

Case Study: Skill Hire

INVESTMENT PARTNERING

In January 2012 Banksia Capital acquired a minority stake in employment solutions specialist, Skill Hire WA Pty Ltd from the founding shareholders.

Since its initial \$7.5M commitment to the business, Banksia has worked alongside the founders and management to assist in executing its growth plan as a leading WA employment solutions business.

The Challenge

- Skill Hire had built a niche WA employment services business over its 15+ year history.
- The founding shareholders had a desire to step out of the business and de-risk themselves as the company was their principal asset.
- Further, the founders were wrestling with how and when to maximise value on exit.

Strategic Options

Skill Hire was a quality, WA-centric business with the potential to grow into a market leader in WA and expand nationally. The business had multiple business units and activities across 10+ locations. Changes in the market were creating both opportunities and risks. It was unclear to the founders, which of those opportunities would maximise long-term shareholder value.

Over the last two years, Banksia Capital alongside the founders and management, has managed the development and refinement of a strategy to achieve that.

The Results So Far...

The following key achievements have occurred due to Banksia's involvement:

- The founders received a day 1 cash out and retained significant equity stakes and upside
- They are now partially de-risked from the business and are in fully non executive roles. Two founders remain on the board (one as chairman).
- Banksia Capital introduced a CEO who is well regarded by founders
- The expansion funding provided by Banksia allowed any personal guarantees provided by the directors/founders to be removed.
- The company is executing its expansion strategy and has made one acquisition in SA and is actively pursuing others.
- Skill Hire has further strengthened its management team
- Banksia and founders are working well as partners driving growth.
- Debt funding secured with no personal guarantees

Executive Summary

Customer Name

Skill Hire

Industry

Employment Services (focusing on labour hire, training and placement services)

Business Challenge

- Succession
- Exit route
- Unclear strategy

Business Input Solution

\$7.5 million + Banksia Advice

Business Value

- Restructure of management and newly appointed CEO
- Completed acquisition in South Australia
- Debt funding secured
- Founders de-risked and truly non-exec
- Founders retain equity upside

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“As founding partners we were hesitant to bring any new shareholder on board unless they could add value. Banksia Capital have certainly filled the financial and acquisitive business knowledge gap we had as three founding shareholders. We've been impressed with their straightforward approach, analytical capability, corporate “where with all” in building the business through acquisition. I would recommend you speak with them if you are grappling with succession and how to build and realise value in a private business.”

- Tony Fitzpatrick - Chairman, formerly CEO

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