

CASE STUDY

People Resources

Complete Exit with Full Liquidity

Our Client: People Resources is a behavioral health services company that provides employee assistance programs (EAPs) and managed mental health services to employers, coaching and counseling services to colleges and universities, and care management and counseling services to healthcare organizations.

Situation: After 30 years of growing and operating the business, the Company's founder and sole shareholder was ready to retire. As a part of her succession plan, she had cultivated a key member of her leadership team who had been instrumental in the Company's growth and success.

Challenges: Our client sought to sell her entire ownership interest in the business in an all-cash transaction that would allow her to step down as CEO and relinquish her management duties immediately upon completion of the sale. In addition, she wanted to obtain assurances from the new owners of the business that her chosen successor would be given the opportunity to assume the leadership role and would be in a position to pursue the Company's longer-term strategic objectives.

The Solution: In order to address potential buyer concerns relating to the CEO's transition out of a management role immediately following a sale, The Fortune Group carefully prepared marketing materials that focused on those factors that would mitigate management transition risk including: the stability of the Company's business, including its long-term customer relationships and evergreen contract provisions; its history of stable operating results and cash flow; and the continuing management team's tenure and strength. Furthermore, The Fortune Group featured our client's chosen successor in management meetings with buyers to highlight the extent of his current role and responsibilities for the Company's existing operations, and his leadership in identifying and developing new growth opportunities.

The Results: The Fortune Group's sale process generated interest from several highly qualified potential buyers, including a select number of private equity buyers. This was in spite of our client's insistence on an all-cash transaction that allowed for her immediate transition out of day-to-day management of the business. Ultimately, the Company was sold to a private equity-backed company in an all-cash transaction at a value that exceeded the owner's expectations and included better-than-market, seller-friendly post-closing obligations. Finally, our client's successor received an attractive multi-year employment contract to run the business post-closing on behalf of the new owners.

About The Fortune Group: Founded in 1987, The Fortune Group is a mergers and acquisitions advisory firm serving middle market companies considering a sale or recapitalization of their business. With over 200 years of combined dealmaking experience, the firm has established itself as a leader in creating value for its clients by completing transactions that meet both financial and strategic objectives. Learn more at fortunegrp.com.

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