

The Real Business – By Richard Rivlin, Sunday Telegraph

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Brothers who are learning the hard way

Tangent Communications is an ambitious print business which has learned that there is no short cut to success. Its blue-chip customer base includes Greene King, Next and Wolseley, which use Tangent's systems to produce local campaigns built off the back of a proprietary system that can track the spend of each publican, shop assistant or regional manager.

For example, a Greene King publican might want to run a promotion linked to a local football match. Tangent's online system allows the publican to create posters within defined guidelines which are then printed by Tangent and delivered to the pub. Meanwhile the finance department at Greene King can track exactly how much each publican is spending and ensure they keep to budget.

Tangent gets paid for setting the system up, updating the templates and printing every poster. It is a highly scalable business run by brothers Nick and Tim Green, who are the joint chief executives, as well as being nephews of Michael, of Carlton fame.

Tangent listed on the junior AIM market via a reverse takeover of Documedia Solutions in June 2005. Shares in Documedia were 6p on announcement and overheated to 12p when the market learned of Green senior's return to public company life, albeit as no more than an investor. The reality then, as now, is that this is a company run by two thirtysomethings who are learning by doing what it means to run a public company.

Late last year they almost lost their jobs when they fronted an offer for St Ives, which is significantly larger and more established than Tangent, which was dismissed by St Ives with contempt. The snub was probably the best thing that could have happened to the brothers. Focus shifted to building a proper business, client by client, project by project.

The Green brothers have bounced back with the acquisition of Ravensworth Digital Services, a Newcastle company, for £5.85m. It serves 2,500 estate agents, including Lane Fox, Humberts and Countrywide. Each of these upload sales particulars to their websites using technology developed by Ravensworth and now owned by Tangent.

Nick Green first wrote to the managing director of Ravensworth last May, asking for a meeting. That conversation, held at Ravensworth's offices, proved to be a revelation. "We came out of their offices utterly depressed at how good they were. They had 25,000 sq ft of fantastic space. Everyone was in uniform and the canteen, where every-one ate together, had a fantastic atmosphere," says Green.

Fast forward to the end of March and the acquisition was complete. The integration process is now in full swing and much will depend on how successful the business is in migrating work delivered from the existing south-east premises to Newcastle.

Tangent is now waiting on a new research note from brokers Collins Stewart. The document is expected to show a combined business with sales of £17.5m and operating profits of nearly £2.3m for the year to February. Shares are 13.75p, valuing the company at £22m, and the publication of new research will probably lead to a re-rating.

Today's business employs more than 160 people in Newcastle, London and Cheltenham. The focus seems to be moving towards building higher sales and margins from existing clients, as opposed to looking for the next great deal.

This suggests that maybe Nick Green has learnt from the St Ives experience and will respect what his uncle, who has a stake of 33 per cent, says. Green says: "Michael is a mentor and an adviser. Everything that has happened since 2005 has had our hands on the steering wheel."