excellent business model (selling financial advice to customers for an hourly fee as opposed to commission). They also had £200million of funds under management. The only problem was that they were losing £1million a year.

Luckily Andrew Fisher became involved. A marketing man, he had trained in the harsh world of fast moving consumer goods at Unilever. He then progressed from selling margarine to selling money at Coutts (the queen's bankers) and specialised in turning around failing businesses. Andrew was trading water at Cox Insurance when he was tempted over to join JS and P's board in November 2004 and was then offered the position of Chief





Executive. JS and P, at £13million turnover, was small fry for Andrew but he agreed on one condition: that the private equity owners gave him an acquisition fund. They agreed. Quite swiftly Andrew began buying businesses, Brian Aitchison was sidelined, Howard Finch had a new boss.

Between 2005 and 2007, Andrew Fisher and his team, including Howard Finch in Scotland, worked hard and took JS and P from 177 staff to 656, and income from £12.2million to £54.2million. Much of this fantastic growth came from one crucial acquisition. Like Fred Goodwin at RBS, Andrew and his board bought (in 2007) a firm three times their size (Towry Law). Turnover jumped from £13million to over £50million.

Towry Law had agreed to be bought as they were caught in the old-fashioned world of selling financial products for commission. JS and P specialised in fee-based work. Commission-based salespeople are at the mercy of the powerful insurers who provide the products. These insurers had started to regularly cut the commissions and change the payment structure. In fee-based work, it is the customer who pays the fees and then receives a rebate from the IFA (of the commissions received from the insurer). Towry Law had tried for years to change over without success. It was easier to succumb to JS and P's advances.

The company, renamed Towry Law, continues to acquire other IFA companies at the rate of 4-6 a year. Recent acquisitions include MLP (a specialist UK IFA headquartered in Germany) which they bought in summer 2007, and the IFA division of accountants Baker Tilly in early 2008.

Andrew Fisher's perception of his IFA competitors is scathing, 'their advice is pretty poor and their business planning is even worse' he says. He plans to 'fundamentally change the entire industry and then dominate it

through good practice.'

Howard Finch (left) easily survived the merger and continues to thrive. He runs the Employee Benefits part of the business in Scotland and has recently acquired more staff and new responsibilities (down to Leeds). Howard is very positive about the future. The purchase of Towry Law added some good staff to his team and gave him many new clients to convert to more effective employee benefits. Howard's team typically do a free audit for a new client company on all their employee benefits. They then negotiate a reduction on the company's pension costs with their pension provider without sacrificing quality. Cutting the pension costs frees up money to spend on other employee benefits, from gym membership to private health care. It is a win-win situation for the client company, for the company's staff and for Howard and Towry Law.

At the same time, Andrew, Howard and all the staff at the new Towry Law group work under continual strain to integrate these new businesses and drive growth.

Luckily all the staff own shares in Towry Law and the future is rosy. Andrew plans to float the company on the London Stock Exchange within 2 years, and expects Towry Law to be at £100m profit and £250m turnover when he does. All their shares will then become liquid. Some staff will even make serious money. Phew.

HOW I SOLD MY BUSINESS



MANAGING DIRECTOR OF LAWSCRIPT

LORNA
EDWARDS

Things were going well for Lorna Edwards, Managing Director of growing digital transcription firm Lawscript. From her base in Alloa in Clackmannanshire, she was successfully winning new business from clients right across the UK. Her ongoing commitment to networking had gained her excellent editorial coverage in the media, which helped to bring in more clients. She was bidding for government grants, opening an office in Belfast and even appeared on the TV programme 'Dragon's Den'.

While Lorna criss-crossed the UK & Northern Ireland, her staff in Alloa (close to 20) were hard at work using the latest digital technology to transcribe, type and proof-read documents for a growing number of legal and professional firms in Scotland and England. The business had the support of the local Council. It was housed in the beautifully refurbished community office building

in the centre of Alloa and the future was looking good.

Lorna, however, was beginning to feel the strain. 'I was working 7 days a week' she said 'doing every job. It was a very lonely place to be.' The business was growing well after relentless effort on her part but successful growth brought endless new challenges, an ever-growing number of staff and management pressures from all sides. 'No matter how much talking you do to other people (e.g. advisers)' she explained

'I was working 7 days a week doing every job. It was a very lonely place to be.'

'there is no-one else at the boardroom table. You have to pump money in, but the money is not the problem, it's the back office support,

the Human Resources, the Finance etc. I had to do something, to get more support. I wasn't looking to sell' she pointed out 'but to grow, I planned to build and then sell. When you have no competitors, you want to grow quite quickly.'

