



## THE ASCENT: A TENZING PODCAST - STELLA DONOGHUE

### Title:

Stella Donoghue talks kismet, hotel secrets and multiple exits.

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### Episode Overview:

Kicking off Season Two is Guy's conversation with super-exiter Stella Donoghue, who, as CEO of [Phlexglobal](#), took the company through three private equity sales in five and a half years, exiting the business herself in 2016.

Stella is one of those leaders who's lived many different lives in business, starting at age 17 when she won UK Young Entrepreneur of the Year with her own restaurant in Ireland. However, in spite of her success, coming from a prominent family of high-achievers and academics, it wasn't the route her parents had imagined for her, and marked her out as something of a black sheep, compounded three years later when she sold the restaurant and moved to London to undertake a degree in hotel management and accountancy.

A period at London's finest hotels culminated in a few high-octane years at Claridge's, tending to the needs and whims, not just of the super-rich and famous, but potential targets of terrorism, too. However, it was after leaving the heady world of hotels behind to study for an MBA, that Stella found herself - almost by chance, after a random conversation on a treadmill at the gym - landing a role as part-time CFO, and then very quickly full-time CEO, of Phlexglobal. What followed was a period of rapid growth, both at home and internationally, together with big career milestones, giving Stella a deep understanding of private equity, and a raft of invaluable insight and experiences.

### Quick-fire Round:

- **Favourite book?** The one I've been coming back to recently is *[The Lean Startup: Eric Ries](#)*. I think it's really interesting - the whole concept of five iterations of asking why, usually gets you back to the root cause of things.

- **Most inspiring or inspirational person?** I just remember being really inspired by Judith and Fergus Wilson. I didn't like what materialised about some of their methods, but I liked the fact that these two people started out like anyone else - just *let's buy-to-let a few houses* - but they weren't afraid to scale it, and they did it properly, and they did it mathematically.
  - **Advice for succeeding a founder?** You're all just custodians of the business for a period of time, so I think you have to respect the founder and absorb the history. And you will always do it different to the founder, but in many ways, it could be better because the founder often had particular reasons why it was set up in that way. The only time where I think you can come in and change things immediately is if the business is in severe danger of going bust, but other than that, listen and learn, but you don't have to replicate the same things, and you can do things differently. People move on and they won't always be thinking about the founder.
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GUY

I'll start right at the beginning... So, growing up, what was your earliest entrepreneurial memory?

STELLA

Oh, very early, actually. I set up a restaurant two days after I left school. What had happened was I had been very interested in food and cookery at a very young age. This was encouraged by my mother and I went to work in restaurants in the summers when I was 15, and then I came up with this idea that actually in this particular town in Ireland, there was no daytime restaurant, only evening restaurant and pubs. So I would do a daytime restaurant. So I was planning this, I won't say with my family support, but they weren't against the idea, but they just thought I was crazy. And then I entered a competition, which was actually the Young UK Entrepreneur of the Year and won the whole competition, which was very gratifying because it also gave me the money to start it up. And then literally I left school, I got on the train, I moved away, and my restaurant opened two days later, and I had it for three years, and then, in fact, I sold it on because I was then moving to London to continue my career in hotel management. So that was my early venture into business, and in many ways, the most exciting entry.

GUY

Yeah.

STELLA

It all went downhill from there on!

GUY

So from the age of 15 you were planning it in the back of your mind?

STELLA

No, I only planned it really from the age of 17. So I had done this job in the restaurant for three summers, and I was coming to the end of that, and I was thinking *oh well I'd quite like to keep coming back to this place*, but I had done the same job for three years. I was the kind of number two chef in the kitchen, and I wanted to do something different. So I just thought, *well, I will do the daytime restaurant myself*, because the town did need it.

It never occurred to me as odd, whereas actually, most people thought it was odd.

GUY

Were your parents entrepreneurial?

STELLA

My father was a professor and a writer, and my mother was one of Ireland's first air hostesses when Aer Lingus started. In later life, she was a teacher and a career guidance counsellor - so not an entrepreneurial microfibre either in them or in anyone else in the whole family.

GUY

I understand you had quite a few brothers and sisters.

STELLA

Yeah, so there's seven brothers and sisters - so eight of us. And my oldest brother, he was the Irish ambassador to the United Nations. He was ambassador to Russia, and a number of other countries in his career. And then I had one working in the European Commission. One is a musician - she's a clarinettist. Another is a CTO in California. My youngest sister is quite a well-known writer, actually. She's published a lot, and she was actually shortlisted for the Booker Prize, and she was an Oscar nominee for a screenplay. So a lot of them are kind of in the Arts, but not one of them has ever gone into any kind of business that they've set up, and would have no aspiration to do that.

GUY

A high-achieving family. How much do you think that impacted you as your career has developed?

STELLA

Well, we were a massively high-achieving family, and this was driven by my father - an extremely high-achiever in his field - and we were brought up in a very disciplined, academically-focused environment. So if you didn't have, you know, multiple degrees, you kind of didn't register in his approval ratings. So even though I was perfectly good academically, I was not quite the top of the family, and that probably made me want to do other things, because when you're being compared in school too, "*you're not as good as your older sister and you're not as good as your younger sister*" etc, you actually, I think you try and find something different that you are good at. So I do think that's probably why I steered totally away from academia and went into business. It's funny; it really did take a long time to get the approval ratings from my parents. My parents were horrified when I went into the hotel industry, for example. They saw that as being a kind of get-your-hands-dirty, hardworking industry, and they couldn't understand it. I think the role where I first got a sign of approval from my father was when I became finance director of Claridge's; and my father was quite a snob, underneath it all, so when he saw me at Claridge's, he kind of thought, *oh, actually, this isn't that grubby after all*.

