Roll-up
Biotechnology Companies

Covalence Solutions LLC

Roll-up and IPO of Resultant New Company

Case Study

Situation

In 1995 the grass and forage seed business in the United States was highly fragmented.. 48 companies in North America were identified by a small group of initial investors that were interested in being acquired and integrated. These companies spanned small to large companies geographically dispersed across North America in remote areas. All of these companies had to be fully integrated operationally, financially and with information systems in order to realize economies of scale and to report FASB compliant financial reporting as a public company.

Project Objective

- Re-engineer the companies to create uniform processes, controls, accounting, planning, and infrastructure to achieve economies of scale and adhere to FASB requirements
- Develop transfer pricing, uniform chart of accounts, Oracle ERP infrastructure, specialized software, planning, blending, and reporting systems
- Perform due diligence to form the basis for purchase and support the IPO
- Recruit key personnel and build ownership for the initiative in the acquired organizations top to bottom

What We Did

- Implemented and Oracle ERP solution across all 48 companies moving each company to a common chart of account, standard reporting structure, uniform processes/controls, single inventory schema, central planning system, and Cognos business management system
- Integrated processes and rolled out best practices in cooperation with key personnel at each site
- Performed due diligence at each company to acquire the company and perform integration
- Took this company public on the American Stock Exchange

Results

- The companies were rolled up in 1.5 years cutting them over to common business practices, controls, and management practices so that economies of scale could be achieved. The IPO went without an issue with the principles ringing the opening bell at the New York Stock Exchange.