

Case Study



Video Arts

Leading a management buy-out

John Lowe began working at Video Arts as a senior interim executive. Then he took over as interim managing director. Eventually and unusually, he ended up staying on permanently as managing director, leading a management buy-out and taking on an interim financial director to help with the transition.

“When a company is at a crossroads, as we were, and it does not have the right person to advise and implement change, an experienced interim executive can be a lifesaver,” Lowe explains. “I had operated in similar situations before and was able to act with knowledge and hindsight. Unlike a consultant, I also had the authority and experience to do what was necessary.”

Video Arts had been consistently successful in using well-known faces and humorous scripts to produce training films since the early days when the original owners, John Cleese and Anthony Jay, were involved.

But the management of the business and its strategic direction needed some help. The company needed redirection. The brief to BIE was to find a general manager who could inject energy and enthusiasm into the business and who could provide fresh ideas. This was ideal for interim management because there was a specific, short-term brief which needed the expertise of an individual who was not involved in the politics and history of the organisation and was focused on the key tasks.

This is the type of project where interims perform best. BIE needed to source an interim who would bring in new thinking and direction, would challenge the existing culture and who was available quickly. John Lowe had worked in three similar situations in which a business needed reappraisal and change.

Within days he had moved in at Video Arts and taken the reins. There were several key decisions to make at Video Arts. In a relatively short time following John Lowe’s appointment, regional offices and the US office were closed and a new distributor appointed. The product range was rationalised and reduced.

In addition, Video Arts started research on a new strategy to take the business forward and in particular to concentrate on the delivery of video, interactive multimedia and online products. The company was determined to leapfrog the competition and develop the latest technology.

During the same period the owners put the business up for sale. John Lowe led a management buy-out backed by Dresdner Kleinwort Benson Private Equity and management transaction specialists Invex Capital. To help with organising funding for the MBO, John Lowe urgently needed a financial director. He contacted BIE who provided Richard Gerlach within three days. Gerlach helped with the final stages of the MBO.

The management buy-out of Video Arts was completed successfully. “The key to the success of the MBO was in recognising that change was inevitable and then planning for it wherever possible. Both Richard Gerlach and myself had faced the types of risk associated with this sort of deal many times before and, therefore, when the unexpected came it did not blow us off course,” says Lowe.

“There are great opportunities to exploit the strengths of this company in the new technological age. We have already launched a range of e-learning products which have been well received and we aim to continue to produce the best business skills training product for distribution across a wide range of formats, including company intranets and the internet, using the latest in digital technology,”

Lowe continues. “As we continue to grow, I have no doubt that I will need experienced people to step in from time to time and will have no hesitation in employing interim executives.”

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