



Case study 1



benchmark
international company sales specialists LLC

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Import and Distribution Company

Turnover \$10m EBITDA \$610k

Stage One

Stage Two

Stage Three

Understanding the value drivers

- Husband and Wife Owner founded and managed Company with the owners looking to exit and retire
- Positive Year on Year financial growth for previous 3 years with solid projections
- Substantial Client portfolio with strong forward order book
- Long established Company with secure and experienced middle management team
- Company at crossroads – in need of growth capital to expand

Having explored the owner's objectives and expectations Benchmark International accepted the seller clients instructions and proceeded to produce a succinct Teaser Document and detailed 40 page Information Memorandum to present to the seller client for distribution authorization.

Buyer intelligence

- Search and selection rationale discussed with owners
- Use of sector and trade acquirer intelligence with in-depth research on key targets
- Focus on private Equity and Venture capital acquirers both domestic and international

Having carried out the targeted but diverse prospect profiling Benchmark International identified 215 motivated prospects which we researched and contacted.

Confidentially marketing the opportunity

- Basic generic headlines of the Company sale are promoted on numerous M&A, Company for Sale and financial/strategic acquirers web portals
- Confidential mailings to registered prospects
- Confidential mailings to the prospect profiling results

As a result of the buyer intelligence and confidential marketing Benchmark International distributed 57 Information Memorandums which detailed the key value added features of the company. These Information Memorandums were only distributed to those prospective acquirers that had completed and signed a detailed prospect profile and non-disclosure agreement. This prospect profile and non-disclosure agreement was approved by our seller client prior to distribution of the Information Memorandum to the prospect.

Benchmark tracked the prospects arranging 9 meetings between the seller client and prospects.

Stage Four

Stage Five

Stage Six

Outcome

Creating Choice

Following the meetings Benchmark continued to track the prospects and controlled information flow, fixed timetables and created a competitive tension.

As a result 3 outlined bids were received and presented to the seller client for consideration.

Bidder selection

The seller client considered the deliverability of the bids which included:

- Overall Price
- Deal Structure
- Ongoing involvement
- Timescales
- Intentions
- Empathy

Two of the three outlined bids were very close and one quickly dismissed because the criteria did not fit with the sellers personal goals.

Benchmark communicated the position with the two remaining prospects and invited that they submit a revised 'best' bid. An obvious fit was identified.

The Close

A deal in principle was agreed and documented in the Heads of Terms (HOTs). The HOTs were then distributed to both the seller and acquirers legal advisors to commence the relevant legal due diligence and drawing up of the Sale and Purchase Agreement (SPA).

Benchmark International project managed the process acting as a buffer; dealing with bottlenecks and helping the seller collate information for the acquirer and their advisers up to the close of the sale.

- The owner/company achieves a sale at \$4.27m (7 times EBITDA) to a private equity house.
- \$3.25m payable day one with \$700,000 deferred for 3 months to enable verification of the order book and other assets with a balance of \$320,000 to be paid as monthly salary instalments over six months.
- The private equity house installed a Company President and FO to complement the existing management team, who are provided with equity participation opportunities.
- One of the owners agreed to stay with the company for a handover period of 6 months
- All went to plan and the owners achieved retirement.

Whilst this is a real life case study we have used stock images for illustrative purposes to protect the confidentiality of the sale.