Victoria Beckham nets £30m investment

Neo Investment Partners has taken a minority stake in Beckham's fashion label.

Victoria Beckham has gained private equity backing for her eponymous fashion label.

Neo Investment Partners has invested £30m (€33.6m) in Victoria Beckham Limited. The firm has taken a minority stake in a deal which values the company at £100m, *Business of Fashion* reports.

Founded in 2008, Victoria Beckham offers clothing, accessories, footwear and eyewear. Its products are designed at two ateliers in London and are mostly manufactured in the UK. Victoria Beckham goods are sold at two flagship stores in London and Hong Kong and through a further 400 stockists in more than 50 countries.

Last year Victoria Beckham Limited reported turnover of £36m. Revenues for the first half of 2017 indicate double-digit growth.

The company employs 180 people worldwide. It was previously equally owned by Victoria Beckham, David Beckham and XIX Entertainment, the agency owned by former Spice Girls manager Simon Fuller.

"Neo is the perfect partner to now accompany us on the next step of our journey: they understand my vision and my wish for the company to retain its independence, as well as my commitment to continuing to develop the brand with a unique, forward thinking approach," said Beckham.

Neo Investment Partners specialises in consumer-facing businesses. The London-headquartered firm's portfolio includes French bakery chain Paul, hospitality company Experimental Group and interior design brand Tom Dixon.

"Victoria Beckham is one of the most exciting entrepreneurs I have the pleasure to work with. She is an inspiration to millions of women around the world and she has built a unique, differentiated luxury brand with a strong identity and very high potential. I am delighted to be working with her and her team to reach the brand's full potential," said Neo Investment Partners founder and managing partner David Belhassen.

Argos Soditic closes seventh fund at €520m

Argos Soditic has closed its seventh fund, Euroknights VII, at €520m.

The firm had planned to close the fund in the first quarter of this year. However, as *Real Deals* has previously reported, market uncertainty surrounding the French presidential election, regulatory issues and the shift from some LPs away from European mid-market funds delayed the close. The firm told *Real Deals* in September, at which point it had raised around €400m, that it would close the fund in November, whatever the sum raised.

The fund originally had a target of €550m with a €650m hard cap. However, Argos Soditic agreed a limit of €520m with some of its new investors for which it was oversubscribed, the firm said in a statement.

Just over 40 per cent of commitments came from Europe, 34 per cent from the Asia-Pacific region and the Middle East, and 25 per cent from North America. The majority of investments are from pension funds, funds of funds, sovereign wealth funds and insurance companies and are relatively evenly spread among these four groups.

The firm has deployed around a third of the fund in five investments, including aerospace services provider Revima, home fragrance business Lampe Berger, inflatable boat manufacturer Zodiac Milpro, and Italian food packaging group Fabbri Vignola.

Argos Soditic's previous buyout fund, Euroknights VI, closed at €400m in 2011.

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What got you there, won't get you there

Dealmakers are looking for new angles. The old recipes for value growth are no longer adequate. It's the story behind innovative new models: more pre-deal advisers and assertive operating partners post-deal. Driven by the invisible hand of hyper-competitive markets, they are logical steps to de-risk, boost and accelerate returns.

But the uncomfortable truth remains – deals have become riskier. Value growth is increasingly linked with the portfolio company mastering an inflection point – expanded product offering, internationalisation, new business model, etc... There are many possible dimensions. "Business as usual" is not one of them. And, with inflection points, even perfect market, financial and legal due diligence is of limited help to assess implementation risks. A consistent track record of past success reveals little about the company's capacity to master the next step. The value drivers are different.

The most successful management teams, who are rightfully proud to have guided their company to a high exit valuation, often don't know what they don't know. What does it take to master the next phase? They and their private equity sponsor frequently realise too slowly that "what got you there, won't get you there".

Is the management team open to learn? Are they asking the right questions about what is needed to succeed with the next phase of growth? Are they secure enough to question even their own capabilities and roles going forward? They are difficult questions. So how can the sponsor and management move beyond imperfect and subjective information on what is actually needed to "get you there"? To anticipate needed changes in structures, processes, people and systems to accelerate implementation of the value creation plan?

Getting started before the deal with rigorous management and organisational due diligence is a good idea. Even in competitive auctions, smart buyers use available access and information wisely to triangulate the small signals and get beyond management's rehearsed pitch. Precisely formulated questions on critical management practices can be revealing. They indicate the level of management awareness and process maturity.

However, if management has not experienced the required leadership and communications processes needed for the next step, it is very difficult to articulate these. This is where a systematic, post-deal assessment of management practices in the context of the value creation plan is a powerful catalyst for enlightenment and change. In particular, the use of analytical tools, such as Humatica's management process "maturity model", enable fact-based benchmarking of competence and maturity levels in areas critical for next stage growth: sales, marketing, finance, performance management and HR.

Mastering the inflection point; getting management to see what they are blind to; to do what they don't know how to – these are the new value growth challenges for sponsors and senior executives alike. And the benefits of success are not just financial. In the process, both groups learn more about themselves and what it means to be an entrepreneur.

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Hard Facts for the Soft Factors