

SBM Case Study: Beer Central, Inc.



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Of the dozens of transactions orchestrated by SealedBid over the years, few have been as difficult as the sale of a beer distributorship after the sudden and unexpected death of its 49-year old owner, Steven Fischer. Like others in his industry, Fischer believed he needed to “get bigger or get out”. Over time, Beer Central’s sales territory expanded from two counties to ten, and it became a significant regional player. The firm was highly leveraged at the time of his death.

Jane Neuharth, Fischer’s fiancée and executor of his Estate, had never been active in the business. The shock of his death put Beer Central into survival mode and forced her to learn the business quickly. A career banker, Neuharth had some ideas about which competitors might be likely buyers, but she also knew that she needed guidance to sell the business.

Referred to SealedBid and its founder, Jerry Clark, by a friend, Jane says she immediately liked Clark’s style. “Jerry was down to earth, someone I could relate to and confide in. After a few conversations with him, I realized how complicated this sale could be. But I felt comfortable with Jerry and confident in his ability to help me.” SealedBid and Neuharth began packaging Beer Central for sale. When the business offering package was completed, SealedBid began the highly sensitive process of marketing Beer Central to a list of pre-selected firms Jerry and Jane had identified as potential buyers. An initial offer collapsed after months of negotiations with brewer-suppliers who had the power to approve or reject the sale.

“the glue that held the deal together” A second offer followed and was deliberately structured to

allow for the possibility that not all suppliers would approve the sale to the new buyer. “After some months, it became clear that the best course of action might require selling off pieces to several buyers in an arrangement that would satisfy the long-term goals of the brewer-suppliers involved,” said Clark.

The final disposition of Beer Central involved five acquiring companies, thirty supplier approvals, the purchase and resale of some distribution territories and the trading of others. Environmental problems presented another potential roadblock to closing this challenging deal. These issues were researched and resolved by the Seller and SealedBid.

Stuart Krueger, an attorney with the firm of Rodli, Beskar, Boles & Krueger, SC, legal counsel to Beer Central describes the transaction as “extraordinarily complex, a long process that basically involved unwinding a company which itself had been assembled over a period of years.” He cited Clark’s persistence as “the glue that held the deal together, especially at times when it had the potential to unravel completely.”

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From beginning to end, it took about four years to sell Beer Central, Jane said. “I am very grateful to Jerry for his knowledge, experience, determination and support. He helped me survive the most difficult situations I have ever had to face - personally and professionally.”

SealedBid is an M&A firm focused on lower mid-market companies with revenues ranging from \$2 million to over \$50 million.

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