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CASE STUDY

Vindicator sold to Honeywell

CHALLENGE

Vindicator Technologies, Inc. (VTI) under the leadership of Rick Gross became a leading government systems integrator entrusted with projects that included the highest risk locations: nuclear facilities, munitions storage, and other government and military facilities. VTI also developed their own access control system since the majority of commercially available products did not meet the rigorous standards established for the level of security systems VTI provided. The VTI business grew steadily and was conservatively funded without creating debt. However, after 9/11 the VTI business accelerated so quickly that management could no longer fund and contain the careful growth of the business. We compared VTI to a “Volkswagen with a jet engine.” The challenge in selling the business was that VTI was not a pure integrator, supplier or even well known for their recent successes.

SOLUTION

As VTI’s business advisor for over 10 years, Rick again engaged Sandra Jones and Company to help him evaluate what strategy would help him capture the pool of new business, obtain the assistance needed to support the growth, and do it without risking financial stability and profits. SJCO’s plan included the exploration of logical paths to financial and business success. Venture funding, equity, alliances and selling were explored. Rick and his partner ultimately chose to find a strategic buyer. While he knew it was time to sell, he was reluctant to give up the anticipated future profits and growth. Rick had three goals: 1. Financial success 2. Keeping his people employed and 3. To participate in the ongoing growth of the business. To achieve his objectives SJCO brought several financially able buyers to the table, but the other two goals were not met. The search continued for a buyer that would meet all three criteria.

RESULT

The process took almost a year, ultimately creating a feeding frenzy for the business. Three companies were bidding against one another, with Honeywell ultimately becoming the successful buyer of VTI. Rick’s 3 goals were met and SJCO was able to increase the selling price by more than thirty (30) percent during the process, exceeding the owners’ expectations. Rick and his partner remained at Honeywell through a transition period.

REFERENCE

See letter from Rick Gross, Vindicator Technologies Inc., President and CEO

Dear Sandy,

I wanted to take a moment and thank you for the work and support of Vindicator Technologies over the years and, of course, for your guidance during the sale to Honeywell, Inc.

Through the 10 plus years you consulted to Vindicator, you helped me refine our strategy, differentiate our offering from the many competitors and focus our scarce resources to the areas that would provide the best ROI. Your knowledge of the market, trends and customer needs helped me develop our business strategy and my “white board”.

Although Vindicator was a small company you were always generous with your time and made me feel that we were your most important client. When we were ready to sell and leverage our market position it was your insight and access to the industry’s key players that helped in not only finding multiple bidders, but close the sale at a price that exceeded our expectations.

While you helped us during the many stages of development and growth, it is during the sale of our business that your skills, market knowledge and access to buyers made the real difference and helped us in reaping the fruits of our efforts.

I would encourage others at any stage in their business development and growth to capitalize on using SJandCO staff, especially if seeking a buyer or seller, SJandCO should be the organization you go to. Sandy, you have been a wonderful asset to us and I am grateful for your time, effort and support. If there is anything I can do to assist you, please do not hesitate to contact me.

Regards,

Rick Gross
President & CEO
Vindicator Technologies
August, 2004