I think we all kind of vied for the approval, and it was a very hard race to be in because I was never going to win. So I suppose I went and did my own race, separately.

GUY

So setting up a restaurant straight from school, winning the Young Entrepreneur of the Year award, by most people would be a big credit, but at the time your parents were not particularly plussed by it...

STELLA

Didn't even feature, really, and no, that was not a measure of success in their eyes.

GUY

And why did you sell the restaurant - you were three years in; it's a hell of an exhausting and tough place to be, but fun.

STELLA

Well, I moved to London. So in Ireland at that time, really in the hotel industry, you moved on, the hotels weren't very good in Ireland at that point - you definitely moved on. So I was going to university, basically in hotel school, and I had to go away for a year, and I had a choice between Switzerland, or I could have gone to London, and I chose London, because in London you would get really good business experience in the hotels, whereas in Switzerland, you would spend your time in the restaurants and the kitchen. So at that stage, I knew that the business side of it was what was interesting to me. So I actually went to a very large hotel in London, which is a Copthorne Tara hotel, but it was owned by Aer Lingus. And I got brilliant training there in the business end of the hotels, which was actually really interesting. So because I was moving to London, I sold the restaurant and then I actually stayed on in London because I decided at the end of that stint that I wanted to become an accountant, not because I wanted to practice as an accountant, but I was persuaded that accountancy was the best business training that I could have. So I joined Stoy Hayward at the time because they audited a lot of hotels, and I thought, well, if I really hate accountancy, at least I get to audit hotels and probably go into the hotel consultancy.

GUY

So how long were you in hotels before you moved into accountancy?

STELLA

Well, really, straight after I finished my degree in hotel management, I then went into accountancy, but with a view to being in hotels. So then I qualified to be with Stoy Hayward, and then I went back into hotels. So I went back, and I worked for Hilton, I worked for Radisson, I worked for One Aldwych. I worked for Claridge's, Savoy Group and then at that point, I thought, I'm in my early thirties, I've been finance director of Claridge's and The Connaught, and actually, I'm not going to learn an awful lot more by just going to The Dorchester next, or to The Lanesborough, and generally that was what was happening - it was the same group of finance directors just swapping jobs up and down Park Lane, and I just thought, *well, I can't see much point in that.*

So I decided that I wanted to switch into something else, but actually found it really difficult, because you're very much pigeonholed into hotels. So I went off to Cranfield, and I did an MBA, thinking that was probably the best thing to do to broaden out my experience. So I did that, and at that point, I set up on my own as a finance director, providing portfolio finance director services to small businesses. I would like to say businesses who didn't need a full-time CFO, but actually, it was businesses who *did* need

a full-time CFO but couldn't afford one! And so, what that really gave me was... I have a low boredom threshold, and I don't like actually doing any one thing for long, and I found that I was moving jobs quite often in the hotel industry as a substitute for this kind of boredom thing. So I thought rather than move jobs every two years, which you can do in your twenties, but you can't be doing it for the rest of your life. I thought, well, actually, if I have a number of small jobs rather than one big one, that would satisfy that, and it did really. So I really enjoy portfolio type careers because of the variety I get.

GUY

You must have had some amazing experiences spending your twenties and early thirties in hotels. You must have some really interesting stories from those days.

STELLA

Oh, I have probably three books-worth! Really. Most of the best ones were from Claridge's, because the clientele is so bonkers, and it was wealth that you've never seen before. It was an amazing time, actually, just to see how the other 5% live is just crazy. I still have memories of the Dalai Lama walking around the lobby in all his gowns and then a leather jacket on top of that. And checking Richard Gere into his hotel room, and he was in his monk phase of like, "oh, I don't need anything except a bed and a loaf of bread and some water." So I was in a particularly belligerent mood with him - I was showing him to his penthouse suite, and he was saying, "oh, I just need a single bed" so I said, "fine", and I brought him to the grottiest room in Claridge's. Now, even by Claridges' standards, there are some rooms that are not very attractive, like single room behind the lift, that kind of thing. So I brought him in there and said, "well, would you like this instead?" and he just said, "oh, I don't want to put you through the trouble of moving me. I'll go back to the first room", so he scuttles back off to his penthouse suite, you know, but it was really good fun, and very theatrical. It's a show that people are putting on at Claridge's and really interesting, but brutally hard work. They all are brutally hard work behind the scenes. I mean, there's no such thing as an eight-hour day in hotels. No such thing. It's fascinating, but relentless.

GUY

I think it teaches you - because it's not a very well-paid industry, as you say, and it's super-hard work - but it really teaches you how to try and motivate people in non-economic, and manage people in non-economic ways, which I think probably stood you in good stead later on.

STELLA

Oh, it teaches you to work hard, and it also teaches you that if all else fails, I could go back and earn a living serving dinners or something, and worse things have happened, you know.

GUY

Glenn tells me you once got shot at or something like that?

