

## Case Study: Pro Micro

### Tackling Succession and Adding Value Through M&A

*“Ed and I were very nervous about selling our business and the potential impact on our lives, staff and clients. Credit to the team at Banksia for walking us through the process at a pace that suited us. Moreover they were straight shooters, lived up to every promise and delivered us the outcome we sought. At the end of the day we’ve achieved what we set out to do, have retained all staff and clients and continue to enjoy working under the new ownership. I’d encourage any business owner/manager considering succession, acquisitions or equity raising to speak with Banksia.”*

**Bruce Reed**

Pro Micro MD and Owner

#### The Situation

**SUCCESSION ISSUE:** Pro Micro is a highly regarded and long established specialist microbiological lab run by father and son team Bruce and Ed Reed. In 2015 they were grappling with achieving succession at the business so that staff and client relations would be preserved and so they’d receive fair value for their business.

**STRATEGIC ACQUIRER:** ARL is a specialist environmental laboratory that Banksia invested into in 2015 alongside its founding family. Banksia had identified ARL as being suitable for creating value through strategic, targeted acquisitions. Banksia’s screening of ARL’s marketplace scored Pro Micro highly as a value-creating acquisition.

## The Solution

- Banksia project managed the transaction to give Bruce and Ed the sale outcome they sought
- Banksia funded ARL to acquire Pro Micro and designed the integration plan

## Progress So Far

- The transaction completed in late 2015 and has run smoothly post completion
- Bruce and Ed remain involved (albeit lower working hours as requested)
- Pro Micro has kept all staff and clients and maintained business as usual and will relocate to ARL's Kewdale facility by year-end
- ARL has successfully cross sold its chemical tests to Pro Micro's microbiological clients (and vice versa) – circa 25% cross sell

## Reflections

- Value-creating M&A is hard to pull off. The Pro Micro bolt-on has worked well but it's taken a lot of work and up-front planning
- ARL achieved success in this by being focussed, leveraging Banksia's experience and utilising Banksia funds
- Management of ARL and Pro Micro have suffered minimal distraction from core business operations
- Financial integration was done on day one (appropriately so) and operational integration was delayed until systems were ready
- Key staff planning and reporting, and key client engagement and messaging were planned early and systematically
- Market players have since approached Banksia and ARL to congratulate them on the bolt-on which has taken the group to the next level

## Executive Summary

### CUSTOMER NAME

ARL and Pro Micro

### INDUSTRY

Specialist laboratories

### SOLUTION

- Succession
- M&A project management
- M&A financing
- M&A integration

### VALUE OUTCOME

- Smooth integration
- ARL scaled and synergies realised
- Industry recognition of ARL's continued growth as a strong, independent WA-owned lab

*"The Pro Micro acquisition was the smoothest that I have been involved with in my 25 year corporate career. Banksia focussed all parties on the key issues, sourced the funding and managed the transaction so that I was not distracted from running ARL through the process. If you've an interest in how to do strategic, value adding M&A then I'd strongly recommend you to talk to them. If you can get Banksia involved you'll be better off given their focus on private companies in Perth and using their model which is linked to value creation rather by charging heavy fees"*

**David Sneddon**, ARL shareholder and CEO