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LECTEC SERVICES

Founded in 1977, Lectec Services is a mechanical engineering firm which provides design, construction, maintenance, commissioning and inspection of electrical and instrumentation systems to a wide variety of industries, including the oil, gas, and power generation trades. Part of the Engenda Group, the Lincolnshire based company has, over the past 30 years, broadened its customer base and now operates throughout the UK, Europe, Russia, Africa and the Middle East.

When Lectec owners, Martyn Moody and Alistair Dunk, wanted to sell the £11m turnover company in the middle of the economic downturn in 2010, they needed to work with a law firm who had vast experience in this field and would get the complex deal completed on time and in budget.

BPE was instructed by Lectec after a recommendation from Lectec's corporate advisers engaged on the sale. "Both the buyer, owned by a well-known entrepreneur, and the seller, were happy with the £4m deal they had agreed", explained Tim Ward, Partner in the Corporate team at BPE. "The issue was raising enough funds – most of which had to come from banks, as the buyer, although a well-respected entrepreneur in the field, was, in effect a new company. This was in the middle of the deepest credit crunch at a time when the answer from banks to a funding proposition was generally negative.

As with many entrepreneurs, the paper trail to prove that contracts existed, that there was recurring income and a secure future order book, was not easily available. One of the many commercial issues to be resolved was to understand potential claw backs and retentions as these could have a big impact on cash flow. Tim worked closely with the vendors' advisers, keeping them fully informed and using their influence and experience to keep everyone on track and committed to driving the deal forward.

BPE had to use their expertise and experience to convince the funders to provide finance. At the same time the team had to ensure the sellers remained committed and did not become frustrated with the delays and ongoing questioning of their business. It was a long process but BPE assured the sellers that with their fixed fee agreement the costs would not change, irrespective of the time taken or how the deal was structured.

"We took the time to understand how Lectec operated so we could work with the buyer's advisors to conclude the deal", explained Tim. "We kept them fully informed throughout the process and used our experience to keep everyone on track and committed to driving the deal forward. Concluding the deal took eight months."

To speak to Tim Ward call 01242 248233 or email tim.ward@bpe.co.uk

ALASTAIR DUNK OWNER LECTEC

"I am convinced that if it had not been for BPE's patience and efforts the deal completion may well have faltered. The professionalism and support from the team was quite exceptional and there was much comfort to be had by ourselves during the due diligence and Final Acquisition stages of the sale process, knowing we had their support. I would have no hesitation in recommending BPE to any entrepreneur planning an exit."



Lectec