

BGF investment helped our family business prosper

An investment from BGF helped a North East family firm diversify into new areas of operation. Here BGF's **Chris Boyes** and **Vikki Jackson-Smith** of J&B Recycling tell The Journal's **Jonathon Manning** of a perfect investment fit.



BGF's Chris Boyes and J&B Recycling MD, Vikki Jackson-Smith

J&B Recycling MD, Vikki Jackson-Smith says...

It was a difficult decision to bring an external investor into the family business, but I wish I had done it a year earlier.

When we did go through the investment process, we were very successful. We had offers from six investors. But it was BGF's approach that we preferred.

We liked the style of their approach and focus on backing management teams. When they came in and presented their proposal, it was a big tick from us.

An important thing with BGF and our business is that they take a long-term view.

They gave us the option to access more funding further on down the line as the business grows. That was very attractive to us.

J&B Recycling was established in 1998 to diversify away from my father's original solid fuel business, which he set up in the 1970s. That sector was in decline due to the privatisation of the power stations and more and more gas being installed in the North East.

We went from being quite big importers of fuel to the power stations and the Yorkshire market, down to mainly supplying the domestic market.

We found we were losing 20% of sales on the domestic market each year. So we decided to start in a different direction.

J&B now recycles about 160,000

tonnes of mixed materials per year, and we have a £16m turnover business.

We have over 200 members of staff, a fleet of vehicles and we operate out of three sites, one in Middlesbrough and two in Hartlepool.

Having access to funds through BGF, particularly in our industry which is capital expenditure heavy, is a real benefit.

The industry has been transformed due to changing technology and processing equipment.

The funding from BGF has allowed us to capitalise on these opportunities and invest in automated processes and making us one of the most efficient operators in the market.

Having access to a large fund, and being able to work with BGF on our growth plan, was a big attraction.

Since BGF came on board we have spent a lot of the last two years deploying the investment. We are now starting to see the return on that investment come through.

We are looking at a profit growth in excess of 90 percent in the last year, with further growth expected going forward.

BGF Investor, Chris Boyes says...

Taking on external investment is a big decision for all businesses that we work with, especially family

businesses like J&B Recycling.

A fundamental question for entrepreneurs like Vikki is, what is life like with an external investor after the deal has completed?

Throughout the life of any business there are going to be ups and downs in the way that things go. That's normal, and it then becomes about how you react and how we work together with the management teams to support and grow the business.

When we invested in J&B Recycling the business was turning over £10m.

We've now got to £16m in less than three years.

That's good growth but the business needs to have the right people and systems in place to ensure that the growth is sustainable.

The reason BGF exists is to offer UK SMEs something different in terms of approach.

So we are always the minority shareholder.

Culturally that is very important to us and for family businesses like Vikki's.

At BGF, we want to provide management teams with access to the capital they need to fulfil their ambitions. What we don't want to be is a business owner making operational decisions within a firm.

My role at BGF is to offer strategic support to the teams we work with.

For instance, I might work with Vikki to recruit a financial director or another member of the senior

management team.

For big decisions, we work together. However, the operational work that goes on across the three sites is absolutely left to Vikki and her team.

A lot of businesses that we see have management teams that are very ambitious.

What really impressed me and the team at BGF about Vikki is that she had a very clear plan of what she wanted to do, what she felt the business could achieve and the scale of the market opportunity.

What they didn't have was access to capital to be able to do it.

But the business was already well invested and had long term contracts in place with local authorities, which told us that they were already doing a lot right.

What putting the capital into the business did was give J&B the confidence to invest and carry out the types of projects we've seen them do since the investment.

The growth plan the team are executing could have been done without our investment, but it would have taken Vikki much longer to achieve.

BGF is the most active and influential investor in growing companies across the UK. BGF provides long-term capital for a minority stake, from earlier stage investments to established, private and AIM-listed companies.