STELLA

No, I didn't actually get shot at, but I was duty manager when Benjamin Netanyahu was in the hotel, and it was a very high-security visit, and we had police trained with guns on the building opposite, trained on his windows in case there was an attack, and we basically had to clear his room - you couldn't have curtains or anything; anything to make it so that nobody could hide there and attack him, basically. But even still, despite all this, they decided that it was still too high a risk for him to be in the hotel, so they were going to spirit him out to some safe house up in Park Lane, but the whole point was not to let people know that he had been moved. So, we had to go under the pretence that he was still in the hotel. So anyway, he gets out through the staff entrance, out of Park Lane, and I'm the duty manager, so I'm still having to go through the motions that we've got this guy in the hotel. I do that, and then at a certain point, I say, "actually, I'm going to go home now cause he's been gone for three hours", and they said, "well, no, you can't, because if you go home, we have to release the security bubble outside the hotel, and therefore they'll know that he's gone. So you have to stay." I said, "okay, well, I need to take a room", but the only room in the hotel was Netanyahu's room. So at this point that I had to go to bed in his room, and I'm lying in the bed thinking *this is nuts* because the police with the guns were still there. There were no curtains. I just thought I would be shot at in this hotel room. So I did the only thing you could do, which was... the bathroom had no windows, and so I literally went into the bathroom, and I took whatever bedding was left, and all the towels (because in Claridge's, each room had 26 towels) so, I kind of lined the bath with towels and then lay in the bath for the night on the basis of, nobody could actually shoot me through the bath. Yeah, that was a rather nuts experience, but there were so many, I mean, I could be hours, usually with a glass of wine telling people about my Claridge's experience. Someday it'll come out in a book!

GUY

So you then transition to kind of like, pay for a quarter of an FD, but get a full FD job. Is that what led you initially to meeting the founder of Phlex?

STELLA

Yeah, absolutely. So I spent a number of years, like about seven or eight years, doing that very happily, and one day I was on the treadmill, I was with a personal trainer, and he said to me, "have you got any free time?" and I said, "I do actually, yeah, because I've just finished with one particular company." And he said, "oh, because the woman who was on the treadmill before you, she needs someone to help her out with the finances." So I said, "okay, I'll go and have a chat with her" and that turned out to be the founder of Phlexglobal. So I joined the business on a part-time basis - I think I was supposed to be there a day a week. I broke my rule very early on... I had a rule about not investing in the clients' businesses, so I broke that really early on, and I invested in the business. And then, she wanted to sell the business, so I said I would obviously help her sell the business. So, we sell the business, but I didn't expect to be staying on, and at this point, I'd had to pretty much give up most of my other clients because, you know, a sale is pretty full-on, but then Inflexion persuaded me to stay on and run the business, which I hadn't been expecting at all, but actually I really enjoyed it. So I stayed on, I gave up my portfolio career. I committed completely to Phlexglobal, and I ended up staying there until... well, I went through the Inflexion period of ownership, then the Bridgepoint Development Capital, and then I left at the point where we sold it to Vitruvian in 2016.

GUY

So when you first met her, the business was in need of support, wasn't it?

STELLA

It was desperate. The turnover was about £4m. She told me it was break-even, but actually when I sorted out the finances, it had lost significantly - it lost about a half a million that year. So it was a total turnaround situation. I mean, very close to insolvency for a significant period of time, which is actually why I invested - at one point, it was literally to help pay the payroll. So yeah, it was a big turnaround, and then we were very lucky. We won a very large Pfizer project. We persuaded them to pay us upfront for big chunks of it, and it enabled us to clean up the balance sheet and that, because otherwise, the business was unsaleable. So we did the turnaround, and then we were able to sell it. And we were very pleased with the price at that time because we had no idea what it was going to turn into over the next two exits. It was, you know, transformed.

GUY

And Phlexglobal, for those that don't know, it was doing clinical records.

STELLA

Yeah. It's document management for clinical trials. So, it was a lot of scanning pieces of paper, attaching metadata, indexing, filing. At the time, it was almost fully paper-based. We were making about 10% of the revenue on software and about 90% on services at that point. Everything was based in the UK. We were also just providing staffing, as well, to pharmaceutical companies.

It had actually started as a recruitment and staffing business, but over time it morphed into much more of a software business. So probably about 70% software revenues, 30% services. We really developed our own software, and it went very well. It was a very successful turnaround, really.

GUY

Obviously you had put some money in to keep the cash flow alive, but were you attracted to the people you're working with or the industry? Why did you start to focus more of your time there?

STELLA

It wasn't the industry, because actually, I didn't really know anything about the pharma sector at that point. I think it was the fact that I could really see scope for improvement. So I could see all kinds of ways where I could really make a big difference to this business. And I felt that quite a lot of relatively small tweaks would make an enormous amount of difference, and they did. And I've kind of since then, I've always really applied that logic of, you can do a lot of small things, particularly around pricing and productivity of staff and that, you know. You're not looking for enormous jumps, but actually, you do quite a lot of tweaks, and they can make a really big difference in the end. So I suppose it was that, and the fact that the founder, she pretty much gave over control of it to me and more or less said, "you've got the go-ahead to do what you want, really." And I really enjoyed that, actually. I liked the whole turnaround experience, and then I loved the sale process, the exit process.

