

Clients: Tim Hysell, business owner and Phillip Sisson Industries, Inc.

Transaction: Acquisition and commercial finance

The Situation

Tim Hysell, an investor and the owner of a Portland, Ore.-based business called Millennium Solutions, had successfully run his medical equipment distribution business for years, growing it to more than \$20 million in revenues. Given his success with Millennium Solutions, he began to explore the prospect of branching out and purchasing a new company that would provide new challenges and opportunities.

Hysell knew he would need professional help from knowledgeable and influential business partners to give him guidance to realize his objective. He was referred to Aequitas Capital Management.

The Transaction

In the process of identifying target companies, Aequitas asked Hysell questions to determine the type of industry he was looking for, as well as geographic, company size and financial health considerations. Aequitas found out that he was interested in the light industrial or distribution industries and wanted to target a company based in the Willamette Valley.

With that knowledge in hand, Aequitas activated its team to plug into its extensive network of existing business and broker relationships to identify potential acquisition opportunities. The company that Aequitas determined was the best match for Hysell was Phillip-Sisson Industries, Inc. (PSI) of Salem, Oregon. PSI, a manufacturer of traffic signal control systems for municipalities across the country, by all definitions was a very successful company. In slightly over five years, Phillip-Sisson had grown its business from a startup to having \$4.5 million in revenues and more than 20 employees. However, along with this success came a few growing pains.

Its founders, while very strong in technical and engineering capabilities, discovered the company needed more business and financial controls, enhanced sales and marketing capabilities, and access to additional capital resources to continuing growing. That – plus the industry, location and size – was what made the company a good potential partner for Hysell.

The Results

Ultimately, Aequitas structured a unique agreement where Hysell would acquire 80 percent of the company while the two founders retained 20 percent of the ownership and agreed to stay with the company for a minimum of five years. With the deal Aequitas structured, not only did Hysell and PSI win, but the local employees kept their jobs and the company continues to grow as a positive force in the region's economic development.

Aequitas also solicited financing offers from a number of banks, in the end, Aequitas chose one of its long-time partners, West Coast Bank, to fund the transaction. The outcome for PSI and Hysell was successful. With the addition of Hysell's experience and the recapitalization of the company, Phillip-Sisson has seen significant growth already, with projections that 2006 revenues will increase by more than 25 percent.