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John Erceg was in a quandary. It was a sunny spring day in Barcelona in April 2010 and he'd been negotiating for several weeks with a possible buyer for the company that he'd created from scratch and built over the past seven years. Apart from buying the two Barcelona apartments that got him started (thanks to his then girlfriend and now wife Lucia's good credit and a couple of hefty mortgages), maxing out a couple of credit cards in the early days and personally funding small losses in the early years, Erceg had not invested a single euro in an online travel agency business for which he had just been offered €17.3 million. The offer from GoTravelNow had come as a complete surprise.

EnGrande, as Budgetplaces' corporate entity was called, was growing fast and was highly profitable and Erceg wasn't sure what to do. After weeks of negotiations, he had managed to improve the cash portion of the offer to €8.5 million. "A life-changing amount of security for seven years' worth of work," he thought. Should he take the offer that was on the table? It was time to decide.

John Erceg

From an early age, John Erceg had always liked business. During his college education he also learned a thing or two about competition. "Basketball was my thing and until I was 17, I was pretty good." At Chabot Junior College in California, however, his minutes on the floor were infrequent as breaking into the starting line-up proved difficult. Switching his focus from basketball to finance, he transferred to the University of Houston, graduating in 1991. His first job after college was as a junior banker for a small bank in California:

My first job was to sell credit cards to consumers who were not particularly creditworthy and then I moved up to selling second mortgages, a market that was exploding due to the rapid increase in the prices of California homes.

Eventually, though, he grew uncomfortable about getting unsophisticated consumers to take on more credit than they could really afford: "They were treating their homes as ATMs and it just didn't feel right." He decided business school was calling and, having had a Spanish girlfriend from Barcelona during college, he decided to apply to IESE, the

Shira Conradi, Faculty Assistant, and John Mullins, Associate Professor of Management Practice, London Business School, prepared this case. It is based on the imperfect memory of John Erceg and various other early and current EnGrande employees. Best efforts have been made to represent events as they occurred, but some errors or inaccuracies may remain. All financial data, all deals and deal terms, and some company and individual names have been disguised. London Business School cases are developed solely as the basis for class discussion and are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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