



Case Summary

PRECISION MACHINING COMPANY

Our client company produces a diversity of precision machined parts for OEMs. It enjoys a reputation of high quality and reliability, catering to a wide range of companies throughout New England and the nation. It enjoys repeat business and is tenacious in serving customer needs.

Possibilities and Concerns:

The owner invited us to talk about next steps. The company had grown remarkably through the years. However, its can-do reputation and determination for rapid turnaround also kept the owner locked to a desk and computer. After taking the first real vacation in years, the owner returned with a different vision: a rapid path to “life after business.”

Choices, Choices:

Initially, liquidation was a serious consideration. It would offer a quick exit but would hurt loyal employees and disrupt the customers who had come to rely on its quality production. We suggested a valuation study, which revealed liquidation would be the worst option. In fact, the company was highly profitable, had good systems in place and was poised to be effectively transferred. We proposed a sale.

The Plan:

Although the company fit into the “job shop” category, it performed substantially above average and was tenacious in pursuing efficiencies that could be repeated in future orders. This would make it highly desirable. We would look for a buyer with industry experience who would also retain the plant, owned by a separate but related entity, and the highly skilled workers who were like family to owners.

The Outcome:

We went to market, approaching a series of industry players with a focus on those seeking a second location or market sector diversification. Several companies were interested and met with our client, including an investment group assembling a manufacturing group within the Boston area. Several letters of intent were received, and one was selected. We facilitated a thorough diligence process with records provided via our data room. This enabled the owner to stay focused on business.

The Deal:

Owners received price and terms that met their goals. From start to closing, the engagement lasted 10 months. The President would remain as a consultant for several months, transitioning customers and assisting new management. The staff was retained and new jobs created to enhance engineering, quoting and job origination. The buyer group leased the facility for years into the future, another financial benefit to the owner.

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.