

OUR CLIENTS - THEIR WORDS

SANDY WILKS RINTOUL | WILKS ENTERPRISE

"I INHERITED 33%, BUT IT WAS MY DAD'S LOVE NOT MINE."

In 1943, America's war machine was in trouble.

Nearly all the world's rubber supply was under Japanese control, and there were quality issues with synthetic rubber needed for military vehicles and jungle boots.

The breakthrough came a year later, when Connecticut firm Perkin-Elmer invented the first spectrophotometer – an infrared device that could analyse the exact component mix of synthetic rubber, leading to a rapid quality improvement.

Part of that team was Paul A. Wilks, an up-and-coming inventor of infrared measuring equipment. He was promoted to marketing director in 1952, but as his daughter Sandy Wilks Rintoul recalls, "He never really liked working for someone else, and he didn't like to manage. Once a business got too large for him to tinker with development, he would sell it off and start another one."

At the age of 78, he founded Wilks Enterprise – his fourth start-up – focused on industrial fluids analysis equipment, largely for the oil industry. With revenues hovering around \$2m and 10 employees, the business was ticking along when Paul died, aged 85, after a short illness in 2008.

Sandy was with him at the time.

"I grew up in Connecticut and moved to California right after college. When my dad passed away, we found out that he didn't have a succession plan. I had inherited 33% of the stock and was suddenly working for the company, but it was my dad's love, not mine."

The next months were a steep learning curve, as Sandy became President of Wilks Enterprise.

"We had people approaching us as soon as my dad passed away," Sandy recalls. "For a small business, we had a big presence with an international client base, especially in the oil industry."

Despite the global recession, Sandy and her small team steadily built up sales, and Wilks was gaining ground with a new range of field-testing equipment for a variety of industries from petroleum, biofuels, and used oil testing to ambient air analysis.

"We were doing OK, but I never lost sight that I had built it up to sell. Not just for me, but for my brother who had also inherited a 25% stake."

STATS

THE SELLER

WILKS ENTERPRISE

- A manufacturer of industrial fluids analysis technology
- Staff: 10

THE BUYER

SPECTRO SCIENTIFIC

- An American manufacturer of similar products, owned by New York-based SFW Capital Partners

THE FACTS

Companies researched: 200

Meetings held: 2

Interested parties included: Large British technology manufacturer, American manufacturer of similar products



A TOUGH DECISION

With revenue up to \$3 million by 2012, and healthy profits, Sandy had begun thinking of how to exit, and had begun researching investment banking firms with strong M&A capabilities.

Sandy says, "Even though we were making 70% profit on each instrument, we quickly realised that most bankers don't deal in the \$3-\$5 million range. I'd seen four or five when we attended a BCMS seminar in Hartford, and signed up shortly after.

"It was a lot of work to pull it together. We had to get an accountant in to get our books in order, but my cohort Carol Tunick and I did it step by step. I think BCMS made the process easy."

The hardest part for Sandy was she didn't want the employees to know about the potential sale until a transaction closing was imminent, so as to not lose any personnel in a small company where everyone was key.

While Wilks core clients were the oil majors, its robust equipment is also used in hospitals, on submarines, and at water treatment plants. Moreover, it offered the best margins in the sector, and huge scope for product and market extension.

BCMS identified nearly 200 potential buyers from around the world, and the response was encouraging, with more than 40 requesting further details. Eventually, two seriously interested parties emerged.

"There were two interested, because we are so specific. It was a tough decision, but I couldn't sustain the pace much longer."

After seeing off a large UK buyer, the successful bid came from Spectro Scientific – a similar business but with overlapping technologies – owned by New York private equity firm SFW Capital Partners. With a sophisticated buyer, came sophisticated advisors and lawyers on the buyer's side. Though, BCMS and Wilks' legal and tax advisors were well-equipped to negotiate and execute a successful transaction while adeptly navigating deal obstacles as they naturally arose.

Spectro and Wilks got on well, and the offer was attractive. Upon completion of the buyer's due diligence and on the eve of signing the definitive purchase agreement, it was time to tell the staff.

Eighteen months on, and Sandy is writing content articles, and answering technical queries, but has nothing to do with the financial end. She smiles: "They did offer, but I said no."

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