

Former Owner Remembers Selling His Company

In 1997, brothers John and Todd Collins sold their business, Collins Mail Service, Inc., a Greenville, South Carolina mailing services and fulfillment company to Jordan Industries, based in Chicago, Illinois. The Collins brothers and brother-in-law Dan Jackson also sold to Jordan a related company, LaserPrint, Inc., a high-speed variable print production company. Thinking it might be interesting to hear the owner's side of the story, we asked freelance writer Scott Martin to interview John Collins about his experience.

The Real Upside To A Deal

John Collins of Collins Direct (formerly Collins Mail Service) found that selling his company was an excellent move, professionally and personally.

In 1997, John Collins found himself at a crossroads. His mailing services and fulfillment company, Collins Direct, which he had started from scratch ten years earlier, was successful. Revenues had increased every year and there were 20 employees on the payroll. Through strong customer service, hard work, and close attention to detail, the company enjoyed loyal customers, an excellent reputation, plus a strong balance sheet. But there were two challenges.

First, Collins wanted to grow his company extensively but faced crucial (and expensive) decisions about hiring key personnel. He also had to finance important equipment and physical plant investments.

Second, and most importantly, Collins found that he was spending too many hours at the office

and not enough quality time with his young family - which was growing faster than his company.

Combine these conundrums with the new paradigms created by the rapidly emerging power of the Internet and it became clear that it was time to look at different paths. The Collins brothers owned Collins Direct but were also involved in a second company, a joint venture with family members.

"We started to look at merging the two companies, or selling, or maybe some other options," says Collins from his Greenville, S.C. office. "We weren't really sure about the immediate direction of the entities and so we were willing to listen to some experi-

enced professionals and their ideas."

That's when Collins met David Bishop of Bishop & Company.

"I immediately had a sense that David and his team were going to help us and work in our best interest," says Collins. "He came to understand our industry very quickly."

To complete the transaction, Bishop and



John Collins (left) and Allen Cox, Operations Manager review a new piece of equipment.

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Company prepared the books, bird-dogged prospects, produced a strategy for the sale, assembled all the relevant information, and kept the deal on schedule, while understanding that Collins still had to run a business.

"We could not have done this without them," Collins states.

Bishop also initiated a complete valuation of Collins Direct, helping the owners understand the relative strengths and weaknesses of the company's daily operations; Bishop suggested some technical legal and accounting changes that would benefit Collins Direct. Finally, it was time to bring Collins Direct to the market.

"I was initially surprised at the size of the companies who demonstrated interest in us," says Collins. "At the beginning of the process, I assumed that a smaller group or an individual would take us over."

After a few months of "beauty contests" and initial negotiations, Collins decided to pursue a deal with the Jordan Group based in Chicago. Jordan (no relation to Michael) owned numerous companies in a wide variety of industries but was most interested in pairing Collins with its SourceLink subsidiary, which tags itself as a "business generation agency." Collins Direct's strong portfolio of mailing, direct marketing, and related services complemented the expanding SourceLink, whose marketing products include direct response, collateral, seminars, events, variable data printing, Web, and interactive.

But there was more to the deal than simple business synergies.

"I felt good about them from the very beginning," says John Collins. "They seemed to have a buy and hold mentality and wanted us to continue to run the company. We seemed to be a good fit with their other companies."

Collins and SourceLink closed the transaction in February, 1998 and the new company is called Collins Direct/SourceLink.

The ten months leading up to the closing were somewhat tense and stressful for Collins.

"With all that was going on, keeping my eyes

on the ball was challenging," he says. "It was also important for continued productivity and morale that employees not know that the negotiations were going on."

Before the process of selling Collins began, Bishop & Company briefed John Collins and the owners on what to expect, then battled through the intense legal negotiations and due diligence. One of the keys to the deal was the Collins and his staff would remain with the company - at SourceLink's insistence.

"David and his team kept going to bat for us right through to the bottom of the ninth inning and certainly earned their fee," says Collins. "There were no major surprises and they communicated with us very well. David put together a team of experienced professionals."

SourceLink executives initially told Collins that the company would essentially leave Collins alone. That hasn't happened - but for all the right reasons.

"SourceLink invested extensively in our human and physical capital," Collins adds. "We were able to hire a CFO and fill other key positions. We upgraded our facility and invested in new equipment. The timing could not have been better and we made the right choice with SourceLink."

Since the transaction closed, the benefits have been significant. Sales have almost trebled. Doors to new business have opened. Managers are in place to oversee finances and chase new contracts. But most importantly, John Collins now has time for his family.

"I'm coaching my son's baseball team. I coach a church basketball team. I go home at a sensible hour and I'm a lot less stressed," he says. "That's the real upside to the whole deal." n

