

Machinery Industry

Case Study

Mandate

Beacon was engaged by an industrial hard chrome plating and precision regrinding business which specialized in refurbishing various industrial machines and equipment. and the owners were looking to exit the business and pursue other interests. Due to Beacon's strong presence in North America and experience working in the machinery and manufacturing industry, Beacon was chosen as the exclusive broker and provided sell-side transaction advisory services through the entire sale process.

Implementation

Beacon began by compiling a fairness opinion to determine the business' true fair market value and proceeded to compile deliverables and confidentially market the mandate to potential buyers. The commodity market crash and tough economic conditions following the 2008 recession had increased demand for restored and refurbished machines. Consequently, the business had achieved steady sales growth over seven years and was at its peak. The business also had excess manufacturing capacity and could expand operations to achieve further growth. Beacon realized that this was the right time to exit and worked closely with our clients to ensure that their expectations were met. Through our large network of buyers and industry professionals, we were able to attract several buyers for the business. Based on the seller's criteria and vision, as well as our financial acumen, we were able to pre-screen buyers and solicit offers from serious buyers.

Outcome

Beacon's team assisted our client through every step of the sale process, and successfully completed the transaction. Beacon effectively negotiated an asset transaction with a private buyer who had previous experience as an entrepreneur. The deal was structured with a 5% payment upon execution of the purchase agreement, a 70% payment at close and a balance of 25% payable in installments over a three year period. In addition, an eight week training and transition period was negotiated, at the end of which, the vendor would have no operational involvement in the business. Our team advised the seller through the buyer due diligence process, ensuring transparency between both parties. In addition, Beacon made sure that the business was prepared for the successor to maintain smooth operations through the transition period without damaging value.