

## KINETIC GROUP BECOMES EMPLOYEE-OWNED

Recruitment and payroll services group Kinetic has followed the John Lewis model by becoming an employee-owned company.

Managing director Neil Smith said the move would preserve the culture and independence of the group while ensuring staff share in its success.

Neil, 58, a former president of Greater Manchester Chamber of Commerce, was the majority shareholder with a 75 per cent stake. The family of the late founder Terry Maunder held the remaining 25 per cent.

The shares have been transferred to an employee ownership trust but Neil said it is business as usual, with the current directors and managers remaining in charge of the day-to-day running of the group.

Financial terms of the transaction have not been disclosed.

The Kinetic group of companies comprises staffing divisions Kinetic Recruitment Services and Kinetic Nursing, along with Pay Partners, which provides outsourced payroll services to small and medium-sized businesses.

Kinetic Recruitment Services, a manufacturing and engineering recruitment specialist with over 3,000 clients, is the largest division.

The group has its headquarters in Stretford, Greater Manchester, and operates from eight other offices nationwide. It employs 62 staff and generated revenues of £22m in its latest financial year.

Nigel Barratt, the head of HURST Corporate Finance, and Liz Gallagher an associate partner in HURST's tax team, advised Kinetic on the creation of the employee ownership trust. Mike Blood of JMW Solicitors and Stephen Hadlow of Turner Parkinson provided legal advice.

Neil said: "I wanted to preserve the culture and independence of the business and for a number of years I had been looking for the right structure that would safeguard these key principles without selling it to a third party.

"The employee ownership trust model is an ideal fit for us."

He added that the trust board, of which he is a member, would not set the group's business strategy.

"The shares will be held by the trust for the benefit of all employees, but it is business as usual," he said.

"Although the ownership structure has changed, the directors and managers continue to run the company. Salaries, contracts and reward structures remain the same."

In addition, a third of the company's annual distributable profits will be divided equally between the staff, he said.

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“This ensures the staff share in the overall success of the business and are truly respected as the company’s greatest asset,” said Neil.

He said Kinetic’s staff received the news positively at a series of roadshows about the new structure.

Neil urged other business owners who are weighing up their options to consider the EOT route.

“It’s definitely an alternative that should be taken seriously alongside a management buyout or trade sale,” he said.

Nigel Barratt said: “I have advised Kinetic over many years so it is really pleasing to have been involved in this transaction.

“We see real benefit for all involved in transferring ownership to an employee ownership trust to ensure that Kinetic remains an independent business committed to long-term, sustainable growth.”

Earlier this year, HURST set up a specialist team to meet growing demand from companies looking to become employee-owned.

Around 250 UK companies have adopted the model since the government introduced EOTs in 2014.

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