

A deal that has been shaped by the people leading the way

Last year BGF made a significant investment for a minority share in Swinton-based RMS International, a £75m turnover business, which supplies toys, crafts and activity products to a global market. Here BGF investor **Matt Widdall** and RMS chief executive **Tyrone Farber** speak to **Shelina Begum** about its phenomenal success.



Tyrone Farber, CEO of RMS and Matt Widdall of BGF in the company's new showroom

RMS CEO, Tyrone Farber says...

RMS International has been going strong for over 30 years. We design, source and distribute toys, crafts, activity products and stationery to customers worldwide. Our strength also lies in our own branded value products including Grafix.

We originally started the business in 1986 specialising in clearance products. The demand eventually outgrew the supply, and that's how we started in the import and distribution business.

We started specialising in stationery and gifts but over the last 25 years, we've drawn that in, and we are now a specialist in toy craft activities.

Our business has always been in the value sector.

But design has always played an important part of what we do. Right from the very beginning we have always had a team of designers and product design specialists. In order to maximise the potential of the products we had to make sure we were different and having our own design team meant that we had a point of difference and strong branding.

We have grown rapidly since 2007 and RMS has gone from strength to strength.

We built our infrastructure and we continued to invest in the business. This actually supported and enabled our growth during the recession.

Our growth was seen in both the UK and international markets and we opened our first global office in Shanghai in the 1990s followed by the Netherlands. Today, we're also in Hong Kong, Melbourne, Miami, and Boston. Staff numbers have

also grown from 80 in 2007 to 160.

Running a business comes with a number of challenges, ours has been building the infrastructure and getting it right for the long-term aspirations of the business – and that's where the investment from BGF has been able to help.

I first met with BGF a few years ago when we were thinking about an alternative funding option that didn't involve bank debt. There were some in-depth discussions but the timing wasn't right. Two years later I went back to Matt as we were looking to expand our international markets and invest in infrastructure while not putting any financial pressures on the trading side of the business. I wanted a deal that was right for both RMS and BGF and it took a year to finalise it. What I liked about the proposal was that BGF was only taking a minority stake and I still had effective control – that was a key factor for the founders and management.

I also liked Matt's passion for the business and it helped that he understood what we were about and where we are heading. Since the deal last February, we have invested in new property, in our team and we have launched offices in Boston and Australia since the investment.

We are also developing new ranges and growing across all areas of the business including our Grafix, Blocktech, GL and Games Hub brands along with our licence products. Our goal is to be the best at what we do and we can only do that with the right people.

RMS has had longevity because we have kept our ethos and value, we have looked after our people and we are very proud of

the business and all that we have achieved.

BGF Investor, Matt Widdall says...

I first met Tyrone almost five years ago and have been building a relationship with him over that time.

The key for us when investing in a company is the people. Tyrone as the leader of the business is an impressive individual. He's entrepreneurial, a great leader and highly respected by both staff and his customers.

The business showed that it had its own growing brands such as Grafix and it was in control of its own destiny.

The internationalisation of the business demonstrated control with sourcing in the Far East, an ability to grow sales, and a 'can do attitude' that has helped to grow customer numbers.

As with any deal, it was about getting to know the people, understanding the business model and we're always happy to take our time and get to know each other.

That plays an important part when structuring a deal - it has to be right for both parties.

When we first met, it wasn't the right time for investment Tyrone was happy to explore opportunities but wanted to wait for the right time.

So when the opportunity for investment to support further growth emerged nearly two years ago, we looked at how we could help.

Our approach is to be a supportive partner.

Since the investment, RMS has built its infrastructure, invested in a new building, strengthened its management team and expanded

abroad.

The benefit of the business moving into a new location was a massive step up, and what it has done for staff morale has been impressive and has given the business the potential to grow and scale up.

We have also been able to help with building a high class team to take the business forward.

That has been evidenced by the introduction of Stuart Rose, the former chairman of toy group Hamleys and former managing director of The Body Shop, as chairman.

The appointment of Stuart has been positive. We have access to a wide range of high quality people that can add value to the business.

While we help with strategic decisions, as a minority shareholder, we don't interfere in the day-to-day activities.

We're here if management need advice and support.

Tyrone knows his business best, he's steered it in the right direction, and we want to let him get on with what he's good at. Business is about people and relationships and it's about getting the right people and the right fit.

When we invest we are buying into a joint vision. We have to work together to make the partnership and business a success.

BGF is the most active investor in small and mid-sized businesses in the UK and Ireland. An established and independent company, we have £2.5bn to support a range of growing companies – early stage, growth stage and quoted – across every region and sector of the economy.