Lorna looked at various options. One was bringing more funding into the business. Growth had largely been self-funded (through family sources) and through organic growth. 'Obviously you look at banks' she said 'we had already received some funding from a bank, and I also looked at Business Angels. Then I had the good fortune to bump into Margaret Lang of Docuserve (now Intelligent Office UK Ltd based in Edinburgh) at a networking event. She had a really good business, in a similar area to mine, which provided all back office support (to the same market of



professional firms) but not typing'. Margaret's company was a much larger version of Lawscript but 'we both think in a similar way, we are both very focused, very driven. One thing led to another - and then there was an offer on the table to buy 80% of the business. They are such a big operation, they said "we need this business, if you don't sell it to us we'll set up in competition"'.

Lorna took the plunge. 'We negotiated for 6 weeks, it was really quick in corporate terms. Negotiating was very stressful. You have to be prepared to walk away, that's the hardest thing - but I knew what I was looking for.'

'It's very flattering that people believe in the business model you have created' said Lorna. How much did she sell for? 'It was a six figure sum and I've retained 20% (of the shares) which will probably be worth more in the long run. The amount wasn't the big thing for me, it was nice to

get back what I had put in and a bit more. At that point in time it was an excellent deal as you continue to pump money into a business and you don't know when you are going to get it back.'

Joining another company was a big decision but one that Lorna has never regretted. The owner of the group, Margaret Lang, is 'very very focused, very, very driven' says Lorna.



THE COMPUTTI METERWAND



Dr Alex Gardiner will
shortly be launching
his new invention,
the Computti
MeterWand





Go Green - save money & energy by using your computer to measure the temperature, humidity & pressure around you

The Computti MeterWand

by Sarit Freed

Dr Alex Gardiner will shortly be launching his new invention, the Computti MeterWand (the word 'putti' means guardian angel). It is an electronic barometer the size of a packet of chewing gum / memory stick - and acts as a comfort meter. Barometers help create optimum working and home conditions by measuring temperature, humidity and the pressure around you. The MeterWand can be plugged into PCs, Macs and Linux computers.

Alex's background (PhD, BSc) is in designing innovative systems for the nuclear, steel and confection industries. It has taken him 6 years from conception to launch and he plans to have the MeterWand in the

