

# ACQUISITIONS CASE STUDY

## MWL SYSTEMS



**elitegroup**

TECHNOLOGY | COMMUNICATIONS | SERVICES

Since founding Elite Group in 2000, the company's growth has come via organic and acquisitive activity. During that time, we have acquired 16? companies with the aim of making Elite a high-quality, high-growth organisation.

We acquire not only to gain volume but also to benefit from the technology, essential skills and people that make us a leading provider of IT and unified communications.

Our pipeline of acquisitions is dominated by businesses that have reached a crossroads. Do you take the risk and invest in new areas; or do you join a larger group to access greater resources? Or after a lifetime in the sector, do you want to retire and enjoy the value you have created? The key to our acquisitions programme is finding the right people to work with and the appropriate skills and technologies to ensure we are at the forefront of industry innovations.

## CHOOSING THE RIGHT COMPANY

MWL Systems was specifically targeted for acquisition by Elite Group because of the company's sound reputation in the IT industry

The well-established technology provider was specifically chosen by Elite as a direct result of the MWL's team of highly qualified IT experts, as well as its unparalleled reputation for reliable IT provision. MWL Systems brought with it a track record spanning 35 years of providing quality products and services, supporting its clients in their efficient business operations and growth.

The Wrexham-based team's technical knowledge and dedication to providing the highest quality IT support to clients in all sectors throughout the UK was also well known. This had earned the company an enviable reputation for providing cutting edge and cost-effective IT solutions and support for businesses of all shapes and sizes and in a diverse range of industries.

The senior team at Elite Group knew that acquiring MWL Systems would bolster and strengthen Elite's position as a multi-service provider both tactically and strategically.

Fundamentally also, the companies shared a similar culture, and the combination of our unified communications and MWL's complete IT solutions and services provision would create a 'one-stop-shop' for business-improving technology and communications services client offering in the industry.

MWL Systems would also add a loyal customer base to Elite with its long term customers, and bring a staff skill set that would add value to the Elite team.

## THE ACQUISITION JOURNEY

After being in business for 35 years, some of MWL Systems' directors and the founding board members were looking to either realise their shareholding value or retire. The board were aware of Elite Group's great reputation in the marketplace and knew it was a progressive, acquisitive company.

They saw Elite as a stable, trustworthy company to do business with. They had learned about Elite's proven track record of successful acquisitions, with many owners staying with the group.

Due to its success and reputation, there were a number of companies interested in acquiring MWL Systems. The board members therefore created a fact-finding and investigative plan and conducted structured interview questions with key people representing the interested acquiring companies in order to ensure that they had all the information with which to take the all-important decision of which company to trust to take the business forward.

This process eventually took several years due to the diligence of the board members who were determined to make the right decision both for the business's continued success and the safeguarding of the staff. This was especially poignant as two of the board members were the original founders of the company and were very proud of what they and the subsequent directors/board members had built up achieved in terms of a successful business with a happy team over the preceding decades.

A key priority was that the 40+ members of staff were going to be looked after and not disadvantaged in any way by the acquiring company. Due to MWL's longevity, many staff members had been working for the company for 20+ years and so were part of the 'MWL family' so this really was a priority area for consideration in the decision-making process.

It was also imperative that MWL's customers were going to continue to receive the highest levels of service and that the acquiring company would ensure the best care for its hundreds of customers who had stayed loyal to MWL over the years.

Eventually, the board created a shortlist of three companies and held several meetings with Elite's Directors and those of the other two companies. The MWL board members and directors decided almost unanimously that Elite was the best-fit and so entered into an exclusivity agreement. From initial conversation to Heads of Terms this only took approximately eight weeks. MWL then embarked on a highly structured, professional due diligence process by Elite. The Elite acquisition team gave MWL a comprehensive and easy to digest list of due diligence questions and clearly mapped out the process for them.