If I look at a business lifecycle, I love the exit process more than anything, because I love the whole thing of getting the business ready for sale and making sure that you've ironed out all the little niggles and that you've kind of shown all the best light of it, you're really organised so that when they come to do due diligence, you've answered every question, you've got everything ready. And what really stuck with me was, people focus on increasing the revenue and the EBITDA, and yes, you will sell the business for more if you do that, but actually, if you can increase the multiple as well, you get double the

value out first. And I really focused on, through the various exits, all the things I could do to increase the multiple. And that was really satisfying, actually.

GUY

So you came to the exit for the first time; you'd basically been empowered explicitly. It wasn't like you were the CEO, but effectively, if you look back, you were kind of doing all the CEO-type roles without the title. And then you went through an exit, and I suppose you were considering all exit options, but it effectively ended with Inflexion and private equity.

STELLA

Pretty much. It never occurred to me that I would stay because I assumed that was the end of the journey and that it should be somebody from the pharma services sector, of which I really had no experience. So I think what happened was, I think Inflexion went out looking for a CEO and CFO team to parachute in (because I was still doing the CFO job as well) and various people came along and either they didn't like it, or we didn't like them. And also, I think it's quite hard when it's a really niche business, it's quite risky, I think, to put new people into it... and bear in mind, the founder was leaving straight away. And I really was the one with all the in-depth knowledge of the business. And if I were to leave straight away as well, that could have been problematic. So it never occurred to me that I would do it, but I think Inflexion tried to find people, didn't, and then really said to me, "look, if, if you won't do it, then actually it's too risky for us, we're going to pull out of the deal."

This filled me with dread. I just thought I didn't want to do it, but I just thought to myself, *I can't see this deal fall apart now* because, you know, we had gone through so much and mentally the founder had moved on, so if it had all fallen apart, it really would have been disastrous for the business. So I innocently thought, *oh, well, I'll do it, and then if I don't like it in a few months time, I'll just tell them I don't like it*. But of course, that's not quite how it works with private equity... and actually, I did like it. I really enjoyed it.

Very soon after we did the deal, we opened the U.S. office, and I did that. Literally five weeks after we completed with Inflexion, we opened up in Philadelphia, so that was really interesting to do. And then, later on, we also opened up in Poland, and that was transformational for the business.

GUY

So both those are major corporate steps that a number of PE-backed businesses are looking into, but before I dig into those, just simplify the succession - so the succession had kind of already happened because the founder effectively stood back so far that you were doing the job in all but title, or did you feel like, okay, now it's a changing of the guard?

STELLA

Oh no, it was a changing of the guard because even though behind the scenes I felt like I was running it, in reality, I wasn't the front person at all. Like, she was the front person right up to the end. And in fact, I do remember having to stand up in front of the business and say that I was their new CEO, and the look of shock actually across the business, because I don't think they really saw what I was doing behind the scenes, and they just thought, *this is the finance person coming in*. They never saw me as part of the business. I mean, I think they were shocked that the founder was leaving, but I don't think I was the natural successor in their eyes.

GUY

That's a huge amount of change management, culturally, in the business, pretty much on day one. Did you work through that logically, or was there a plan that you had in terms of how you'd approach that?

STELLA

My biggest worry was that because I had gone in as the finance person and the business had been needing to go through a turnaround, and I'd had to make all this cost-cutting, and I'd had to make people redundant and do all the unpleasant things... I mean, there were various nicknames for me, and one was Fred the Shred... so I had a bit of an uphill battle to get over that. So, I hadn't really - this sounds terrible now - but I hadn't really taken the time to get to know the individuals, because there's almost like I'm slightly afraid to, because I don't know whether they'll still be here in the future. And because I was juggling other clients as well, I was doing a lot of work in the evenings and weekends and all that, and I kind of didn't really take part in the day-to-day life of the business. So my nervousness was, *oh my God, what am I going to do with these people?* because the people side of things was not at the time, my preference, at all.

So I made two commitments: one was that I would no longer walk around the building with a calculator in my hand, which I had always had the inclination to do because, you know, I never liked to be far from a calculator. And the other, that I really had to get to

learn people's names, but of course, some people I'd been seeing around the corridors for two years, so it was a bit late to say, "so, yeah, what's your name?" So I got all the photos, you know, the way HR will have the photos and the names? So I would try and memorise people's names. And then, if I was talking to someone and I didn't know who they were, I'd go back to my office and try and find them on the picture graph and say, "okay, that was John, is it?" And it's funny, because really when I left the business, the bit I missed was the people. So I really did make that transition, not just for the sake of business, but I actually made it genuinely. I really enjoyed the people side of it in the end, but it took a while to shake off the Shred skin!

GUY

So you're going to America within weeks. That's normally something people procrastinate over for years, so how did you identify that?

STELLA

We were doing it before Inflexion bought us, so it was happening anyway. And we literally looked at where our customers were based, and they were based everywhere from Boston down to North Carolina. Then I did a bit of research on which state was best, from a tax point of view, to operate in, and not so much tax, but labour costs, property costs... I came up with Pennsylvania, contacted a few real estate agents, one of them responded to me, so I went over on a plane and met with her and told her what we needed and drove around lots of empty office buildings and chose the one, and set up the whole thing. It really probably took about four months to set it up. But you can do these things quite quickly if you put your mind to it.

