

# Family ties

**Acquisitions can have a transformational effect on family-run businesses. The Institute for Family Business and Inflexion hosted a dinner on the benefits of growing through M&A, with the Deputy Chairman of one of Britain's oldest family-run businesses, Charlie Field, addressing guests.**

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Like any business, family-run companies must remain relevant in order to best serve their clients and succeed, and M&A can be a successful way for them to acquire new products or expand their market share.

CPJ Field & Co is a funeral director in the South East which has remained in the same family since its inception 328 years ago. "Our business has been through a number of iterations and that's one of the things that a lot of multi-generational family businesses have," explains Charlie Field, Deputy Chairman

and tenth generation of CPJ Field as well as board member of the Institute for Family Business. He explains how his great, great grandfather was consolidating the market in Central London in the early 1900s, with three businesses acquired between 1905 and 1926. "M&A has been on the family business agenda for at least a century. Our principle trading business was floated in 1984, then subject to a hostile takeover in 1994, so we have used M&A more recently to gain critical mass to scale in this market."



## Family planning

Some businesses can benefit from assistance with succession planning to ensure family businesses remain happily and successfully in the family. Inflexion has been working with family businesses for 20 years to ensure the right people are at the helm, and that founders can phase their exit whilst keeping their family involved, as appropriate and when the time is right.

CTC Aviation was set up by Chris Clarke in 1995 and grew into a business with £7m of profits. In 2012, Chris was looking to realise some value but retain a share and some involvement, while his son Rob, then COO, wanted to remain fully involved.

At the same time, the company needed funding to grow further. The business partnered with Inflexion, and together created a plan which allowed Chris to transition leadership of the business to the core management team, headed by Rob. Chris retained a stake but was able to step back a bit, and the business was able to grow significantly with the further investment. Part of the partnership Inflexion invest £10m in new flight simulators in the UK and new Crew Training Centres in the UK and US, which facilitated new client wins. Three years later, the business was sold to a Canadian trade buyer, with Rob still at the helm.

## Valuing culture

Succession planning of other businesses may drive some of the M&A. Says Field, “One of the reasons we’ve been successful in acquiring and integrating businesses is because of our ethos – we become a new custodian of another family-run company where those businesses lack the family members to do so themselves.”

Being respectful of what a family has already achieved and maintaining their values is crucial when negotiating. Inflexion backed builders merchant Huws Gray for example recently acquired Ridgeons to enhance the firm’s geographic footprint. To secure the deal, management of Huws Gray nurtured their relationship with the owners of Ridgeon to give the family comfort that they would be respectful custodians of the business they’d built over 107-years. Similarities in the firms’ cultures and management styles helped seal the deal, which proved transformational for Huws Gray as it doubled the size of the business overnight to become the largest independent builders merchant in the UK. The acquisition was supported with minority funding from Inflexion, who had previously backed five add-ons acquisitions in under six months since their minority investment in Huws

Gray in April 2018. The firm had already been growing steadily, but as Terry Owen, CEO attests Inflexion has been a key ally in driving its growth; “since coming on board, Inflexion have helped us with larger acquisitions. The acquisition of Ridgeons represents a real milestone for our company as we become the largest independent builders merchants in the UK. Had we remained independent, we’d not have bought this business; Inflexion gave us the support we needed.”

Charlie’s learned some lessons working in the family business: “Acquisitive growth must be the right way and for the right reason; it must always link back to the core strategy and vision. Too many businesses do acquisitions for the wrong reason, such as ego or boredom, and that’s not wise. Additionally, you must consider the whole project – getting the deal done is only the start; actually integrating that is the far bigger project which is often overlooked. It always costs more and takes longer than you think it will. Finally, it’s important to have the courage to walk away. Just because it seems exciting and it’s fresh doesn’t mean it’s got to happen. Post-diligence you may realise it’s not quite right, and it takes quite a strong character to be able to pull back.”



## Institute for Family Business

The Institute for Family Business (IFB) is the UK family business organisation. Their mission is to help family businesses remain successful for generations to come, by providing a safe space where they share their challenges and successes openly, for the benefit of the entire family business community. The IFB believe family businesses are the backbone of our economy and communities, and work closely with them to champion their contribution and voice their needs.

Inflexion has been supporting family-run businesses to scale through M&A as well as plan for succession matters for 20 years. We are delighted to be a partner of the Institute for Family Business.

“Family business owners have an incredibly long-term outlook. And for some owners, they realise that in order for the business’ growth to keep pace with the family’s they will have to look beyond organic growth in their original business. Acquisitions can provide families with the opportunity to build their portfolio, their reach, and their ambition to secure their long-term success. And for families who want to exit their business, they can often find it reassuring to know that another family – with strong values – is taking on the reins and building on their legacy.”



**Elizabeth Bagger**, Executive Director,  
Institute of Family Business