

How BGF was wowed by SLG and Zoella in £10m investment deal

Two years ago, BGF made a £10m investment for a minority share of cosmetics firm SLG. Here BGF investor **Ned Dorbin** and SLG chief executive **Miles Dunkley** tell the story of the region's fastest growing companies to the Bristol Post.



SLG chief executive, Miles Dunkley and BGF investor, Ned Dorbin

SLG CEO, Mike Dunkley says...

My mindset was historically to not go down the private equity route, but BGF is not really like a typical private equity firm. It has a more 'patient equity' approach. I liked that.

From the moment I started talking with Ned over an initial dinner, I quickly began to realise that BGF's approach was different – it would very much be an additional layer of support rather than any loss of control. It's like finding the big boy in the playground is your best friend. It makes everything easier.

SLG was founded by my parents Graham and Roberta Dunkley 31 years ago. Their first product was a make-up applicator, designed to apply foundation. It was a great success, indeed we still make similar products in our factory today, but it was a niche category with very little room for scalability.

I joined the family firm 20 years ago, with a background in design, packaging and brand development. I'd worked for one of the big design agencies in London. During that time, I learnt about the great value of design to a business, and essentially that is what I brought to SLG.

Since I took over the running of the company, we've broadened our range of products enormously and developed an exciting own brand and licensed brand portfolio, including Superdry Beauty, Laura Ashley Beauty, COLAB Dry Shampoo and Johnny's Chop

Shop grooming collection, as well as producing beauty ranges for high-street retailers such as Boots, Superdrug, Debenhams and Marks & Spencer. When I joined SLG we had a turnover of £690,000. In 2017 we are forecasting £35m – it's a rapid ascension and a great team success story.

In the fashion beauty category, it's all about being on top of the next trend – and today new beauty and culture trends come along at a much faster pace than they used to.

The business is on a sharp growth trajectory – we're taking on or are recruiting 20 new members of staff this year alone. But I feel we're a sort of 'Benjamin Button' company. As we get older and larger, we need also to get younger and more nimble – we are mindful to stay young and relevant so for example, we hire designers and marketers that are fresh and relevant, in order to be on top of the latest creative trends, especially when it comes to working with vloggers like Zoella. Her range has been an amazing success – going from 0 to a £20m retail value in its first 12 months.

When I first met with Ned I felt we'd scaled up to a level where we'd benefit from new strategic input and even more of a corporate perspective. So for us it certainly wasn't just about the injection of working capital, though of course that's a great help. I could see we would be able to work well with each other, and I've valued their ideas and strategic input enormously. They've helped us to move on to the next level. The fear

for many business people, is that to bring a private equity firm in is to lose control of your business, but it's not like that with BGF. It's a real partnership.

BGF Investor, Ned Dorbin says...

I meet with hundreds of business owners each year to talk about their ambitions and to consider whether they might be people that we at BGF could work with and invest in.

As an investor, you develop a real gut feeling for which companies we'll be able to work closely alongside. SLG was certainly one of those.

In 2016, BGF reached an extraordinary landmark – having invested £1bn in more than 150 growing businesses across the UK.

I first met with Miles in February 2014, after we approached their financial advisers Hazlewoods, who agreed there might be some synergy to be found between BGF and SLG.

I had dinner with Miles and by the end of the evening I already knew he was hugely talented and had a clear and focused vision for how SLG could grow. It was an indication of just how innovative his thinking was that even at that time he was already figuring out how he could work with fashion and beauty video blogger – or vlogger – Zoe Sugg, better known as Zoella, who was beginning to gain a major following on YouTube at the time.

By the summer of 2014 we were in active discussions about how we could invest in the company,

bringing in capital to allow Miles to accelerate his expansion plans. We made a £10m investment for a minority share of the company.

But as well as injecting capital into the company, we've also offered Miles support with strategic direction and building a robust management team. For example, we introduced Geoff Percy who has become non-executive chairman. Geoff has brought invaluable experience in the beauty industry with his Simple Health & Beauty brand.

One of SLG's biggest successes has been the relationship it has built up with Zoella, who has more than 11 million YouTube subscribers, and who has her own highly successful beauty product range produced by SLG which has sold all over the world.

I've been an investor with BGF for five years and it's an incredibly enjoyable job because you become so involved with the companies we invest in. I'm on the board of six different companies, and to be on the journey with them, working to support passionate business leaders like Miles, is hugely rewarding and engaging.

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.