

Wholesale & Distribution Industry

Case Study

Mandate

Beacon was engaged by a leading distributor of consumer electronics and mobile phone accessories. The business had demonstrated organic revenue growth of 300% over a five-year period and was effectively positioned to become the industry leader in Canada. The owners of the business were seeking an exit due to retirement. Due to Beacon's strong outreach in North America and experience working with wholesale and distribution businesses, 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 business had existing infrastructure and business systems in place, and was well positioned to undergo a second growth phase through deeper market penetration and product line diversification. The owners of the business saw vast potential in the business and were particularly interested in being taken over by a corporation which could exploit these synergies and grow the business. Beacon realized the business' growth potential 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 a share deal with Drexel Industries, a leading Canadian wholesaler and third party logistics company. As a logistics company with a presence in the consumer electronics space, our client's existing supply chain was the perfect strategic fit for Drexel Industries, making it an ideal buyer. The deal was structured with a 60% payment on closing, a five year vendor take-back agreement and an additional earn out clause. Our team was actively involved through the due diligence process, ensuring transparency between both parties. In addition, Beacon assisted with succession planning to help maintain smooth operations through the transition period without damaging the value of the business.