

	Client:	Battery Force Ltd
	Sector:	ICT
Sale of Battery Force Ltd	Activities:	Online battery retailer
	Acquired by:	Supreme Imports Ltd
	Date	October 2009

Overview

In October 2009 Battery Force Ltd, one of the leading online retailers of batteries within the UK, was sold to Supreme Imports Ltd, one of the largest trade distributors of branded batteries.

Within just six years Battery Force has turned into a highly successful business and the proprietor decided now was time to sell to pursue other technology projects.

Battery Force worked with Prism from the outset and this case study looks at the transaction from the point of view of the seller.

Background

Battery Force was formed in 2003 by husband and wife team Christian & Barbara Karg. Christian has years of experience within business applied IT having worked for many years for a leading investment bank. With an eye for detail and a personal desire for continued operational excellence, Christian admits that he is always thinking one step ahead.

The aim was to establish a 'pure play' online retail presence that was substantially technology driven. Battery Force was set up to supply leading battery brands to customers throughout the UK, providing best value products with an outstanding service. With total commitment to customer excellence, Christian's philosophy was to always put the customers first, to the extent that the company includes a small personal gift with every single order.

The technology developed by Christian to drive Battery Force's e-commerce systems is extremely sophisticated, providing a flawless online retail presence. From a staff perspective the entire system is very simple to administer as the processes were designed to minimise the need for human input wherever possible. From the customer perspective it delivers a highly logical and seamless buying process.

Contemplating Sale

Christian decided that he wanted to sell Battery Force to focus on other technology driven projects. He had created a small team of employees at his Tonbridge site and, now that he had proved the technology, was keen to sell the business to someone with the ability to utilise their marketing and retail experience to take the business to the next level.

Robert Fiske from Prism was speaking at Cranfield Business School as part of the Business Growth & Development Programme. Here he met Christian who mentioned that he was interested in selling his business. Following more formal meetings to gain a deeper understanding of the business and the owners' requirements, Prism put together the necessary initial sales documentation and started identifying possible buyers.

"Meeting Robert at Cranfield was a confidence booster. He was certainly experienced with buying and selling businesses and it was clear that Prism would be the right company to help me throughout the entire selling process." Christian Karg, Battery Force

"From my initial meeting with Christian it was clear that Battery Force was a highly saleable company with attractive statistics. They benefitted from a customer base of 160,000, with more than 60,000 of these being registered and their rate of repeat business was very good. They had also established strong relationships with suppliers enabling them to fulfil up to 600 orders a day during peak periods." Robert Fiske, Prism Corporate Broking

Sale Process

Prism considered the differing types of buyer that could be interested in acquiring Battery Force. These included companies that were already in the battery industry - with or without an online presence, existing online retailers selling complementary products that could launch batteries as an extension to their product portfolio, on or offline companies that may wish to utilise Battery Force's technology platform, offline retailers that could utilise Battery Force's technology as a channel to a new online market, or private individuals looking to invest in a new opportunity.

Prism's main objective was to get the best deal for the owners - not just headline figure, but appropriate deal structure also. They concluded that there was more likely to be greater value to a buyer where clear synergies were evident - and therefore most likely to offer an attractive deal. Prism consequently focussed their attention on locating consumer product businesses that could easily integrate Battery Force.

"Though there were some obvious candidates, it would have been wrong to only pursue those avenues. As with so many business sales, you can never be sure of a potential buyers' drivers until you speak to them. Whilst we concentrated on those that fit the specification, we spoke to a number of others who each had their particular reasons to be seriously interested." Robert Fiske, Prism Corporate Broking

Potential acquirer research commenced - Prism directly identified several consumer product companies that were of a suitable size. Also, realising Battery Force may be suitable for Strategic Buyers, who are often difficult to locate, they promoted the sale via a variety of proven networks and other communication activities. Soon Supreme Imports emerged as the front runner. The synergies between the two companies were good and, being battery distributors to the trade, they knew the market. There was also a huge potential for Supreme to significantly enhance their consumer offering by using Battery Force's already strong customer base.

"Prism's ability to identify and reach possible acquirers was without doubt highly refined. I was also impressed with the regular updates I was given, I was kept in the loop every step of the way." Christian Karg, Battery Force

Supreme Imports were highly interested in Battery Force and the sale process progressed quickly and smoothly. Robert acted as negotiator to define the initial terms of the sale and, once agreed, Heads of Terms were completed and the Due Diligence Process commenced.

"It was testament to Christian's systems and his eye for detail that he was able to respond to the demands during Due Diligence amazing quickly. He ensured all the information was presented clearly and accurately, which undoubtedly helped with the progress of the entire sale." Robert Fiske, Prism Corporate Broking

Key Issues

Locating an acquirer that had the sufficient experience and marketing expertise to take Battery Force to the next business level - This was a clear objective for Christian and something Prism had to make every effort to address for him. With this firmly in mind the research process commenced however it was not an easy task. Potential acquirers required great research and Prism's tried and tested contacts and communication streams were needed to promote the sale to the right audiences. Once potentials were identified each company needed filtering to ensure they could be absolutely right for Battery Force.

Confidentiality - Using Prism allowed Christian to maintain confidentiality until the right moment. Obviously he did not want to worry staff unnecessarily nor provide an opportunity for the industry to know his intentions. Prism's experience and judgement allowed the potential sale to remain under wraps until everything was confirmed.

Negotiation/Communication - Prism assisted throughout the entire process from negotiating the original deal and Heads of Terms to acting as the liaison between the two companies to iron out any potential sticking points. They also provided guidance on a range of issues that arose during the evolution of the SPA (Share Purchase Agreement).

Timetable & Completion

The entire sales process was completed in a little over six months, a triumph of an achievement considering that these have been some of the most testing times for M&A activity.

"I very much appreciate the professional manor in which Prism ensured continued progress, all the way though to completion. Throughout all discussions and negotiations the availability of Robert's experience and expert advice offered peace of mind and the perspective that we would arrive at a positive outcome - which, no doubt, we have. It was a pleasure to work with Prism on this project." Christian Karg, Battery Force

"The sale of Battery Force was a great example of the benefit of having accurate and timely information to hand when it is needed. The sale went through reasonably quickly, with minimal delays which in turn kept buyer confidence levels high whilst keeping the momentum going. Christian is an exemplar of managing information and without his swift responses to provide detailed and accurate information the sale could not have moved so quickly. We are extremely pleased with the result and look forward to seeing where this takes Battery Force in the future." Robert Fiske, Prism Corporate Broking

Advisors to Vendor

Corporate Finance Advisors: Robert Fiske (lead) & Peter Watson, Prism Corporate Broking

Legal Advisors: Sean Gorman, Brachers LLP

Web Links:



www.battery-force.co.uk



www.supreme-imports.co.uk



www.brachers.co.uk