Computti Barometer and Comfort Meter - Demonstration

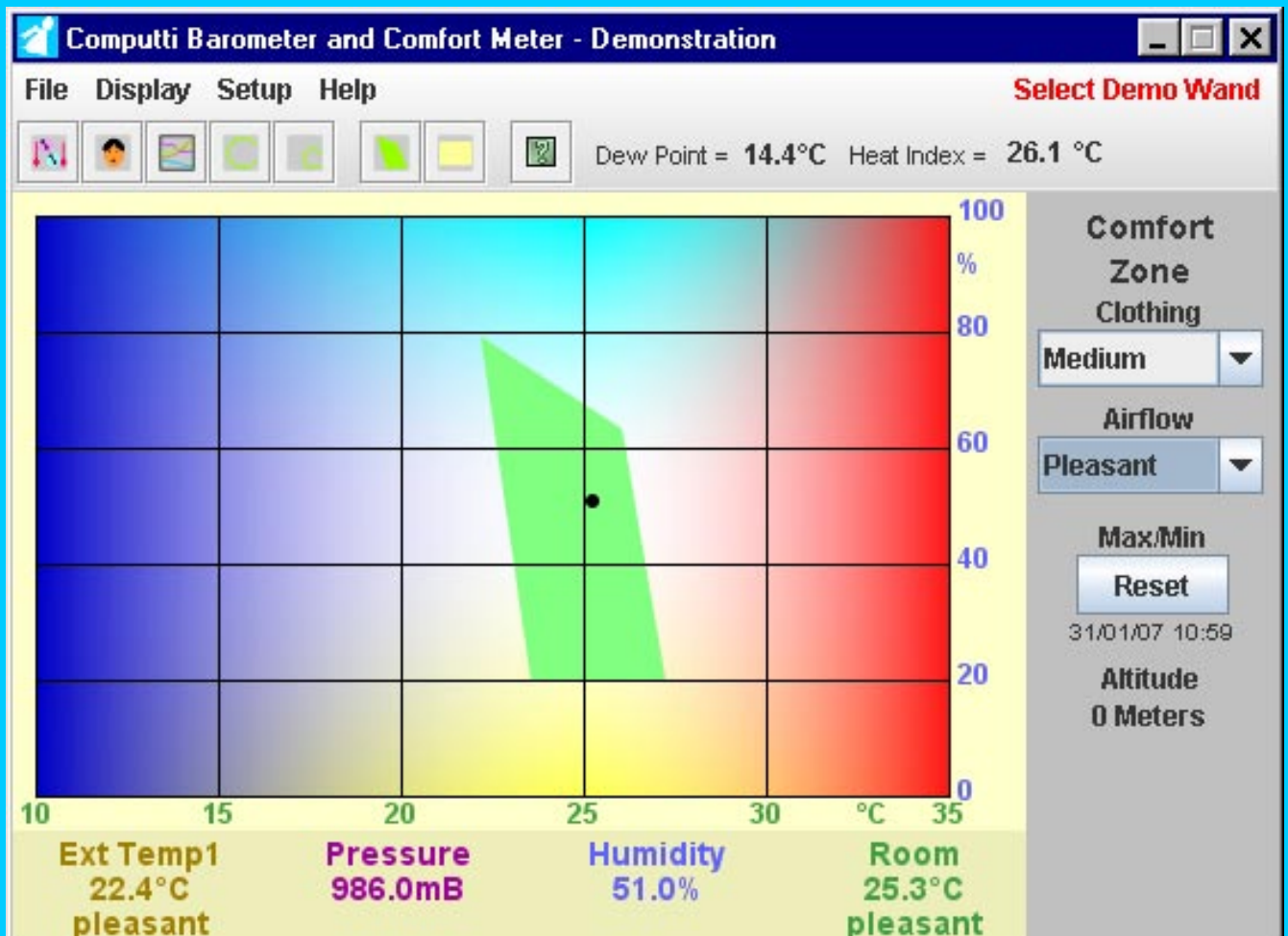
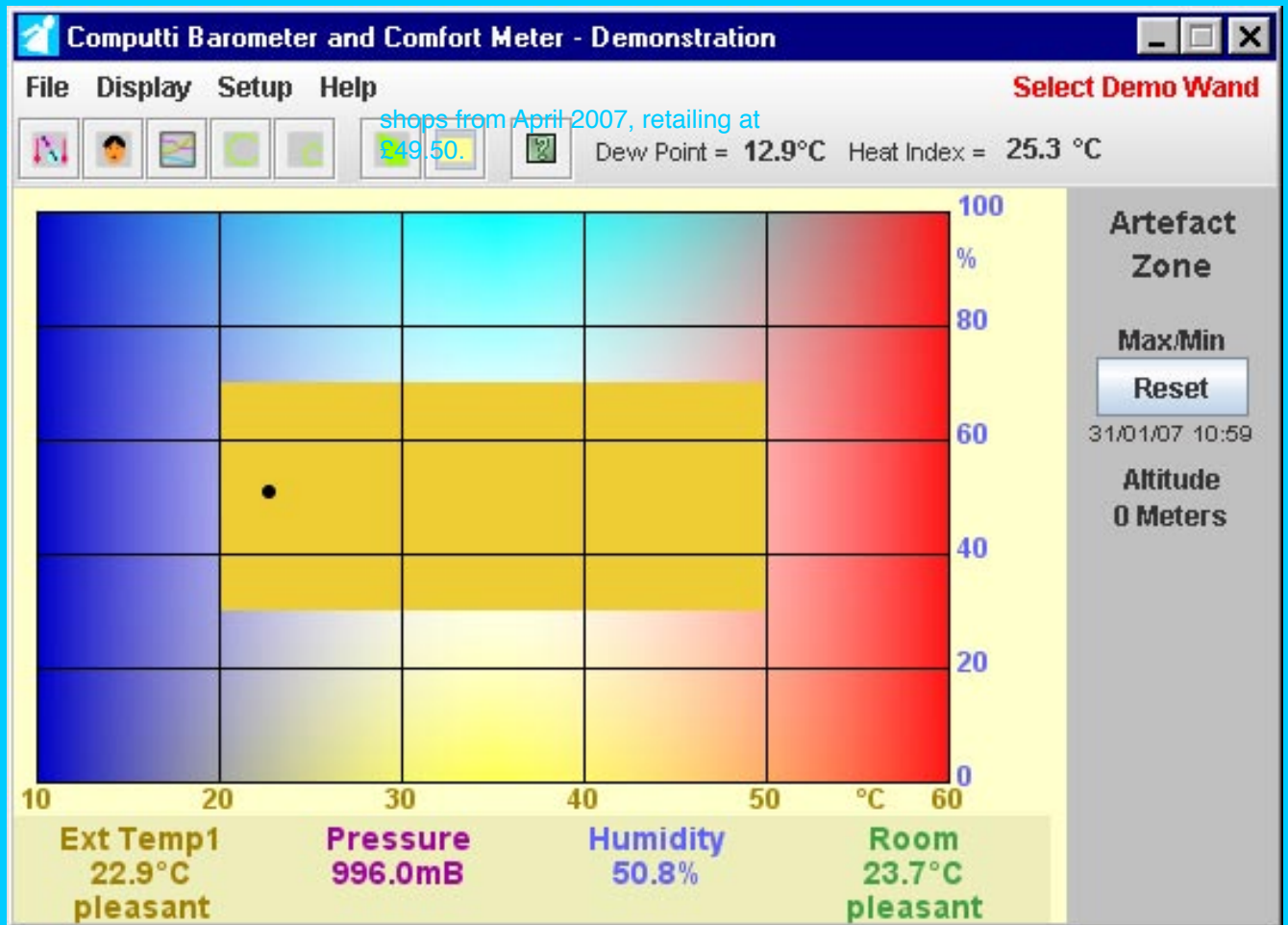
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