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CEO at Garner Osborne Circuits
and Active-PCB Solutions

After 16 years leading UK-based tech manufacturing SMEs, you chose the EtA path. What motivated you to become an entrepreneur?

I grew up watching my father successfully grow and exit two electronics manufacturing SMEs, so there's always been a strong entrepreneurial force in my life. This ignited a passion for managing businesses through my teenage years, albeit I had no idea how I would manage that. A degree in electrical and electronic engineering provided a strong grounding and some luck at finding the right opportunities at the right time over the coming years was beneficial. In my early career I joined a founder and became co-owner and MD of an electronics manufacturing startup, so I've experienced the risks that entails. I then managed family-owned SMEs for other people but never lost the dream of managing my own business. When I came across the concept of ETA in 2022, having just completed my Executive MBA in Cambridge, it instantly felt like a perfect fit for me and an obvious next step in my career.

Why did you partner with NCA instead of launching a traditional search fund? What attracted you to their program, and what kind of support did they provide during the search phase?

I am an operator. Whilst I've had some minor M&A experience at points through my career, I am not an expert on M&A finance or legals. Furthermore, I did not have a network of investors or any knowledge of how to find them, nor any knowledge of raising senior debt. Hence, the NCA program seemed to be the perfect path for me, whereby I could partner with an organization that has experts in the fields that I have little or no knowledge. NCA's M&A finance team supported me from initial target vetting, building financial models, right through to supporting financial DD, negotiating terms in the SPA, flow of funds etc.. NCA's legal team supported me from initially setting up my Search Fund, handling legal documentation with SF investors, SHA, Articles of Association etc., right through to executing the transaction and debt legal documents for acquisition. Finally, NCA's Investor Relations team introduced me to a wide range of potential investors, as well as supporting cap table KYC and investor management.

Last summer, you acquired Garner Osborne Circuits. Tell us more about the company — why did you choose it, and how are you managing the transition? Mike Garner, the founder, has remained as a minority

stakeholder. What is his role, and to what extent should a seller be involved after acquisition?

Garner Osborne Circuits (GOC) is a £13m revenue, £2.7m EBITDA, printed circuit board (PCB) manufacturing and PCB assembly business, with 125 people based in Newbury, south-east England. GOC ticked pretty much every box for a Search Fund target: growing sales, solid EBITDA, low customer concentration of long-term sticky customers across a wide range of sectors (including aerospace, defence, medical, automotive, IoT), and a retiring seller with a succession issue. In addition, GOC had reached a size that required significant professionalization of processes and systems, which offered us many opportunities for growth and value creation. Mike retired within a few months of the acquisition: the goal was to allow him more time to play golf! I know some searchers who have continued working with founders over the longer term, and for them, it has worked well. However, my feeling is that a fairly swift leadership transition is usually the best model. As a rolled-over minority shareholder, Mike is always available if we need him.

Less than six months later, you closed a second deal — the bolt-on acquisition of Active-PCB Solutions — and it was entirely proprietary. How did you manage to land that deal so quickly while still settling into your first company? What strategies or mindset helped you uncover such a unique opportunity?

I met the owners of Active-PCB Solutions one month after first visiting Garner Osborne Circuits. I attended a trade exhibition to scope the competition as part of my initial GOC commercial DD and had identified in advance that Active-PCB was also a very nice search fund target: a £26m revenue, £2.8m EBITDA, 180 people PCB assembly and contract electronics manufacturing business in Reading, with the same customer stability, growth and retiring owners' succession problem as GOC. Crucially, there was extremely little customer cross-over, despite the two businesses only being 20 miles apart. We then ran both deals in parallel, on the basis that it's important to maintain a pipeline of opportunities and not get lost pursuing a single deal for months that can so easily fall apart. Three months later, I began realizing that the two businesses had some great synergies and that acquiring both would create a really strong group. Eventually we signed the LOI for Active-PCB two months before closing the GOC acquisition, exchanged the Active-PCB SPA three months after starting at GOC and closed it another three months thereafter. My strategy on continuing to seek a pipeline of opportunities, despite having a strong target in GOC underway in DD, certainly paid off well.