But the good thing was, we kind of knew our U.S.-based customers would give us work because they had always wanted us to be in the U.S. because they didn't like sending paper documents to the UK. So we knew that as soon as we were ready for it, they would give us work. And it grew fast.

The first intake was 20 people. It didn't help that three days before the office was opening, the person we had appointed as general manager and who had interviewed all these people, signed their contracts and was ready to start on Monday morning, he dropped out of the job on Friday night, and he sent me a text message saying he'd decided "it's not the job for me." That was really annoying. I literally had to fly over on the Sunday and be there on the day that we opened, just to have somebody there. But we started with 20 people, and I think when I left Phlex, I think we had about 85 people in that office. So that was a successful office, and they're still there - they're still in the same location and everything there.

GUY

And then Poland, was that a tech thing?

STELLA

No, interestingly. So, Poland was actually to prevent us going to India. So, the board at the time, which was Bridgepoint, they came up with this idea that we should open in India and have a low-cost location. And I just knew that going to India would kill the business, because we were a very stretched, hands-on management team, we could just about deal with the U.S. time zone, but we didn't want to add in India. And also, it was quite a heavily female management team - because pharma services often just gets a lot of females - and I just knew people didn't have the capacity to be going off to India for two, three, four weeks at a time.

So I persuaded the board that India would be a mistake and that we should look to Eastern Europe instead. And then I literally put a pin in a map. So, I narrowed it down to Poland on the basis that Bridgepoint had an office in Poland, and therefore they could help us out. And then I just did the same desktop research of which city would be most appropriate, contacted a few people, went over there and met the right people, and found the right office and set up. And, again, started with 20 people, and I think when I left Phlex, I think it was at over a hundred people. So, Poland has become the future of Phlex, really.

GUY

And the tech - I think you said at the start the relationship it was like, 10% software and 90% services, and you inverted that as you built the business?

STELLA

Yeah. So we really had to do that. But actually, the tech was done in the UK, because we actually acquired the business that developed our tech. So we outsourced initially to this business, and when Bridgepoint came in, they said, "that's quite a risk to be outsourcing the development of your tech to a small business that wasn't the most financially sound business." So they said it's probably a good idea to look at buying it. So we bought the business and integrated it into Phlexglobal, and it has been a very successful move, and it is just now, still there. And so that was over in Colchester; they're still in Colchester.

And then when we had opened up Poland, we looked at recruiting techies in Poland, but actually, it was really difficult to do because the kind of technology Phlexglobal had was not... it was not leading-edge technology. And if you try recruiting techies in Eastern

Europe, first of all, there's not always a saving, and they all want to work on the real cool apps and stuff. They didn't actually want to be working on what we were doing. So we tried, but there was no advantage. We actually found it better to recruit them in Colchester. So we continued recruiting in Colchester. It just didn't work. You have to be a tech business to recruit them in Poland. You can't just be a document processing business that has a few techies - they've no interest in that; they have their choice of places to work, especially now when they can work from anywhere remotely. So, yeah, that part didn't work.

GUY

So you'd gone from being an accidental CEO, never having planned to be, and now you're moving into areas of geographic expansion and tech decisions. How do you go about approaching something you don't understand or don't have domain knowledge, because you also talked about always anticipating somebody from the pharma sector to run the business. How do you think about all that now?

STELLA

I mean, obviously, there were loads of people within the business with pharma experience, so I'm never afraid to ask the stupid question. So that was fine. And, you know, I had a very close working ally who really was the salesperson of the business, and she was pharma services through and through. So that was fine. I think technology-wise, tech was the hardest thing, because a project like opening in another location, nobody is born to that, you just work that out in a project plan, you work out what needs to be done, and you talk to whoever you can and get all kinds of input. Some of it's useless, some of it's really good, but you don't need special skills to do that.

On the tech side, one of the things that Inflexion insisted on was that we recruit a CTO. So we did get a CTO in, and really that started the transformation of tech in the business. But it's like everything else, you just research what you can, you ask the right people, you just plan it out like any project, but I certainly had a lot more confidence opening offices in different locations than on the tech side of things.

GUY

So hiring a CTO is also a quite daunting prospect for a lot of non-techie CEOs. So, how did you know what to look for and get conviction in that?

STELLA

I mean, that was difficult, actually, mainly because we weren't really a tech business. So actually attracting a CTO to the business was hard enough. So when I say we, it's mainly myself and Karen Redding, who was the sales business development person, and we did find that many of them were very patronising. They were all male, they came in and kind of said, "don't you worry, I'll sort this out." They were quite arrogant. I think one of them even told me that he'd be quite happy to be the CEO of the business as well. And it's like, what?

GUY

Stand back..!

STELLA

So we interviewed lots of people. We had a good headhunter on the job. We involved Inflexion at the time, but yeah, it's trial and error really. I mean, CTOs, I think, are quite hard to interview because they're harder to reference than CFOs, I think. But like all the senior people, I think it's really difficult to be sure you've got the right people. It's like now, the biggest issue I have in many of the businesses I work with is Chief Product Officer. It's like, it's such a broad job, and there's so many different flavours of it. How do you know you've actually got the one that you need in the business? And CTO at the time was similar, that you kind of think they're going to be real techie people, but they're usually not that techie, actually. They're not always sitting at home at night, developing software code.

