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Dutch firm buys Pareto Law

By Mike Fahy

The founders of Wilmslow-based Pareto Law have sold a 70 per cent take in their fast-growing graduate recruitment firm to Dutch-based Vedior for an undisclosed sum.

Co-founders Jonathan Fitchew and Andrew Sawyer have each sold around 35 per cent of the business they founded in 1995, but Fitchew said that a "small amount" of shares had been put aside for key members of its management team.

Fitchew told *Crain's* that the amount paid was subject to a confidentiality agreement, but it involved a "significant" cash payment upfront, plus further earn-out elements in years three to five. "The business was turning over £8.5m and made net profits of £2.5m, so it had to be significant for us to want to part with it."

The deal was completed at the end of March, but the announcement had been delayed so that the firm could inform its staff. Fitchew admitted that beating the pre-tax year deadline of 5th April — when capital gains tax rates increased from 10 to 18 per cent — was an incentive, but the attraction of joining the € 8.5bn, 17,000-strong Vedior group was the main attraction.

The Dutch firm, which is itself in the midst of a merger with fellow Dutch recruiter Randstat, typically takes stakes of between 51 and 85 per cent in acquired firms and provides the necessary support to help them grow the business internationally. For instance, it purchased a majority stake in construction specialist Hill McGlynn in 1999 when it made profits of around £1m on turnover of £10m, but international growth has since helped to push profits to £8m on turnover of around £100m.

"If I wanted to open in Australia tomorrow I could do it, but I don't know the market, how we'd go about funding it there or the way the legal system works. We had received approaches by others who just wanted to acquire 100 per cent of the business, but this allows us to carry on building the brand as well as banking some of the proceeds from the 12 years' hard work we've put in so far."

Fitchew said the firm planned to make Pareto Law its main brand for graduate recruitment globally and its head office would continue to be in Wilmslow. **Pareto Law was advised on the sale by Manchester-based Cole Associates** and law firm Pannone.