The Phenna way: harnessing the power of partnership to create a global TICC champion

Jon Harrison is the group head of corporate development, M&A at Phenna Group, a global provider of testing, inspection, certification, and compliance (TICC) services with over 100 locations and revenues of over EUR 600 million.

You recently joined the Phenna Group as head of corporate development. Can you tell us about Phenna?

Phenna was founded in 2018 by Paul Barry, who had a long background in the TICC sector. The idea was to create a business that brings together the entrepreneurial spirit of smaller, privately-owned companies with the benefits of being part of a larger group to really help drive growth. We operate with the commercial discipline of an investor-backed business but maintain the flexibility and agility associated with a founder-led company. This setup also allows us to focus on long-term growth rather than being distracted by preparing for the next sale cycle.

We work in the testing, inspection, and certification sector, as well as other niche areas that align with our expertise. Our business is structured around five verticals: built environment, infrastructure, food and life sciences, industrials, and certification and compliance. These are all areas where we see significant opportunity to build platforms and achieve meaningful scale.

What makes Phenna unique is the way we approach acquisitions and partnering. We don't impose a one-size-fits-all integration model. We work closely with the management teams of the businesses we acquire, letting them retain their identity and autonomy while giving them the tools and resources to grow. It's about supporting what they do best, not about forcing change for the sake of it. This approach resonates well with founders and helps us build strong, long-lasting, and very productive partnerships, where a real sense of entrepreneurial spirit remains throughout the leadership group.

Can you tell us a bit about the TICC sector in general? What does it encompass and where do you see it going?

The role of the TICC sector is to ensure people, products and organisations comply with certain safety or quality standards, be they regulatory-driven, industry-stipulated, or self-imposed. The activities cover everything from food safety to cybersecurity. Historically TICC's role was to facilitate trade. Ship classification societies in the 18th century would certify that vessels were seaworthy, which enabled insurance underwriting, for instance. Later the Industrial Revolution spurred the creation of standards for machinery, electricity, and building safety, addressing new risks in rapidly industrialising societies. Over time, the sector evolved from an institutional support role into a commercial industry, with private equity really beginning to recognise its potential in the 2000s. Today the sector is valued at around US$250 billion globally and still has a significant consolidation opportunity among the long tail of smaller businesses providing TICC services. The sector also continues to grow and expand with diversification into areas such as sustainability certification, reflecting broader societal trends.

You came from an investment banking background. How has the transition to corporate development been for you?

Yes, my background was in larger transactions, typically around GBP 150 million in enterprise value and above, mostly on the sell side. At Phenna, the focus is on a much broader range of opportunities up and down the size spectrum, but particularly in the lower middle market. The universe is larger. Working in a platform like this has also been about broadening the breadth of conversations and looking at businesses I typically wouldn't have in a traditional IB environment. Moving from a more high-level strategic advisory perspective to a hands-on role implementing a buy-and-build strategy has given me a new appreciation for the complexities of bringing together many smaller firms into a cohesive, scalable group.

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How has your perspective changed now that you're working on the buy side?

It's been a big shift, honestly. Back when I was an advisor, the job was all about helping other people find the right partners and get their deals done – facilitating and advising but then moving on to the next transaction. Now I'm on the other side of the table, building something that's ours. It's not just about helping to close a deal; it's about figuring out how all the pieces fit together to create a platform that works.

One of the biggest differences is the sheer volumes we are dealing with. As an advisor, you might focus on a handful of bigger, high-profile targets. Here we're looking at thousands of potential businesses globally. That means thinking strategically, identifying relevant crossover opportunity, understanding local and often niche markets, and figuring out how to assemble all these opportunities into something coherent.

It's also been a learning curve. Prioritising opportunities, balancing quick wins with long-term goals, and working closely with founders to understand their vision and how we can help deliver – it's all part of it. But it's incredibly rewarding to see how these pieces start to come together and build something meaningful.

Is that where Clairfield plays a role — helping with local insights and access to smaller firms?

Absolutely. That is critical, especially when we don't have a direct presence in certain regions. Advisors like Clairfield provide introductions, insights into the operating environment, and help steer us towards opportunities while avoiding pitfalls. I have been surprised by just how vast the number of advisory and broker organisations there are in this sector; there are countless smaller introducer companies in every country, many of which I hadn't encountered before. The local knowledge these advisors bring can be invaluable for helping us target the right businesses, especially in a regulatory-driven sector like ours.

How small would Phenna go in terms of acquisitions?

We'd consider businesses with as little as US$1 million in revenue. For our buy-and-build strategy, "mom-and-pop shops" can often come together to add critical mass to a platform or even collectively comprise a platform. It's like assembling a jigsaw puzzle without the picture on the box — we're piecing together businesses to create a cohesive group. There's also the flexibility in identifying smaller businesses that can later serve as key nodes in their sectors. In some cases these smaller firms bring niche expertise or regional presence, which can be scaled across our broader platform, or they bring leadership to run that area. It's about finding the right balance between quality and scalability.

