



THE DEAL MAKER

The CEO and chairman of Staffing 360 Solutions Brendan Flood has been the driving force behind the group's growing portfolio of subsidiaries, but making them work together is just as important.

Colin Cottell went to meet him

For a man who negotiated 24 deals in 24 months earlier in his career, the end of 2017 and the start of 2018 have been relatively sedate for Brendan Flood, CEO and chairman of Staffing 360 Solutions.

It's been nearly six months since the Nasdaq-listed recruiter, which operates solely in the UK and the US, announced its latest acquisitions to the market. In a press release in September, the company said the acquisition of technical recruiter CBSbutler in the UK and FirstPro Georgia – an IT, finance and accountancy recruiter in the US – was expected to boost revenue by nearly 50% and to double earnings.

The genial and loquacious Irishman laughs heartily at the suggestion that he is itching to do another mergers & acquisitions deal to add to the “40-50” he has notched up during his career. And that's not including the “15-20” staffing businesses he has sold.

“As you can imagine with the fun of doing a deal with a company the size of CBSbutler, you want to have a bit of a breather after it. It was certainly a transformative event

for us because it is about twice the size of our existing UK business,” says Flood.

Flood may be doing himself a disservice. For deal-making aside, it is fair to say he has been far from idle. Indeed, this relative lull in the pace of deal-making may turn out to be nothing more than a brief interlude as the group that operates on either side of The Pond looks to double its annualised revenue to \$500m (£359m) in the next 24 months. “There will be acquisitions made during this calendar year,” he promises, “though when, where and who we aren't ready to say.”

Flood admits that he is currently “talking to a number of acquisition targets”, though none have yet reached the letter of intent stage. In addition, Flood says he is pushing potentially far reaching internal changes aimed at improving the performance of the group's existing subsidiary companies in an effort to drive organic growth. Even when the \$500m target is achieved, Flood indicates there will be no let-up. “We will simply increase the target,” he says, although he suggests there will be less focus on acquisitions and more on organic growth. ▶

Philosophy of recruitment

“A lot of it is doing what you say you are going to do. Being fair and truthful”

Future M&As

In the probable event of future acquisitions, it is highly likely they will follow the blueprint of September's acquisition of CBSbutler.

Flood explains the deal followed an approach by CBSbutler's chairman David Leyshon and finance director David Kennedy last year "about having a conversation about bringing our two organisations together". "I was very much aware of CBSbutler, so it soon became apparent that it ticked a significant number of boxes in meeting our requirements in acquiring any organisation."

Not only was it culturally a good fit – "it's a very well-run organisation, and they are a happy crew", says Flood – but also because it fitted in with Staffing 360 Solutions' "strategic pillars".

Flood explains: "All our businesses are driven around the talent set of the candidate rather than the industry, so CBSbutler ticked an enormous box for engineering and related skills in the UK." In addition, it doubled the size of the company's IT offering in the UK.

"I do enjoy deal-making," Flood admits, although he explains, "the amount of fun and frustration during the negotiation process is probably in equal measure". "What I like and prefer," he continues, "is the ability to grow something and to see something go from a standing start to something fairly big."

Track record

Flood has certainly achieved that during his career, particularly the frenzy of 24 deals in 24 months between 1999 and 2001 that saw TMP Worldwide's European revenues lift off from \$30m to \$450m. In 2003, as CFO for North America he went on to lead Hudson's IPO [initial public offering] on Nasdaq.

After joining Faro Recruitment, Flood was tasked with selling off the worldwide staffing interests of the group's owner. After buying the commercial and light industrial recruiter Monroe Staffing Services



Secret of my success

"I have been very lucky in my career to have worked with some very good people"

business in the US, as part of a management buyout from Faro Recruitment, Flood renamed the holding company Initio International. In January 2014, Initio International, which by then included UK finance, accountancy and legal recruiter Longbridge Recruitment, was acquired by Staffing 360 Solutions in what Flood says "effectively became a reverse takeover because the management and board of Initio International became the management and board of Staffing 360 Solutions".

While M&A is at the core of Flood's way of doing business, it is only half of the group's 'buy and build' strategy. In November the group's largest subsidiary, Monroe Staffing Services, opened a new office in Fort Mill, South Carolina. Business is already brisk, and a flood of contract wins should result in it becoming a \$5m-\$10m operation by the end of February, says Flood.

The plan is to take advantage of the opportunities in the light industrial market along the Interstate 85 corridor that extends as far as Atlanta, Georgia, where one of the latest subsidiaries, FirstPro Georgia, is based. Around 750 potential clients have been targeted. While Flood is careful not to comment on whether there is a 'Trump effect' in the US, declaring himself "not qualified to say", he says recent tax changes [to corporation tax] "will allow us to save more money and to hire more people".

Despite his long history of doing deals, Flood baulks at the suggestion

that he is a wheeler-dealer. "We don't do deals for the sake of doing deals, but with the defined purpose of meeting the strategic aims of the company," he explains.