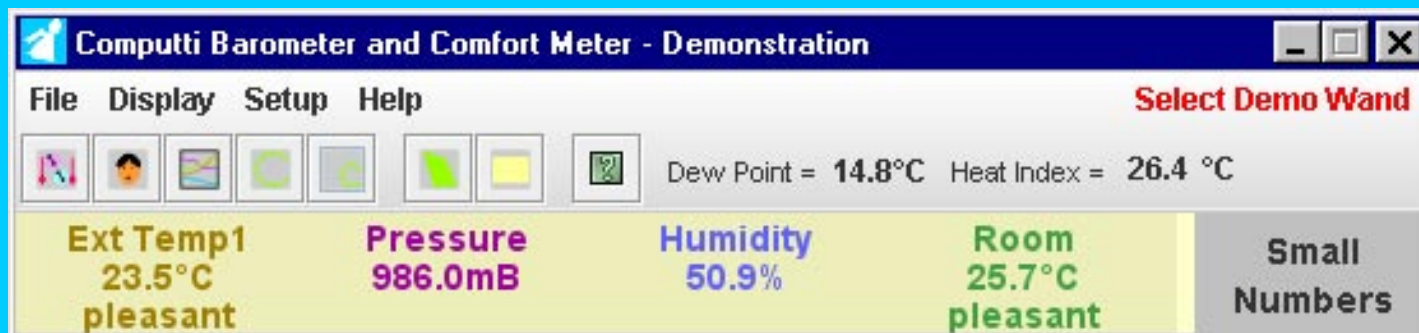
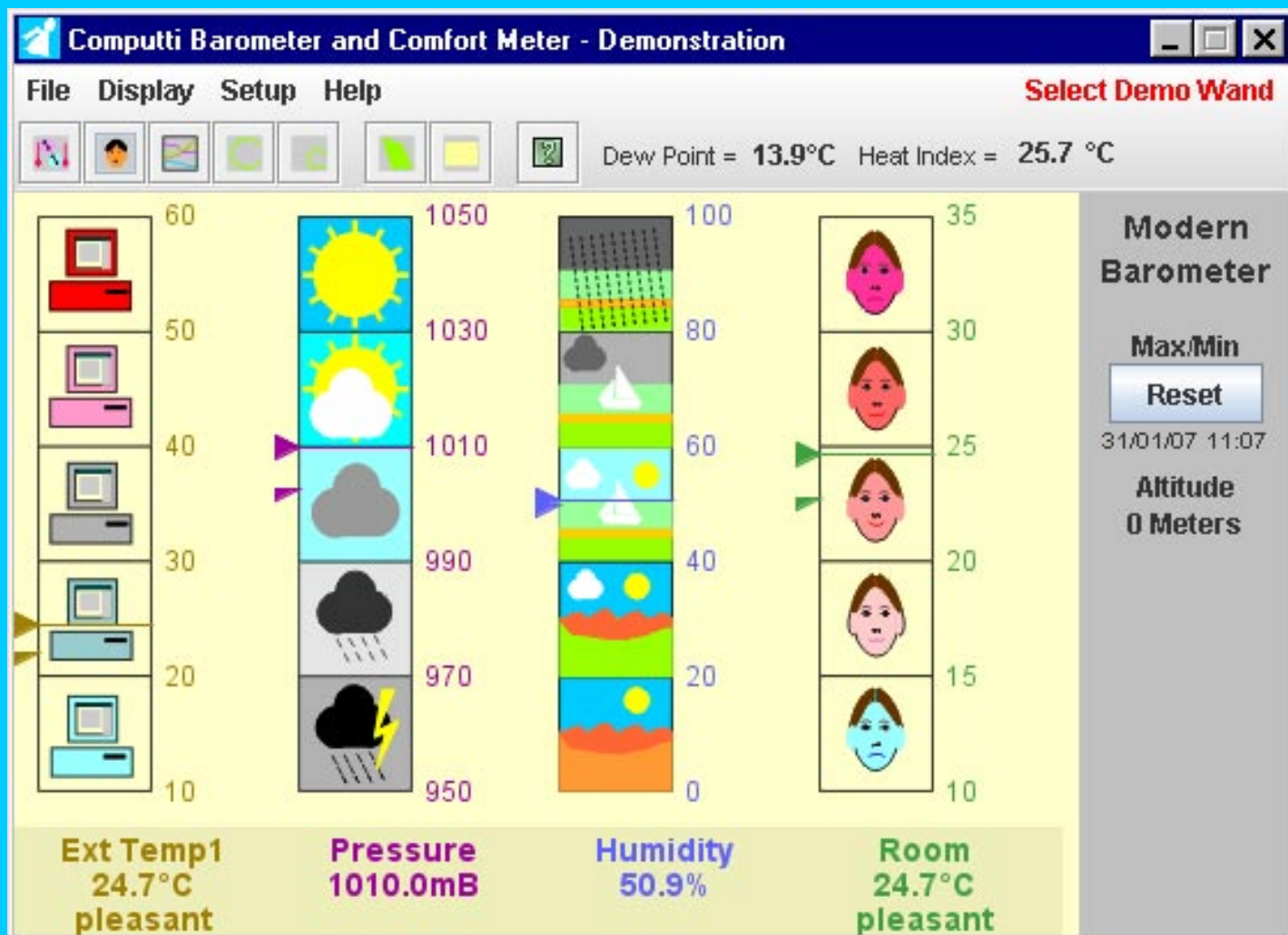
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Ext Temp1	22.3°C
Pressure	1007.0mB
Humidity	50.4%
Room	23.0°C

