



client success story

CAPITALIZING ON AN ESOP OPPORTUNITY

THE CLIENT

Bulldog Battery Corporation (Bulldog) manufactures high-quality industrial batteries for electric forklifts, order pickers, pallet jacks, and other applications. Located in Wabash, Indiana, the privately owned company has been in business since 1977. Its modern manufacturing facility includes 133,000 square feet of manufacturing and warehouse space, and its products are sold and distributed in the continental U.S., Canada, Puerto Rico, and Hong Kong.

THE CHALLENGE

An effort to sell the company to a third party did not go as planned, and Bulldog needed another exit planning option. Katz, Sapper & Miller (KSM) approached Bulldog's shareholders about the prospect of an employee sale. KSM had provided tax and audit services to Bulldog for more than a decade and the two companies had formed a trusted working relationship. Bulldog's shareholders also knew that KSM had a strong manufacturing background, extensive Employee Stock Ownership Plan (ESOP) expertise, and was well-qualified to walk the company through the complex ESOP process and ensure its future.



“KSM’s knowledgeable and experienced team did more than help the company set up an ESOP. They simplified a complex transaction for the ownership team, communicated the benefits of having an ESOP to our employees, and helped pave the way for the company’s future growth.”

Norm Benjamin, President
— Bulldog Battery Corporation

BENEFITS OF AN ESOP

RETIREMENT ACCOUNTS ARE 2.5x LARGER



25% MORE LIKELY TO STAY IN BUSINESS



Source: NCEO.org

THE SOLUTION

KSM's ESOP Services Group counseled the shareholders starting with a feasibility study and continued to help them understand their options in determining a plan structure. Among other things, this support led to the creation of a management incentive program that included Stock Appreciation Rights (SARs). The complex undertaking involved KSM professionals from across multiple disciplines, including valuation, assurance, and tax. Overall, KSM served as a liaison between the company, the bank, and other parties needed to successfully finalize the sale.

THE RESULTS

The ESOP portion of the transaction took roughly a year to complete and proved to be a win-win for shareholders and employees. As a result of the tax benefits associated with selling to an ESOP, Bulldog's shareholders saw after-tax proceeds that were higher than they would have been if the company had sold to a third party. Bulldog's employees benefited from the ESOP formation, which created a retirement plan that allowed them to participate in the ownership of the company. Additionally, the company was able to retain its local headquarters and maintain its family-friendly work environment.

ABOUT KSM'S ESOP SERVICES GROUP

Katz, Sapper & Miller appreciates the unique opportunities and responsibilities that many ESOPs face. Implementing our own ESOP in 2001 has better prepared us to serve as business, tax, accounting, and valuation advisors to employee-owned companies in a variety of industries. We offer in-depth knowledge, experience, and resources to help manage an ESOP's many moving parts, protect assets, and provide innovative ideas and guidance to navigate this complex plan structure.

TO LEARN MORE PLEASE CONTACT:



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