"You have to have a walk-away point," he continues, "and you never get deal fever. It's never 'I must do this deal.'" During his four years at Staffing 360 Solutions, Flood says he has walked away from "probably five or six times more deals, and we closed eight".

Flood says he looks for companies that enjoy client loyalty. "Probably 16 of the top 20 clients in Monroe Staffing Services have remained in its top 20 for four or five years, so it's all about relationships. If the client list changes year in, year out, they are selling on price, and if you sell on price there will always be someone who can sell cheaper than you."

Retain the heritage

Just as he rejects the idea of doing deals for their own sake, Flood sees little value in making sweeping changes to the acquired company. "We set out with the intention that whatever it is that made those acquisition targets great, we keep it," he continues. Invariably, this will include keeping the name. Flood reckons changing the name "runs the risk of three levels of disenfranchisement": staff, clients and candidates.

The exception to keeping the name was Poolia, which was bought in 2013. ▶

STAFFING 360 SOLUTIONS

- ▶ UK companies: CBSbutler, Longbridge Recruitment, JM Group
- ▶ US companies: Monroe Staffing Services, FirstPro Georgia, PeopleSERVE, Lighthouse Placement Services, Control Solutions International

- ▶ Revenue: 9 months to 30 September 2017 \$133m
- ▶ Revenue: Calendar year 2016 \$165m
- ▶ Adjusted EBITDA \$5m



Its name was changed to Longbridge Recruitment, but only because the Swedish public company gave the use of their name for just one year.

Flood says the aim “is to retain the heritage of whatever we buy”. In the case of Monroe Staffing Services, the group’s largest subsidiary, Monroe has been operating in the Connecticut market since the late 1960s and in the Massachusetts market since the mid-1970s.

However, that is not to say that business carries on strictly as it did before the acquisition. Where the offices of a newly-acquired company is in close proximity to an existing company office, it makes sense to share offices, he says.

Intelligent integration

A key plank of the group’s drive for organic growth is to improve the performance of the group’s subsidiary companies. Even as he is speaking to *Recruiter* from his spacious office in the City of London, its walls adorned

with photos and mementoes, he says a meeting is underway in the building between executives from Longbridge Recruitment and its UK IT subsidiary JM Group and CBSbutler with that very aim in mind.

Called ‘intelligent integration’, Flood says the objective is to improve the way group’s constituent companies work together, particularly by sharing clients and, indeed, offices. Flood says this follows similar meetings in Atlanta, with another due to take place within weeks. “It’s little steps over time, so that businesses build trust with each other,” says Flood.

With all of the company’s 14 US offices operating as a single brand, “this is a wonderful opportunity to grow organically by spreading our brands into different states”, Flood enthuses.

Flood says the acquisition of CBSbutler presents a great opportunity to win business in the burgeoning aerospace and defence market in the Carolinas. Monroe Staffing Services and Lighthouse Placement Services can manage the compliance, he explains, while tapping into CBSbutler’s candidate database of skilled contractors and permanent staff.

Flood doesn’t completely rule out further geographical expansion beyond the eight US states the group currently operates in – say, out to the West Coast. However, he indicates that given the size of acquisition needed “to make it worthwhile” (which he reckons at \$75m-\$100m), more likely are further smaller deals of between \$25m-\$50m along the Eastern Seaboard where “a lot of our offices are within a couple of hours of each other”. He all but rules out entering new markets outside the US and the UK on the grounds that culturally and from an industry perspective, the UK and the US are very similar, and they both have liberal labour laws.

In the 1970s, long before Flood cut his teeth in recruitment, there was a famous advertising slogan for industrial conglomerate Hanson Trust that said “a company from over here that’s also doing rather well over there”. Decades later, Staffing 360 Solutions might be able to achieve the same – in geographical reverse – under Flood’s leadership.

CV: BRENDAN FLOOD

- ▶ Dec 2017 to date: Chairman and CEO, Staffing 360 Solutions
- ▶ 2014-Dec 2017 Executive chairman, Staffing 360 Solutions
- ▶ 2010-13: CEO, Longbridge Recruitment (acquired by Staffing 360 Solutions Jan 2014)
- ▶ 2010-13: Chairman and CEO, Initio International (acquired by Staffing 360 Solutions Jan 2014)
- ▶ 2009-13: Chairman, Monroe Staffing Services (acquired by Staffing 360 Solutions Jan 2014)
- ▶ 2008-10: Various finance roles, then global CFO and CEO, Faro Recruitment (forerunner to the MBO of Initio/Longbridge/Monroe Staffing)
- ▶ 2006-07: Global CFO, K2 Partnering Solutions
- ▶ 2003-06: SVP finance, Hudson Highland Group (spin-off from TMP Worldwide)
- ▶ 2001-03: CFO, the Americas, TMP Worldwide
- ▶ 1999-2001: CFO, executive search division Europe, TMP
- ▶ 1996-99: Various finance roles, Dow Jones Telerate and Bridge Information Systems
- ▶ 1993-96: Finance director, Spillers Petfoods