

Valloop comes out of stealth to radicalise SME buy-outs through employee ownership

Employee owned companies are more innovative because managers go out of their way to consult, share information and give staff responsibility. Valloop, founded to empower employees and management to buy the companies they work for, has emerged from stealth ready to back small business founders wishing to exit.

An evergreen fund, investors now have the opportunity to back Europe's 24 million SMEs – one of the most underrated asset classes in the world – and produce a ripple effect of positive 'value loops' for the economy, local communities, and society as a whole. In the next decade seven million mature, established, and profitable European SMEs worth a combined £24T are expected to change hands as founders step back.

Founder Stephen Greenwood set up a 'Think Tank' in 2010 to explore how to democratically unlock that wealth in the SME market while providing a return for owners. Following five years battle-testing the model, Valloop's highly experienced team rebuilt the financial modelling behind buy-outs to provide entrepreneurs with its 'intelligent buy-out' (IBO) framework.

This framework offers a range of the unique financial products required to complete a transition to

‘employee ownership’. Research carried out by the Employee Ownership Association has proven that employee owned businesses achieve higher productivity, greater levels of innovation, and are more resilient to economic turbulence – they also have more engaged, more fulfilled and less stressed workforces.

In addition, Valloop has dramatically lowered the cost of entry for investing in private equity funds with a minimum investment of £100,000 – against an industry average of £2.6M. This ensures high net worth individuals and family offices are able to invest in an asset class they would otherwise not have access to.

“When a founder wants to exit his or her business, options have traditionally been pretty limited. We were motivated to found Valloop in order to solve the problem these entrepreneurs face and find a better way for everyone involved, while enabling the capital to flow through society. Employee ownership was obviously the right solution. Hard-won wealth in the SME space was being lost to hardball tactics, transaction expenses and deal failures. We could see it needed someone to build a better structure to make the process work. The next 10 years will not be like the last 10 years and there is a huge opportunity to transform the social landscape by 2030 in the shape of stakeholder capitalism, creating a legacy and delivering positive social change through greater distribution of wealth.” – Stephen Greenwood, co-founder and CEO

Baroness Sharon Bowles, a member of Valloop’s advisory board, said: “We are moving into a time when investors want to do good as well as achieve financial returns and the economic case for investing in employee buy-outs is disrupting the belief that one must sacrifice investment return to do good for society. Valloop has found a way to provide capital rooted in community and employee voice, which becomes even more relevant in these challenging times.”

Article by MADDYNESS