What gave you the confidence that forming a group between the two companies would work? From your perspective, what are the most compelling synergies — beyond the obvious geographical and operational fit?

Garner and Active-PCB have different service offerings: PCB manufacture and assembly; PCB assembly and 'box-build' final product manufacturing, respectively. Putting the two businesses together and creating a family that can provide a wider service offering to customers was a key synergy. We shall not be 'merging' the two business: another synergy was to create a group that offers two manufacturing locations and solves the customer-need for dual source supply. However, the group benefits from buying services from one-another (rather than using third parties as before), larger buying power when purchasing materials and differing skills and experience: each company will learn from the other and both will improve more quickly than if they were stand-alone businesses.

Many searchers face resistance from sellers who are wary of private equity or unfamiliar buyers. What do you think made you an "attractive exit option" for both sets of founders?

I always told sellers that a search fund is not private equity, which does carry a negative connotation for UK sellers. We are different because the searcher is coming into the business as a co-owner and will look after the people they are inheriting. Sellers really care about the team they've built and want confidence that their people will still be working at a thriving business in the years ahead: this is the key differentiator between a search fund and private equity. The sellers in both of our acquisitions also had confidence that my extensive sector-relevant operator knowledge, prior experience in rapidly growing UK electronics manufacturing SMEs, and wider knowledge gained from my executive MBA, would leave the businesses in safe hands.

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What were some of the biggest challenges in managing two acquisitions in parallel, and how did you maintain momentum without dropping the ball on either? Did your initial investors follow on for the second deal, or did you have to bring in new ones?

Time is the biggest challenge! Managing one acquisition is a huge commitment, managing two is quite a challenge. We were somewhat fortunate that it took more time to reach an agreed LOI for the second acquisition, which allowed us to get the bulk of the GOC DD and transaction legals complete before diving into the second round. However, entering GOC in July as the day-to-day operating CEO, whilst managing the second acquisition alongside was interesting. Ultimately, the opportunity to create the group was hugely exciting and that kept me going through some very long days/nights. Finally, as mentioned earlier, I could not have done this without huge support from the NCA team, particularly the M&A and legals teams: they worked equally hard on both deals and their knowledge and support was invaluable.

The majority of first round equity investors followed with further equity for the Active-PCB acquisition: this model of a double equity raise was in-play with the cap table well before we closed the first acquisition. We did have to fill an equity gap for Active-PCB, as the GOC sellers understandably didn't follow. Some existing investors and the NCA IR team were extremely helpful in finding three new investors to enter at the second stage.

Now that the new Group is operational, what are your top priorities over the next 12–18 months to drive growth and realize integration benefits?

My first priority was to learn and get to know the teams. I have been a customer to this sector my whole career but have not been on this side of the fence before. We have some 2,000 years' experience of PCB-related manufacturing experience within our 300 strong team: it was vital to enable them to put their ideas for improvement forward and truly be part of the process of growth and continuous improvement. Thereafter, we have brought some new senior people into GOC, experienced professionals who have seen what 'good looks like' in other business and sectors, and have inherited a relatively new team of similar people at Active-PCB. The UK PCB market is very fragmented, and our new group offering is almost unique in the sector, which will enable us to grow market share quickly. We also plan to invest further in new service capability and widen our group services to a truly unique UK offering from one supply source. Our goal is to become the UK's most reliable PCB supplier: delivering the best quality products, on-time every time, with exceptional customer service: an offering that is in very short supply in the UK. Meanwhile, we have significant opportunity for process and operational improvement: we've already begun implementation on a new single ERP system (replacing 8 existing legacy IT systems!) and aim to grow the top-line sales revenue without needing to grow the manufacturing headcount through adoption of lean manufacturing techniques and further investment in automated machinery.

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Looking back, what's one piece of advice you wish you'd had at the start of your journey — especially for others pursuing operator-led or proprietary paths?

Operating a search fund requires significant resilience: finding a target and then executing a final acquisition is a very bumpy path. However, becoming a co-owner CEO makes the journey very worthwhile.