

Case study Transferring from mail order to online retailer

M and M Direct

UK's leading online discounted apparel business

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Funded by



In 2004, ECI backed Mike Tomkins as a buy-in CEO in a deal to buy this mail order discounted sports business from the founders.

Strategy

- The senior team was enhanced over the investment period with Peter Chappelow joining as Chairman and new buying, marketing and finance directors being recruited.
- It was repositioned from being the UK's leading mail order discounted sports business to being the UK's leading online discounted apparel business through:
 - The broadening of its product lines away from its sports roots to include fashion and lifestyle clothing. At ECI's exit, it sold more than 230 brands of men's, women's and children's apparel and footwear.
 - Through increased expertise in online lead generation, substantial IT investment and astute merchandising, online sales grew from 25% of orders to over 70%.
 - Extensive rebranding

Performance

Throughout ECI's investment period, sales grew strongly at 18% per annum to £80m, profits grew at 28% per annum and employment doubled from 300 to 600, a growth rate of 24% per annum.

ECI sold the business to TA Associates in October 2007 for an undisclosed sum. ECI achieved returns of 4.4x money and an IRR of 59%.

Investor:	ECI
Location:	Midlands
Sector:	Apparel Retailer
Stage:	MBI – 2004
Exit:	Sold to TA Associates in 2007
Company Website:	www.mandmdirect.com
Investor Website:	www.ecipartners.com

“ECI have been a great partner to work with as they allowed the management team to run the business without any interference but were there for us at all times. Such support throughout the investment period has allowed the company to flourish, deliver outstanding results and double its workforce. The company is now extremely well positioned for further growth under its new ownership”

Mike Tomkins, M and M Direct