Large Numbers
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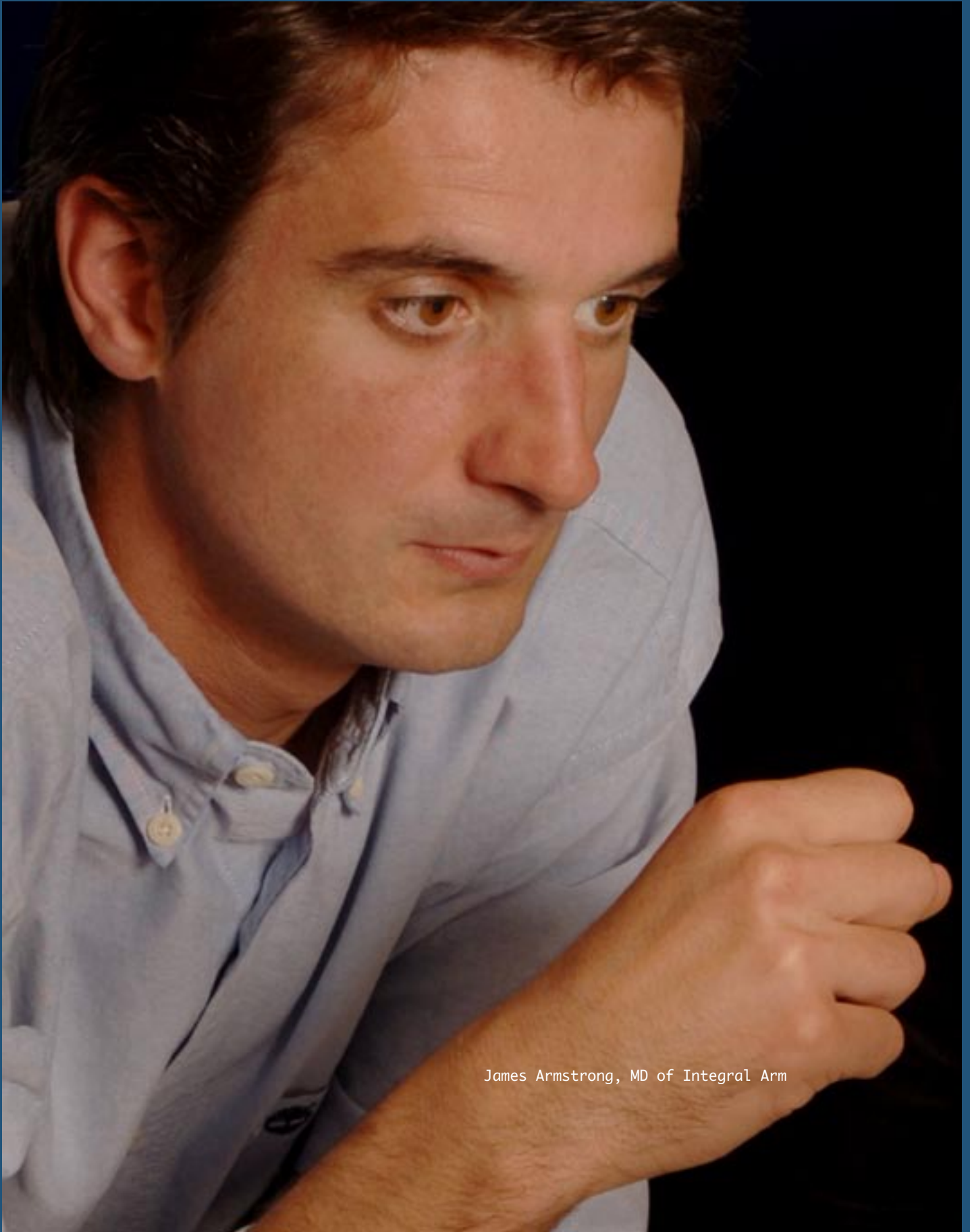




