

Looking Beyond Price in a Business Sale



Meghan Daniels Axial | March 19, 2019

Kelly Milligan was sixteen when he built his first police car in his parents' garage for the Baxter Police Department, in Baxter, Iowa, about 30 miles northeast of Des Moines.

How'd he get the job? "I've always had a passion for anything that flashed," Kelly laughs. "Baxter's a small town — about 1,100 people live here today and it was even smaller then. Everyone knew I was the geeky kid who did the car stereo work and the radio work. The city gave me an opportunity to build them what they needed and save them a lot of money."

Over the next 25 years, Kelly combined his abiding interest in electronics with a passion for public service and deep entrepreneurial drive by founding and growing [Keltek, Inc.](#), a public safety company that specializes in upfitting vehicles for police departments, and also works with fire departments and ambulances. Along the way, Kelly volunteered for his local fire department and also worked as an EMT and in law enforcement.

Based in Baxter, Keltek now has upwards of 25 employees. The company started out serving police departments in central Iowa, but has since expanded statewide and into Minnesota. Their value proposition is very much based around a high-touch service model. "We put our product into service, deploy it for you, and are there after the sale," says Kelly.

In 2018, Kelly and his wife, Jamie, the COO, decided to sell the business, in large part so they could spend more time with their two young sons. But they knew they needed to find the right fit for the company and their employees.

When Keltek's M&A advisor, [BCC Advisers](#), connected Kelly and Jamie with [Rayser Holdings](#), they were hopeful. Rayser found Keltek after BCC Advisers privately shared the deal on Axial.

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Based just two hours away from Keltek in Cedar Rapids, Iowa, Rayser was formed in 2018 by the executive team from CarePro Health Services, a healthcare company that had recently sold off part of their business and was looking to diversify into new industries. "We met Kelly and Jamie and were able to make a good connection with them off the bat," says Brent.

Keltek checked all of Rayser's boxes: it was close geographically to CarePro, profitable and growing, had a strong leadership team, and in a much less complex industry than healthcare.

Kelly and Jamie felt a connection immediately. "We looked at a lot of companies and we got into deep discussions with a few, but it was very clear early on that we were going to put a deal together with Rayser. They were just good people," says Kelly. Price was a consideration, but not the most important one. "Jamie and I had friends who had sold businesses before, who told us, 'Just take the best offer and walk away.' But that's not who we are. We live in a community of 1,100 people, and we wanted our business and employees to stay here."

Rayser and CarePro Health Services both have ESOP (Employee Stock Ownership Plan) structures, which was particularly attractive to Keltek. The company had tried converting the business into an ESOP into the past on their own, but found it cost-prohibitive. "I think the fact that we have an ESOP really attracted them, as a means of taking care of all the folks that have helped them build the business. They're being absorbed into our current ESOP so will all benefit from that," says Brent.

Though CarePro's team's expertise was not in public safety, Kelly sees parallels between their two spaces. "Ultimately our industries are not dissimilar. In both healthcare and public safety, our customers deal with the worst of the worst every day, and it's our job to make their jobs easier," says Kelly.

The deal closed in January 2019, and now the CarePro and Keltek team are working together to bring the company to the next level. Kelly is staying on as Chief Business Development Officer, and getting used to being an employee. "I want to make sure that I'm doing the right thing for the organization and for the new ownership — which, since it's an ESOP, means all our employees as well as CarePro's team."