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Generating growth by commercial factoring

Not only did Avedon Capital Partners taking over majority stake answer the question of succession, but it also offered a perspective for further growth to **Tesch Inkasso GmbH**. The company's former owner still is active member of the advisory board. Written by **BERND FRANK**

Exactly 30 years ago Siegward Tesch founded Tesch Inkasso—at that time with only three employees. Back then already, the entrepreneur had recognized an increasing demand in the sector of commercial factoring. In the 1990ies as mobile telephony was expanding, he gained new customers like T-Mobile that tried to chase arrears from defaulting end customers and were looking for assistance to do so. In the course of continued business development, clients from the energy sector and the insurance industry followed. The enterprise grew, but Siegward Tesch also knew that one day, owing to his personal plans for the future, he was going to sell the company. “Since I had no successor in my family, this question remained unanswered”, says 61-year-old Tesch.

Financial crisis delays selling

Step by step, Tesch has been transferring executive functions in



Tough business: customers are not always willing to pay.

operational business to his fellow managing directors from 2008 on. Actually, his intention was to sell the company, but because of the financial crisis of 2008 he postponed this plan. In 2010 he started looking for a suitable investor. In the process, either strategists or private equity companies were worth considering. Tesch's main concern was to sustain and expand the enterprise that in the meantime employed 200 people. In March 2012, the time had come: After due diligence and intense meetings, he came to terms with Düsseldorf-based private equity company Avedon Capital Partners to take over the majority stake in the company as of June 30, 2012. Tesch

himself remained as active member of the advisory board.

Avedon Capital Partners is focused on small to mid-sized enterprises in four business segments—one of which is business services—where Tesch Inkasso fitted in. “We want to lead every enterprise that we acquire to sustainable growth”, says Hannes Hinteregger, the Avedon partner who was responsible for the takeover of Tesch. For this reason, the analyses of business model and growth perspective went into great depth and the owner or the existing management should be part of the company's future development. “The price definitely wasn't the deciding

CONCISE PROFILE

Tesch Inkasso GmbH

Founded in: 1985

Industry: Financial services

Place of business: Wiehl

Turnover 2014: approx. 30 million Euro

Number of employees: approx. 330

www.tesch-gruppe.com

factor in the takeover of Tesch, but rather the good co-operation with its owner”, according to Hinteregger. “He has been a great close sparring partner in the advisory board since day one”.

Turnover doubled in three years

Avedon holds roughly 90 percent stake in the company, the remaining ten percent spread among the four persons of the management. Founder Tesch holds no stake any more. The private equity company does not always enter into enterprises with a majority, but sometimes also with a minority participation. Two of the former Tesch executives remain in the company’s management. The actual CEO of the group, Thomas Dold, was recruited

from outside of the company in early 2015. Avedon itself does not assume any operational business tasks, but rather supports the strategic positioning of the enterprise.

Tesch had more than doubled its revenue over the past three years, recounts Hinteregger. This is not only owed to growth in operational business, but also to the acquisition of the debt collection firm Transcom Deutschland, which we acquired in the beginning of 2014. “We are market leader in debt collection for the electricity industry. In e-commerce our business is growing with our customers”, says Dold. Tesch made a large portion of its turnover with several key accounts, whose claims for

roughly 90 percent are directed against private individuals, i.e. telephone, electricity and online shop invoices. A quite stable business which is not very sensitive to economic climate. “We generate solid growth from new businesses, the energy market in particular, and expect a turnover plus of five to ten percent this year”, states Dold. “We have formed industry-specific teams and intensified our trainings in order to be even closer at the customer and proceed to improve quality“. Future objectives: Completing the integration of Tesch and Transcom and using the already existing uniform organizational structure at all locations in the best interest of the customers. ■

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„A perfect match“

Interview with **Siegward Tesch**, founder and board member of Tesch Inkasso GmbH



Siegward Tesch

Unternehmeredition: How was the acquisition process organized, and who gave you advice along the way?

Tesch: The complete acquisition process to the takeover by Avedon in the end of June 2012 took about two years. I had talked to several potential buyers—other private equity companies as well as strategists—so to say competitors wanting to buy additional market share. In the beginning, however, there was no apt candidate. Finally, in summer 2011, contact was made and first talks with Avedon took place.

What tipped the scale in favor of your decision?

For me the deciding factor was that Tesch would survive as an enterprise.

And that the new owner would be willing and able to further develop Tesch. My impression of Avedon was very nice, they conducted an intensive examination and proved to be experts in this regard. All throughout that phase, from the conclusion of the contract to the end of March 2012 it turned out that they were a perfect match and we pursued the same goals. I wanted to stay connected to the company in a counselling function and was convinced of maintaining a trusting co-operation with Avedon.

How is progress until today?

As envisaged, our co-operation worked out positively. There are regular meetings

and control reports, so, being a member of the advisory board, I always feel well informed. In legal terms, I might not have any decision-making powers, but current practice has it that we come to unanimous decisions in important questions: This starts with the annual planning, or anything that concerns pros and cons of additional acquisitions and so on. Fortunately, the company has continued to grow, for one thing in an operational sense because of us being able to gain new customers and for the other it has grown because of an acquisition we made about one and a half year ago. Our debt collection business is well positioned on several pillars: mobile telecommunication, energy and insurance fees.

Thank you for the interview.