MeterWand	Ch 1	Ch 2	Ch 3	Ch 4
Barometer	ExtT	BP	RH	IntT
Comfort Meter or Thermo/Hygrometer	ExtT	ExtT	RH	IntT
Pressure Meter	ExtT	BP	ExtT	IntT
Thermometer	ExtT	ExtT	ExtT	IntT
IntT -	Internal Temperature		10-60°C / 50-130°F	
ExtT -	External Temperature (Optional) as above			
BP -	Barometric Pressure		950-1050 mBar / 28-31 "Hg adjustable for altitude	
RH -	Relative Humidity		5-95%RH	

WHAT HAPPENED TO INTEGRAL ARM?

by Nicky du Preez



James Armstrong, MD of Integral Arm

What happened to Integral Arm?¹ by Nicky du Preez

Integral Arm is a good example of a company with everything to aim for. Set up in 2002 in Glasgow by husband and wife team, James and Vivien Armstrong (see James on the preceding page and below in the pale blue shirt), they provided IT support to business customers.

By 2006, after four years of hard graft, the company had reached a turnover of £1million+ (2005-2006) and had won a prestigious Microsoft Gold Partnership.

They 'unlike many of their competitors' were 'entirely self-funded' and 'had successfully achieved their growth from referral sales' said Vivien.



in London (on the Beyond Petroleum project) and had also done a year's placement in Germany. Even their pricing was sensible, £30 per month per desktop for IT support.



Integral Arm had customers in Scotland, England and Germany and were confident of their marketplace: 1/3 of customers had 50+ desktops, 2/3 had 15-20.

Both James and Vivien understood the corporate culture and spoke 'the corporate language' fluently. James had worked as an IT consultant at KPMG, focusing on process driven projects. Vivien had worked at BP

They had a unique advantage over many smaller companies: big corporate clients were easy meat for them.

Staff numbers were good (always important to corporate clients). Integral Arm had 12 staff including 6 engineers/technicians, a help-desk manager, marketing staff in Scotland and London etc. Their only competitors, in their eyes, were TSG (a much larger firm in the same market) and the Adventi team in Edinburgh.

Even the location was on their side, technology allowed them to do 90% of the work remotely (testing etc). They were expecting to double turnover within a year.

Then, within 12 months, they threw

What happened to Integral Arm?

in the towel and sold themselves to NWT.

In our experience, one of two reasons makes a company sell itself to a bigger fish. Either they can't make the business profitable enough themselves, or they get worn down by the daily struggle and find ownership too lonely and too constraining (see the previous feature 'How I sold my business' by Lorna Edwards).

Undeniably, for a company whose strength lay in big corporate clients, the situation in Scotland is continually changing and therefore endlessly demanding. On one side, the number of major insurers drops continually (who remembers General Accident now?) due to mergers and acquisitions from down South and abroad. On the other hand, Glasgow has been successful at attracting new major financial companies like JP Morgan, who are expanding.

In the next issue, we'll track down the Armstrongs and ask them what happened.



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DISTRIBUTION UNLIMITED IS ON THE UP!



Derek Wilson is the Managing Director of Distribution Unlimited. The firm specialises in distributing leaflets, catalogues and flyers around Edinburgh and the Lothians. Clients include Scottish Water, the City of Edinburgh Council and many local businesses. Derek runs the company from a secure warehouse (2,000 sq ft in Leith) with a team of 4 Polish workers and an operations manager.

A sound and profitable business since 1992, last year (in 2007) Derek decided to grow his business by franchising it out. This exciting new project started with creating a manual for prospective franchisees, with all the do's and don't of the business

as well as creating unique software to help them provide advice to their clients.

After quite a few trials and tribulations, he now has 3 franchisees operating similar businesses to his own across Scotland and England. Finding, training and assisting franchisees, as well as running your own business at the same time, is not easy. In future issues we will look at how Derek has managed to combine the two, what challenges he has faced and how he has overcome them.

Distribution, in Derek's eyes, is exciting. The job is not only about



catalogue



flyer

lifting boxes and distributing thousands of flyers. The trick is to hand them out to the right people. Derek learnt his trade at the Herald and Post (the free weekly Edinburgh newspaper). His detailed knowledge of demographics (levels of disposable income, housing types, age groups, numbers of people in households) underpins the business. If you are promoting a product aimed at young families, he can tell you how best to reach them. If your target is dual career families with money to spare, he can pinpoint the streets where they live.

