



Case Summary

GREEN PRODUCT COMPANY AND ITS INTELLECTUAL PROPERTY

Possibilities and Concerns:

Our client owners could dig in for the long haul, invest in a management team, leverage the distribution paths already in use and continue to grow top line revenues. The firm would need to implement a tighter structure to enhance the bottom line. Further, a national sales team would be needed. However, this would take five years or more. Owners simply lacked the horsepower to do it.

Production and Sales Channels:

Production was being done in small batches, with inventory of core elements made at a sister plant 1500 miles away. The final blend and packaging was being done at the sales office, then shipped to end users. This created logistics and timing challenges. The solution would be to combine the divisions into one location.

Choices, Choices:

Owners were initially bearish, but came to realize that building would require additional investments and years of work. Retirement would have to be put off. Selling would not be easy, either. The product was young and sales seemed on the threshold of exploding.

The Plan:

Take the coatings products, intellectual property and business operation to market "as is." Seek a strategic acquirer who could incorporate the product line into its own operation, leverage its own sales channels and achieve efficiencies by using its own manufacturing capacity.

The Outcome:

We took the opportunity proactively to market, and approached private equity groups and companies doing rollups in the fragment coatings industry. We found several interested enough to offer Letters of Intent. We met with owners, their accounting and legal team to evaluate the offers, and selected a buyer. After months of diligence, including a Quality of Earnings study, the deal closed. The proposed strategy became the final plan.

The Deal:

Owners received seven figure proceeds at closing, and have an upside opportunity for substantially more earnings by helping the buyer with strategy and sales, enabling them to profit as the product line grows.

About BTS:

Business Transition Strategies is a New England-based mergers and acquisitions firm advising owners of privately held companies navigate the sales process. Our team of professionals also provide advisory services to help prepare for a sale down the road. We also provide buy-side assistance. If you are considering a transition, now or in the future, contact us to begin the discussion.