GUY

How many years did you work with the business before you sold it to Inflexion?

STELLA

I joined part-time in 2008, and we sold it in 2011 to Inflexion.

GUY

So you kind of did 12 years with the business.

STELLA

No, no eight years!

GUY

Three exits in eight years?

STELA

Yeah. Yeah. Yeah. Because we sold it in 2011 to Inflexion, 2014 to Bridgepoint, and then at the end of 2016, we went to Vitruvian.

GUY

And to sustain the growth that happened in that kind of 9/10 year period could have been nothing like you would have imagined at the start. So what was the secret to that? Were you always reinventing, or was just the market just squarely behind the business?

STELLA

I mean, the market was good, but I think the whole transformation to predominantly software opened up a whole new market for us, but it was mainly, each time we would win a big project - because in pharma services, if you get a project from Pfizer or AstraZeneca or something, it can be massive - so for example, we got a project in during Bridgepoint days and it was an AstraZeneca project and it was supposed to be two million documents or two million pages were supposed to be processed. But actually, when they sent all the pages, it was eight million pages, not two million. So we then obviously explained to them that the price is per page and therefore this is a very large project, and their only concern was, "well, are you going to be able to do it in the same period of time?"

And we said, "yes, we will, but we're actually going to have to charge you even more because we're going to have to bring in overtime and contractors and this and that." So it ended up that this was this enormous project. And each time we had these big projects, we kind of never let ourselves go back down again. So we ramped up and expanded the staff, the premises, everything, for each project, but then we would furiously build a sales pipeline because we didn't want to go backwards. And that's how it worked, really. After the first year with Inflexion, we never went backwards after that. We just kept growing. And then I was really... I'm quite tight with money and costs and that, so I made sure that we were extremely profitable.

GUY

And then, did you say it was £4m revenue when you first joined? What was the shape of the business when you eventually left?

STELLA

I think it was about £25m revenue and about just under £9m EBITDA.

GUY

Congratulations.

STELLA

Thank you. It was a team effort.

GUY

And then leaving... talk me through the succession of yourself and stepping back. How did you decide, and how did you go about it?

STELLA

I definitely wanted to leave. I felt it really needed a pharma person to take it to the next level. I felt it needed a U.S.-based person. And I like businesses up to about the kind of £20m turnover, but beyond that, I don't think I'm the best placed to run them. So, we first of all recruited a U.S.-based CEO in advance, we then recruited a UK based CFO, and I was very, very detailed in my handover to them. I mean, it went on for months and months. I was trying to detach myself from day-to-day operations, not very successfully, but that was the theory. But I would do one-off projects like opening in Poland and things like that, or the acquisition of the software business. I would do those things that weren't always being repeated, so that I tried as much as possible that, when I would leave, I wasn't integral to the business. In fact, I think I probably was, but I tried not to be.

I also very much focused on the exit process, because of course, that was my third exit of the business, so I knew everything about the business. I knew all the pitfalls; I knew the skeletons, et cetera. So the U.S.-based CEO continued on; the UK based CFO; they then brought in a UK-based COO. So all these people, I had kind of been doing those jobs.

The part that was really surprising to me was that I had assumed that the new buyers would want me to stay on for quite a period of time, but actually, they didn't, which suited me fine, but in hindsight, I would question their judgment on that. So they said to me, "well, you can go in two weeks" and I said, "oh, happy days, that's fine with me" because I'd got a completely clean exit from the business financially, so I was delighted.

But in fact, what happened was, a week later, I fell into a pothole, and I broke my shoulder and my ankle, and it was really quite painful, and I was in a hospital and that, so actually I never even did my two weeks handover and it ended up about four days to handover. And then, by the time I was actually able to go back into the business, it had

cracked on. So it was just like, oh, okay. But it was quite an anticlimax, like, you've sold the business for the third time, you'd think you're thrilled with it, but then you're sitting at home on the couch with a broken ankle and broken shoulder, and you think, honestly, you really think that's all you'd ever wanted, and it makes you realise the whole thing about, if you don't have your health, forget it.

GUY

That's a hell of a journey. Most people do, well, one, maybe two exits, but to do three exists in such short order...

STELLA

Five and a half years.

GUY

Wow, so you must've been ninja skilled at exiting! How did each exit develop, or was each different from the other, and also how did you learn and become a master of that process?

STELLA

Yeah. I mean the first time around, when we were exiting to Inflexion, putting it politely, we didn't have a lot of choice. Now we were thrilled to get Inflexion, we were very lucky, but when Inflexion were kind of saying, "we're not so sure about this, and you'll have to stay on if we continue with this process", the reality was we didn't have other buyers at that point, they'd all gone away. So the power was very much with Inflexion, and that was quite concerning.

Then, the second time around, we were obviously much better prepared. So I had kept detailed notes about really every question that had come up in the whole due diligence process that caused any angst or difficulty about answering it or took a long time to get the information. I literally had a list of these things. And so I was much better prepared. And the next time was a considerably more competitive process, but still, I would say, if you look at the balance of power, first time around, it was kind of, the buyer was about 80%, and we were about 20%; second time around it was more like 50:50, so we had interest, we had more interest, but you wouldn't have wanted your main buyer to walk away; and then the third time around was the most incredibly fast-paced and well-organised process. So we had engaged very good advisors, and they had drawn up a six-month Gantt chart of what would happen and we stuck to that religiously, and so did they, and in the end, I think that we actually came in a week early on the whole thing.