Both parties agreed on completing the process in achievable timescales allowing ample time for answering questions about the people and customer considerations which MWL felt were key priorities. During the process, the Elite team was proactive and helpful making sure that MWL knew what to do to complete the process. The two parties worked as a collective and collaborative team rather than as individuals. The whole due diligence process took less than four months to complete with a considerable amount of time, energy and dedication applied from both parties. This included all the legal requirements and preparation of the sale and purchase agreement

Matt Kingsley-Williams, Operations Director at Elite Group and former MD of MWL Systems, said “.

“ As family members and co-founding board members were involved, the process was not without its challenges, however Elite's senior team ensured that the process went as smoothly as possible.

No stone went unturned and no question too trivial, we were made to feel that every query we had and every avenue explored was a valuable point worth exploring and answering. All key areas of the running of the business were represented by key members from legal, commercial, sales and marketing. This structured approach kept everyone on track and made it straight-forward for MWL to provide all the necessary information.

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## OVERCOMING CHALLENGES

The hardest part of any acquisition is for the team being acquired to continue to run their business under a non-disclosure agreement while having to provide detailed due diligence information. Elite's practical, hands-on approach helped MWL to achieve this.

The Elite acquisitions team ensured meeting dates were set, updates were given and the relevant information brought by both parties to meetings. Because the team knew exactly what they were doing, having acquired so many companies successfully in the past, and the best way to do it, the process ran smoothly so everyone could focus on the negotiations and come to an agreement.

Participating in the due diligence process is in itself very time-consuming and like a full-time job, so juggling this with running a business is demanding. Elite's structured approach helped greatly with this, but with the benefit of hindsight, the MWL team may have alleviated some of their workload by taking on external resource to help with the day-to-day running of the business.

## INTEGRATION PROCESS

Completion of the work of the deal is relatively hard work but straightforward as it's often about numbers and figures, however next comes the challenge of communicating the deal to staff, customers, and suppliers.

Elite ensures that its team communicates with the business owners throughout the due diligence process as to how best to communicate the deal when it has been done. By doing this, the integration can start from day one in a positive manner. If staff are communicated with effectively, they will then reassure customers and suppliers alike.

Elite helped the MWL Systems team take away staff concerns, with the senior Elite team engaging with key members of staff at MWL immediately to convey why they had bought the business and what the benefits were going to be to both companies - from Elite gaining high-touch customers and volume to MWL's customers being able to access a broader range of services and product offering.

The transition was engineered in a structured way using the same methodology as the due diligence process. All aspects of the business integration were covered in a timely manner; including systems, customers, suppliers, enhanced product offerings, and internal management structures. Elite met its aim of ensuring that the new team members felt valued, involved and included from the word go.



## IS ACQUISITION RIGHT FOR YOUR BUSINESS?

Elite's aim for any strategic acquisition is to double the size of the acquired business in 24 months and ensure little or no customer or employee churn.

We have an excellent reputation for continuing to work with business owners who are not ready to retire. We want to work in partnership with you and your management team to ensure a smooth transition for staff and clients in order to avoid churn.

Matt Kingsley-Williams said:

**“** *Nearly two-years post-acquisition, our team now feels part of the Elite family. It has been an exciting time and we have enjoyed introducing our customers to the wider Group, introducing to them the all of the new, business-improving services and products now available to them.*

*During the challenges posed by the coronavirus pandemic, we truly came together as a team and overcame the obstacles helping our customers remain strong. Going forward we know that together we will go strength-to-strength and continue to help our customers get the technology they need to stay competitive and profitable into the future.*

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## SUCCESSFUL OUTCOMES

As mentioned, for over 35 years, MWL Systems had provided a high-level of customer service and support, so its customers looked to staff for reassurance that this would continue with Elite Group.

The smooth transition into Elite Group, with as little disruption to the MWL team and its customers, meant that we were able to win over the hearts and minds of MWL's staff. We were able to offer continued high-levels of service as well as a broader service and product offerings.

The MWL shareholders have been impressed with the Elite team and the fact we have kept to all the agreements made in the sales and purchasing agreement without quibble.

Elite takes pride in honouring its agreements and making sure we conduct ourselves in a positive, professional way.





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