



# Case Study – 2017: Novation of tendered contracts to new business owners

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## Background

In late 2017 an existing Tender Victory client in the textile manufacturing industry was bought by a new owner. The new owner wanted to continue submitting tenders for contracts, but first needed to novate the existing contracts that had been won by the previous business in order to continue delivering their garments.

## Challenges

A key part of administering the novation agreements was providing reassurance to the buyers that the products and associated service would remain the same (or improve) under the new owners and that the novation would be a positive step for the supply of the products.

## Implementation

We first met with the new and previous owners (together) and discussed respective USPs. A plan was agreed for communicating the novation of the contracts. This required that we understood the new owner's aims and objectives for the business. Next we contacted the buyers by telephone and email to explain the requirement to novate the contracts.

We provided formal business information about the new owners, including capacity and financial standing, to provide reassurance that the new owners had the stability and resources to continue delivering the existing contracts.

Once the details had been agreed we administered the signature of the relevant documents by the buyers and new owners and so confirmed the novation of the contracts.

## Result

The contracts were successfully novated and the products continue to be supplied. On some contracts our new client has increased sales and on a novated framework they are also delivering additional garments to new customers that they attracted. Using the experience of the existing staff base



and the strategy of the new owners, the company is now bidding for new contracts, using the contractual experience and references of the novated contracts to support this.

## **Summary**

By working with the previous and new owners to develop a communication plan with distinct positive messages, we were able to provide the reassurance that the buyers needed to continue these contracts. The benefit of the novation for the buyers was to ensure the continuity of supply from a valued supply base.