It was really competitive. In the final round offers, I think we still had 10 or 12 buyers in the final round. They submitted their bids on a Monday morning by 10 o'clock, and we decided on the successful bidder by 12 noon. And we said, "but you must complete by Friday", and they did. So we had proactively done all the due diligence effectively ourselves. So they really had only four days to do top-up due diligence. Some of them had been doing top-up at risk, but we completed the whole thing because I really was super-organised about the whole process. I knew exactly what to do, what was coming, what needed to be done, and because I was exiting, I was really able to focus totally on the process; but I had literally spent from the first day of the previous ownership period preparing for this time.

So preparing for exit, to me, is massively important, and I was ticking off all the issues that had arisen previously. I was keeping the data room. So I had a data room permanently, so it was a military campaign, and we ended up with a fantastic result in a very competitive situation. And I think it's why I love the exit process so much, as you can actually have a really big impact on the valuation by focusing, not just on the top and the bottom line, but on the multiple that you're getting and making it so organised that you're running the process, you're giving the information out, and you're ready to answer the question before they've even asked the question.

GUY

Even with that speed, there would have been investors that you would have actually preferred or you in the wider team would have felt more culturally aligned to, were you able to persuade them to come and come through at pace?

STELLA

Yeah. And that's because we had excellent advisors, and we also engaged with [Liberty Corporate Finance](#), which we had never used before, and that was to assist the management team who was staying on to compare all these different deals because they were of quite different shapes. So actually, that was something that I remember thinking, *God, that's an awful lot of money for that kind of advice*, but actually, I do think it got us over the line. It was well worth it.

We also spent money and time preparing management presentations really well. So we spent days, literally days, at Bridgepoint and other places having trial runs, answering every question that you could possibly answer. And I wasn't in the management presentations because I was exiting, so I was actually asking all the difficult questions just to prepare them. I mean, we were so prepared that we just went for it and we had a very good result with it.

GUY

So you've said a few things which have been really interesting, like about a low boredom threshold. Strangely enough, I relate to some of them - I wonder if it's a background experience in hospitality, and then from that, the hospitality, probably comes a lot of rolling your sleeves up and really getting stuck in and being prepared to do the hard yards - so I just wondered how will those experiences translate into your management style?

STELLA

Yeah. I mean, certainly in terms of the rolling up your sleeves, getting the jobs done, that's very much what is typical in hospitality, and it just means you're efficient, you get on, you do things. Like, you mentioned earlier about, you know, a project like opening up an office in another location. That, to me, is very similar to planning a function or anything - you just itemise exactly what needs to be done, you work it out, you work out what's most important, you tick it off. That, to me, is the easiest side of it. The low boredom threshold - I always focused on, try to do the day job in the shortest possible time. So this was particularly relevant, I think, when I was CFO. You've always got your day job of VAT returns and management accounts, and board pack and all that... try and do that in the shortest possible time so that you can then do the interesting projects. And I was always the one sticking up my hand to do the projects because I loved the projects, particularly if they were a bit different to the day job, I just loved those things. So I would try and aim to do my job in about 40% of the time so that I would have 60% of the time to do the projects. And I've never been in a business where we didn't have projects or interesting things to look at. I've never been in a real "let's just do business as usual for the next five years"... that's not been a feature of the businesses I've been involved in.

GUY

And in terms of rolling your sleeves up, I think I might have heard you might have rolled your sleeves up just a bit too much, at one stage..?

STELLA

Yeah. I mean, in the early days, I was known to be moving documents around in the back of my car. My car got all wrecked from boxes being lifted. But yes, I did economise a little bit too much sometimes... We had opened up our new office about four miles from our current one, and we were moving documents, which have to be in very controlled storage conditions. And I got a quote from a very reputable firm of movers, and it was to

me, a very large sum of money. So, instead, I got kind of Cheapy & Son to come and do it, but instead, they went to the pub for lunch and they basically, one of them got extremely drunk, and they had a fight in the pub. And when they came back to continue moving the documents, the one who had consumed six pints over lunch decided that he was going to drive off in the van in a huff. It was all full of documents, but he hadn't closed the doors at the back. So he drives off six pints in him, and we see this trail of documents on the road and boxes tumbling out. And this was just...it was...my life literally stood still. You can imagine how we had to recover the damage from that. It was horrific. Because there were some things... I've always been like, you know, watch the pennies, and the pounds will look after themselves... there are sometimes where you just have to pay to do it properly. And I think I really learned from that one. It's funny, with company money, I'm really, really careful, but yet with my own money, I'm quite gung ho. I mean, I will buy houses in less time than someone spends buying a pair of shoes, but with company money, it was always very different. And it took me a long time to learn that sometimes you do have to pay for quality, actually. If I was to criticise myself, looking back, I'd say, sometimes I should have just spent more.

GUY

Yeah. I think that's often the case in private equity, particularly, you're so aware of the capital value of a pound of profit, and you tend to multiply it. I rarely know of anyone that hired people that were too good or too expensive, but I know so many people that have hired not quite good enough and a bit cheap and regretted it.

Do you ever pause and reminisce - you know, ten years is such a short period of time... you've gone from running on a treadmill, minding your own business, ten years later to three private equity exits and a global business. It's a phenomenal twist of fate, isn't it?