Derek shows great commitment, he is hardworking and dedicated to his business. He shows a real passion for professional high standards and wants the job to be done properly. In his eyes, many other distribution companies do it badly. He proudly says 'I have only ever cold-called 2 clients in 14 years.' The company has grown by word of mouth and repeat business from customers. He is the most expensive of the distribution businesses in the Lothians and explains, with facts, how the others literally cannot do what they say they are doing (distribute the leaflets) for the prices they quote. 'I love logistics' he says, 'working out how to solve the problem.' He doesn't enjoy the back office work so has other people dealing with administration and systems.

Distribution is a neat business, compact and clear-cut, with on-going work if you can satisfy your clients. Every type of business, from restaurants to hairdressers, supermarkets to furniture stores, promotes itself with leaflets. Derek enthuses about how you can run the business from a garage or even from a van. You do need to be 'athletic, fit and organised' he explains 'with local knowledge'.

He has built up a very

strong brand within distribution He points proudly to his new Landrover, bought outright with last year's profits.

Derek has high ambitions to grow the business and would like the opportunity to bid for Scottish national contracts. He needs just a few more franchises across Scotland to achieve his goal. Watch this space.



brochure



RICHARD O'CONNOR

GROWING A POWERFUL BUSINESS



Richard O'Connor achieved a high profile in Scotland in 2006 when he set up We: entrepreneurs, a successful networking and dinner club.

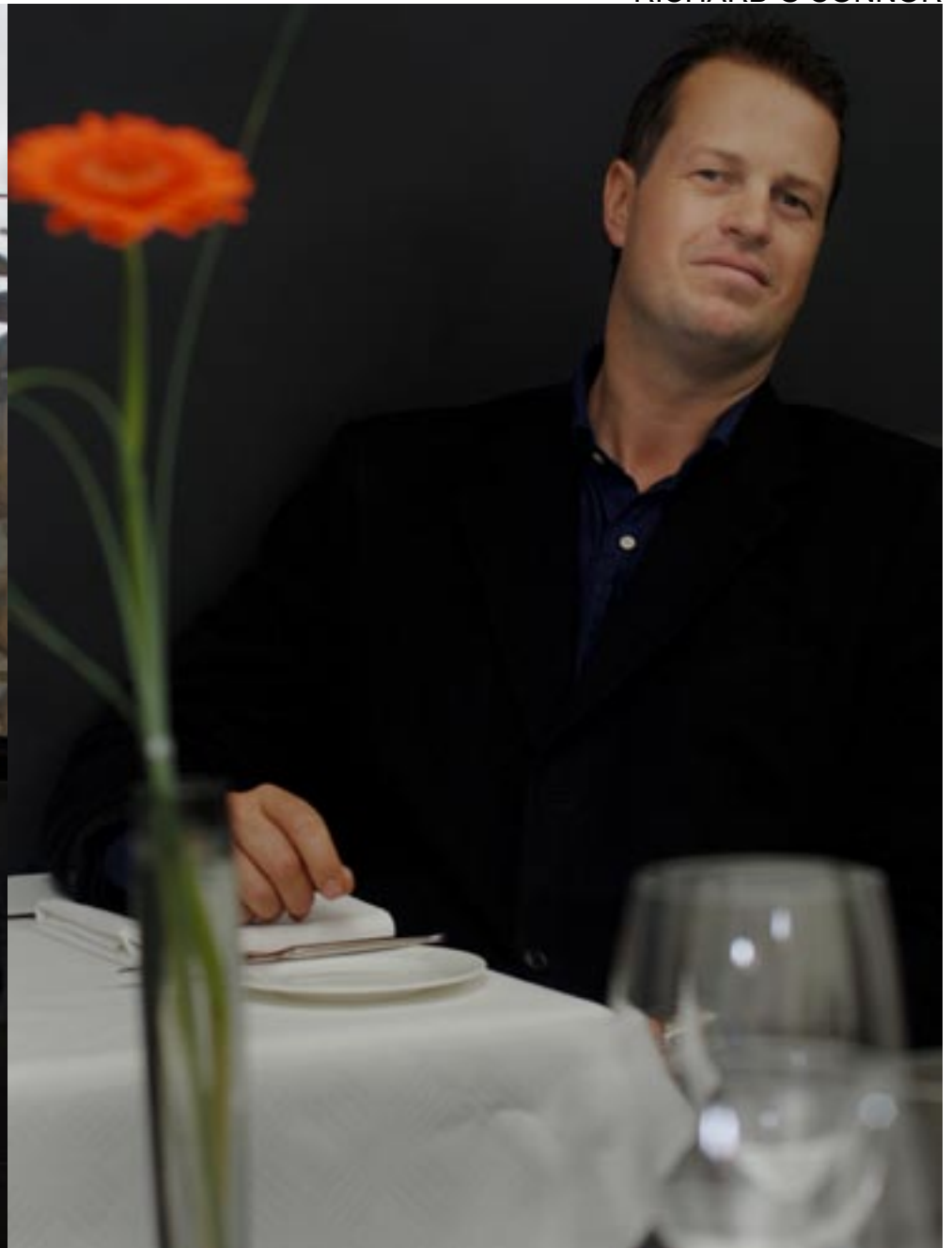
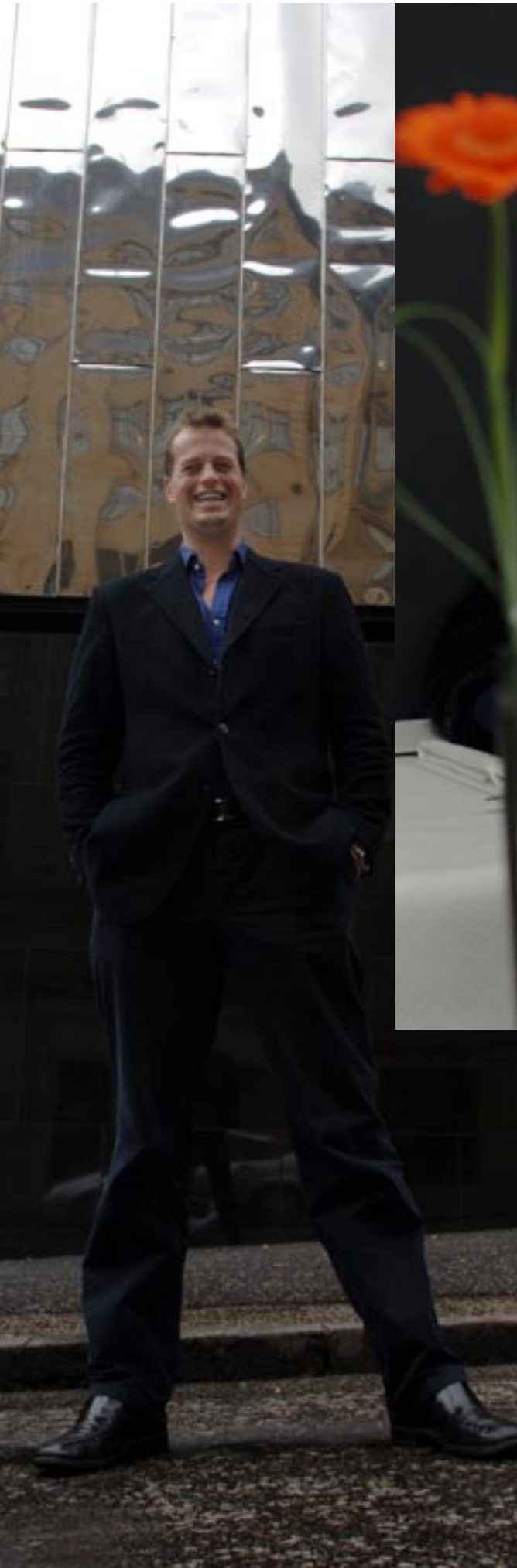
One of the original founders of Amber Green (a successful technology business), he gained high level sponsorship from Clydesdale Bank for his new venture (reportedly £80,000), achieved on-going, positive media coverage and seemed destined to build a very successful business. By late 2006, We: entrepreneurs' events were highly regarded, Richard had an administrator and an office on George

