



A Distressed Rainbow finds a Pot of Gold

Rainbow Removals (Rainbow) was a well-known, regional removals and storage company specialising in mainly domestic house moves in the UK, providing services to homeowners in the 2 to 4 bed property bracket.

In Rainbow's marketplace jobs typically spanned a matter of weeks from an initial customer enquiry to the completion of the work – potential customers often start a search for removal services just prior to exchanging contracts on their new home.

Rainbow had become exceptionally proficient within this extremely short sales cycle by using technology solutions to help find and convert potential customers into confirmed orders.

With these efficiencies the business was able to deliver a highly impressive conversion rate well above the industry average. Rainbow also offered storage services which provided the business with an extremely stable revenue stream and excellent scope to develop this high-margin service.

Building on its strengths, the business was showing positive trends.



The business needed to be well positioned from a marketing perspective in spite of its circumstances.



STATS

Companies Profiled
and Contacted

Potential Acquirer Meetings

Offers Received



The Transaction

The business began to fail due to alleged mismanagement by a former senior manager, unknown to the owner, the business had been exposed to significant losses and accumulating a debt which became unserviceable.



Evolution CBS was retained by the owner following an introduction by the Insolvency Practitioner, but the challenges for the ECBS team were numerous:

- finding a deal for the vendor was, above all, time critical – the responsiveness of ECBS was an important factor
- the vendor, a sole trader, was under increasing pressure both financially and emotionally to find a buyer – our highly experienced team were able to provide appropriate support and guidance at an extremely difficult time
- the business needed to be well positioned from a marketing perspective in spite of its circumstances
- the business and the project were continually challenged by Rainbow's operational difficulties brought about by the financial position of the business

The business was offered for sale as a trade and asset transaction with the objective of securing a quick deal that satisfied the needs of owners creditors and, ideally, preserving the jobs of a loyal workforce.

The duration of the entire project was just five weeks. Through this time, Evolution compiled a set marketing documents including an Information Memorandum.

These documents are designed specifically to convey Rainbow's successful business model and the various opportunities and advantages that could be gained through the purchase of the business as a going concern.

The team contacted a small handful of prospective trade acquirers as well as providing details of the opportunity to its extensive network of associates and to a selection of online business sale platforms.

Shortly after going to market, the circumstances of the business worsened suddenly and dramatically.

Building on its strengths, the business was showing positive trends.

The company's Landlord re-possessed the trading premises, including the storage area, requiring our team to immediately accelerate talks with two interested parties that had emerged from the market approach.

In the latter stages of the project the business was on the brink of collapse due to severe operational issues. Despite all the considerable challenges Evolution agreed terms of a deal with one of the potential buyers.

The buyer was able to provide the vendor with the resources that allowed the business to trade on to achieve a successful completion as a going concern with almost all of the Rainbow team moving forward with the new owner.