Are your platforms geographically or sector-focused?

A bit of both. I mentioned our five verticals earlier. Geographically, we're strongest in the UK and Ireland, which is some 50% of our business. We are strong in Australia as well. We want to grow our existing footprint in the US substantially and will look to bolster our presence in the Middle East and Asia. And we are very, very focused on establishing critical mass in Continental Europe.

In the US, we began with an industrials business and added a cyber-certification firm. As we look to expand out in the US, we will consider businesses that fall within any one of our existing verticals and we're happy to consider businesses operating in verticals beyond as long as they have broad strategic relevance for us.

In Europe, we are looking in multiple markets and multiple countries, with a particular focus on where we can support acquired businesses to quickly build substantial scale.

We're also exploring opportunities in the Middle East and Asia. We view these markets as longer-term growth opportunities where we have a foothold and can continue to build scale over time.

What is your approach to integrating acquired businesses?

It varies depending on the business and its role within the platform. Where we have critical mass and existing operations, some form of integration can make sense, but only as long as it doesn't destroy value. Sometimes it makes more sense for businesses to retain their original identity while benefiting from being part of the network and we are very sensitive to this. That said, all businesses will adapt to common support function processes and financial reporting, but done in a sympathetic way, collaborating with management.

Paul had a very clear philosophy when he started the company. He believed that one of the mistakes large corporates often make is stifling the entrepreneurial spirit of the businesses they acquire. He'd seen how overly rigid integration processes could destroy value by forcing businesses to conform to systems or structures that don't suit them. His thinking was, "Why mess with what's already working?" Instead the focus should be on partnering with businesses that are already good at what they do and giving them the support to grow.

Ultimately it's about setting them up for long-term success while maintaining the qualities that made them successful in the first place.

The flexibility that the Phenna Group offers must be appealing to targets.

Exactly. Many of the founders we work with have spent decades building successful businesses, often pouring so much of themselves into them that the idea of handing over control can feel daunting. But at the same time, they're ready to de-risk — maybe they want to take some money off the table or find a partner to help them scale without taking on all the risk themselves.

Some of them are younger and want to keep growing the business but need more resources, while others might be closer to retirement and looking for a clear succession plan. What's great about our model is that it's not one-size-fits-all. We can offer options tailored to their needs. It's about partnership. We're not here to strip out costs or impose changes. We can allow people to still feel connected to their business, but with the added support and security of a larger platform behind them. That's a big draw for the kinds of businesses we work with.

With so many businesses in your scope, how do you prioritise opportunities?

It's a combination of factors. We look at sectors that align with our five verticals, regions where we already have a presence or want to expand, and businesses with strong management teams and growth potential. Metrics like revenue, EBITDA margin, and growth matter, but the broader fit within our platform is equally important. Often it comes down to identifying businesses that add strategic value, whether that's filling a gap in a sector or geography or bringing in expertise that can be leveraged across the group.

One of the challenges with smaller business, however, can be the lack of reliable financial information in some cases. Many smaller businesses don't have detailed management accounts or forecasts, which can make it harder to evaluate their historic performance and their potential. Even their websites are sometimes rudimentary. That's where local insights and direct conversations become crucial. You have to look beyond the numbers and really understand the business's operations, the management team, and their vision. It's about piecing together the full picture to assess whether it's the right fit for us.

Has technology, particularly AI, influenced your acquisition strategy?

Technology plays a role, but its influence varies by sector. Digital tools like predictive analytics and drone technology are emerging in the TICC field but results are uneven. The use of drones, for example, has been widely trialed. But these can't always be deployed as much as one might like owing to practical physical limitations. While they are valuable for visual inspections in areas like infrastructure, they can have limitations in terms of life, range, payload capacity, and regulatory restrictions. Even so, drones are one of many technological tools being explored to enhance operations. AI will be relevant for us where it helps streamline processes. It's a subject we're monitoring closely for future opportunities. As technology evolves, we're also exploring partnerships with innovative firms to integrate new capabilities into our operations.

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Is the TICC sector immune to economic cycles, or do certain areas show vulnerability?

The sector is generally considered to be resilient because a significant portion of its activities is regulatory-mandated. Some areas can be more cyclical, for sure. But diversification across sectors and geographies often mitigates these risks. Public sector projects, for instance, may offset declines in private sector activity during certain periods. This balance is part of what makes the sector appealing. The sector's role in global trade and compliance also positions it as a key growth driver in emerging markets.

At the end of the day, what keeps this sector exciting is its relevance and adaptability. It goes from certifying that a ham is really Pata Negra to ensuring safety of construction. Whether it's ensuring food safety, certifying buildings, or ensuring compliance in cutting-edge industries like cybersecurity, the TICC sector touches so many aspects of daily life. ■

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