Street in Edinburgh (admittedly in the attic) and he was a well-known sight in the New Town, chatting to his friends and customers. Tall, debonair, sophisticated yet idealistic, he had charm, good manners and a very likeable personality. In his mid 30s, his girlfriends were beautiful and sophisticated, one he particularly admired because 'she skies better than I do' he said. Every time you met him he was either just back from Switzerland or just off to New York.

Banks, however, change their sponsorships often (especially with smaller organisations) and, in 2007, Clydesdale Bank decided not to renew their sponsorship. Richard worked hard to find a new corporate sponsor, and suggested to other networking groups to create a consortium with him (the greater the membership, the more attractive he would be to sponsors) but did not manage to attract a new corporate sponsorship deal.>

RICHARD O'CONNOR





All networking organisations work long hours, often for not very good profits. There is an enormous amount of work involved in setting up the events, getting everyone's name spelt correctly is a particular bugbear, and the margins are not good if the events organiser is paying a restaurant/hotel for a room to run the event and also to provide the food. Richard became worn down.

In 2007, while We: entrepreneurs continued in a more moderate form, Richard started a new

internet business with new investors: www.tablina.com, offering villas abroad to the UK market.

However, Edinburgh is not the best place for a business dealing in expensive frivolities (which holidays abroad are). In spring 2008, he moved to London. 'Someone else' he explained 'is taking over We: entrepreneurs'.

We hope we haven't lost him for good.

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