

CLIENT CASE STUDY

PARKS JOHNSON

Having purchased the company from his father in 2002, business owner Tyson Johnson had spent over ten years maintaining a solid customer base dating back to when the company was started by his father in 1975. In late 2012, when Tyson was ready to explore a potential sale, the agency was doing well despite the massive industry changes that followed the passing of the Affordable Care Act (ACA) in 2010. However, Tyson was now at the point in his life where he wanted to work out his next five years and decided it was time to seek a buyer who could help accelerate the growth of the business.

He quickly realized he needed an advisor: **“I thought of typical valuation models, of EBITDA with multiples, but I couldn’t work out how you value the industry relationships we have, or the knowledge of our personnel. That’s when I knew I needed an advisor.”**

Tyson had heard mixed reviews of sell-side M&A advisors, when he was invited to a BCMS seminar in Jacksonville, Florida. He recalls, **“Everything [the BCMS seminar presenter] described was going through my head, and I realized I needed to have people to get me in front of the right kind of people and help me package it.”**

AT A GLANCE

THE SELLER

PARKS
JOHNSON



Founded in 1975, The Parks Johnson Agency (Parks Johnson) offers a wide range of employee benefit consultation and insurance brokerage services for their public entity, nonprofit and private business clients throughout the Southeast. They specialize in group medical, dental, life, disability and long term care insurance programs.

THE BUYER

ARTHUR J. GALLAGHER & CO.



Arthur J. Gallagher & Co., an international insurance brokerage and risk management services firm, is headquartered in Itasca, Illinois, has operations in 20 countries and offers client-service capabilities in more than 140 countries around the world through a network of correspondent brokers and consultants.

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As the BCMS project team began preparing Parks Johnson for sale, researchers identified a wide range of potential buyers, including several national brokerages looking to boost their regional footprint. Larger insurance brokers find it increasingly difficult to win over these lucrative customers who prefer smaller firms and a more personal service. So Parks Johnson's long-term relationships with a relatively small customer base – concentrated in just three Florida counties – were appealing to many buyers.

One of the keenest bidders was the world's biggest insurance broker – Arthur J Gallagher. The Chicago-based global group – boasting a \$2.5 billion turnover and 14,000 employees – completes around 60 acquisitions a year. Tyson was impressed with the strong interest.

“We went with Gallagher because they had the resources, a compelling offer, and I didn't feel like they would dictate to us, but support us to run the business in the best way.”

After accepting the offer, it was time to tell the employees, some of whom had worked there since his father's time.

“Many people depend on us, and we didn't want them to feel threatened or insecure,” Tyson remembers, “People know that selling a company doesn't always end up good for everyone in the team. It was emotional, and perhaps the hardest part. But it didn't take long to convince them that we were carrying on as before, everyone's job was safe, and we now had more ammunition.”