

Funding profitable growth

A modern take on traditional relationship banking

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Ben Russell, Group CEO, Russell Taylor Holdings Ltd





About Russell Taylor Holdings Ltd

Russell Taylor Holdings Ltd has grown from a father and son vision to a technical recruitment specialist operating on both a national and international scale. The Wirral-headquartered Group has come a very long way since it was started from its founder's spare room in 2005. Today, the Group owns four recruitment businesses: Russell Taylor Group, Recruit Right, NMS Recruit and Perpetual Engineering Partnerships. These specialist companies provide technical temporary and permanent recruitment solutions for a broad range of industries, including construction, engineering, manufacturing, oil & gas and energy sectors. Today, the Group employs around 120 staff operating out of seven strategically located offices across the UK and has a combined turnover of c. £35m.



The challenge

In March 2020, Russell Taylor Holdings had successfully sold Nexus People (formerly Transline) and Assist Resourcing to a management buyout. Once the transaction had been completed, the Group's working capital requirement had reduced from a highly complex £25m facility to £5m, however, the business still has strong ambitions to drive further growth, without compromising on profitability.

Ben Russell, Group CEO, said: "Having sold two high volume businesses, it was important for us to put in place a more appropriate funding arrangement and build a relationship with a suitable funder that would provide us with a higher level of personal service. Having decided to go out to the market, we tasked Benjamin Day at Cowgills to find us a potential new home and manage the tender process and he brought three potential providers to the table."

Investec's solution

Ben Russell commented: "It is important to go through a process to weigh up the cost against the customer service being provided by people you believe you can work with and with an organisation with the strength to support you further as the business grows. Investec came out on top on all counts and we gelled with them best on a personality, cost and delivery basis."

He went on to explain why having access to flexible working capital is critical to growth for the recruitment industry: "Recruitment businesses are working capital intensive since clients are on 45 and 60 days terms but you're having to pay out temporary workers weekly. So, unless you have very, very deep pockets, having a working capital facility in place is a must. Investec tailored a £5m facility for us, offering a higher prepayment percentage than we have had historically, enabling us to focus on driving rapid growth."

It is also worth noting that at the time we engaged with Investec one of our businesses had come under increasing cash pressure as it didn't have a pre-existing invoice discounting arrangement in place. Demand increased very suddenly and Investec showed great flexibility in taking that business on by itself for 6 weeks to help us handle the pace of growth."

Ben Russell added that that Investec's partnership-driven approach was a major distinguishing factor: "Clearly, at the size we are, we could have gone to a high street bank, but I think what is most refreshing about Investec is that they are relationship-led. The service is very much driven by the people that make the decisions and they take the time to talk with you and to listen. It's a modern take on traditional relationship banking, which is something that a lot of businesses have been looking for."

Outcome

"Many companies in our sector, especially in construction, engineering and high volume logistics recruitment, are looking for big, blue-chip customers with long term contracts but the problem with that is the margins can be tiny. We aim to grow the Group to £50m in the next three years as a headline figure while maintaining our targeted margin percentages. Our strategy is to continue to work under our technical banner with a broad spread of businesses and not to be over-reliant on any one particular sector to protect us from market fluctuations."

He concluded: "With Investec's support, we are bringing on new customers as well as developing relationships with our existing customer base throughout the Group. We have already won three large new contracts which have together resulted in a substantial uplift to our figures and we will be talking to Investec about increasing our facility line size in the next couple of months."



"We were very impressed at how quickly Investec Capital Solutions moved to turn around this transaction in a competitive situation. They understood the business very well and delivered on the sighting paper, exactly as they said they would from our initial conversations. Investec demonstrated real flexibility throughout the process, even to the extent of releasing funds for one of the Group's companies based on a side-letter before the full suite of legal documentation was in place, ensuring that the working capital would be available to deploy."

Benjamin Day, Director, Cowgills

Contact

investec.com

NCE@investec.co.uk

020 7597 5936

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