

Kelly sells M Squared for US\$11m

By [Alistair Anderson](#)

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Human resources company Kelly Group on Monday (15 July) announced that all outstanding conditions required to sell the M Squared Consulting business would be met by the end of the month.



Kelly's chief executive Gareth Tindall said the company was selling M Squared Consulting to US national professional services firm Solomon Edwards, for US\$11m. This sale was part of the group's focus on temporary and flexible staffing solutions.

M Squared Consulting is the sole shareholder of Collabrus, a California-based company.

M Squared Consulting and Collabrus work in project management, business improvement, management consulting and employment payroll and compliance services.

Tindall admitted the sale could be controversial because M Squared Consulting had contributed strongly to Kelly's profitability.

"When we announced the sale a few months ago, the share price climbed more than 6%. I think the market understands that M Squared Consulting may be a strong business but it is not a core asset in terms of Kelly's overall strategic direction," he said.

Changes underway

"It has been hard enough to run a business from Cape Town, let alone San Francisco," he said.

Tindall joined Kelly as its chief executive 18 months ago to turn the struggling group around. Kelly was making losses consistently and Tindall said it needed to secure its markets in SA.

"Solomon Edwards is a well-focused, well-run group in the US and we expect them to put M Squared Consulting on a good track," he said.

Kelly remains under threat from costs around labour law management. There are pending amendments to the Basic Conditions of Employment Act and the Labour Relations Act, which limit temporary work.

Tindall said Kelly would make announcements around possible South African acquisitions soon.

Labour analyst Loane Sharp said Kelly itself could be a takeover target.

"This industry is being consolidated. I can see there may be four major companies in the industry eventually," he said. Sharp works at SA's largest recruitment company, JSE-listed Adcorp (ADR) as its economist.

Source: Business Day via I-Net Bridge

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