STELLA

Yeah, it was pure random chance, and I was very lucky, but I think when I got the opportunity, I absolutely gave it a hundred percent. It just shows you, though, how much is random chance and that actually, when it happens to you, you just have to put everything at it and just make the very best out of it. And for me, what I've really enjoyed is that, after Phlexglobal, so after my third exit, it's really opened up the whole world of ongoing private equity to me. And I mean, as I said, I was sitting at home on the couch, not able to walk, and that's when, you know, Bridgepoint came along and said, well actually come and work with us in the fund and be an operating partner for the fund, and I wouldn't have probably even thought of that. And that's opened up a whole new whole

new era, really, for me, of non-exec and chair roles in private equity-backed businesses. And it's just, take advantage of what comes along, really.

GUY

And then personal ambitions now? Are you a goal setter?

STELLA

You know, it's funny, for someone who's very organised and at work, I'm very kind of logical and process-driven, actually, personally, I've always got the best out of not planning things because I think had I planned things, I actually wouldn't have been in the situations that have worked out the best for me. So I tend not to plan that far ahead. And of course, now that I'm committed to a number of PE-backed businesses, you're committed for the investment cycle, and you're, you know, you're not free to go off and just decide you don't want to work anymore or do something different. So I find it very hard to kind of think, what would I want to do in five years time. So if I look at all the businesses I'm involved with now, and if you say to me, "well, yeah, but in five years time, when they've all exited, will you actually take on a whole new lot for the next five years?" I don't know that yet, but I kind of don't feel the need to plan that yet. I just do what interests me, and if I come across a business that interests me and I like the people, then I'm much more inclined to say yes than no, really, but I don't go out looking for particular types of roles, I just see what comes along.

GUY

So, just wrapping up with a few short-fire questions, do you have a favourite book that you turn to for inspiration or one you'd recommend?

STELLA

The one I've been coming back to recently is [The Lean Startup: Eric Ries](#). I think that's really interesting. The whole concept of, five iterations of asking why usually gets you back to the root cause of things. And I do like that. Whereas, you know, you can do so much of constantly working out what the software should be before you actually test it with the customers. So this is a new way of looking at it, and that's the book I'm enjoying at the moment.

GUY

Is there anyone that has inspired you in your career, either directly or kind of larger than life character?

STELLA

This probably isn't very politically correct, but do you remember that couple, Judith and Fergus Wilson, who bought, like, a thousand properties in Ashford?

GUY

Just about ten years ago?

STELLA

Yeah. Well, because my other interest is property investment, and they were doing that at the time, I just remember being really inspired by them. I didn't like what materialised about some of their methods, but I liked the fact that these two people, who started out like anyone else, just *let's buy-to-let a few houses*, but they weren't afraid to scale it, and they did it properly, and they did it mathematically. They literally bought more or less from a spreadsheet, and they scaled up to well over a thousand properties and focused it on one particular area. I just really admire the single-mindedness and the fact that they weren't afraid to scale, and they were doing it quickly.

I always had an aspiration to have 20 properties, but they had over a thousand, and actually, they weren't any different to the rest of us. They didn't start off with a fortune to spend, you know.

GUY

That grind, that simplification, grind, repeat, repeat, repeat. I think it's one of those things that's most underrated in business. People get caught in the glamour, but it's actually the day-to-day, little bit tightening, little bit tightening, little bit tightening....

STELLA

Constantly tweaking and doing the thing that's worked already. Yeah.

GUY

What were your favourite aspects of being a CEO or PE CEO? What was the bit you most enjoyed?

STELLA

I loved the challenge, actually, and the fact that I knew they would always ask the question, "well, that's all very well, but how can we do it faster? Or if we throw twice the money at it, what do we achieve?" And so, I always really enjoyed actually answering that

question before they had asked that question. So, knowing that they would ask those questions made me better at planning and working out those things. And sometimes you can't throw twice the money at it and get there twice as fast, but usually, their questions would lead to something extra that you could be doing. And I always liked that we had exactly the same goals. We knew exactly what we all wanted out of it. And that kind of four to five-year investment cycle worked very well with my boredom threshold. So, that's about as far ahead as I can look is five years.

One thing I've found recently is that sometimes businesses, they think that the private equity investor is more or less going to tell them what to do and tell them their strategy, but that was never the case with us as we never expected or wanted that from them. We just almost wanted them to say, yeah, that's fine, after we tell them what we were going to do.

GUY

And is there any advice you'd give for succeeding a founder because that's something you tackled early in your career?

STELLA

I do think there's this whole thing of who was the founder and who wasn't the founder, but actually you're all just kind of custodians of the business for a period of time. And you will always do it different to the founder, but in many ways, it could be better because the founder often had particular reasons why it was set up in that way. So I do think you have to respect the founder; you have to ask the history and kind of absorb the history for a while. Then the only time where I think you can come in and just change things immediately is if the business is in severe danger of going bust, then you have to act quickly. But other than that, I think you just have to listen and learn, but you don't have to replicate the same things, and you can do things differently, and people move on and they, you know, they won't always be thinking about the founder.

GUY

Well, Stella. Thank you, you've been really generous.

STELLA

Thank you.

GUY

Really, really appreciate it. Thank you.