

# Prospect Partners, LLC Case Study

## Management Buyout: Retiring Owner

### First Texas Products, Inc.

El Paso, Texas

**Type of business:** Manufacturer and distributor of treasure-hunting metal detectors and consumer night vision products

### Situation

In 1999, First Texas owner John Turner, who was in his seventies, decided to retire after more than 20 years in charge of the business. Although he did not have a management team in place to succeed him, he knew a local investor, Tom Walsh, a former CFO of a vehicle components manufacturer, who had a strong interest in running First Texas but needed a partner to structure the transaction and co-invest in the company. Mr. Walsh was a seasoned executive with proven success running manufacturing facilities. We acquired First Texas together, and he became CEO.

### Our Strategy

We sought to build a small manufacturer and distributor of treasure-hunting metal detectors into a market-leading niche outdoor consumer electronics business that served multiple distribution channels. To achieve this goal, First Texas needed to deepen its management team, expand its distribution network and enhance its production ability and product line. Prospect Partners first helped Mr. Walsh recruit veteran management to help run the company. Then, under Mr. Walsh's leadership, First Texas expanded distribution of its Bounty Hunter brand of metal detectors to mass market retailers, solidified relationships with existing customers and increased production capacity and product quality. In 2001, First Texas purchased a complementary business, Night Owl Optics of New York, New York, the leading importer and marketer of the Russian-made Night Owl Optics brand of night-vision monocular and binocular products, which were sold through similar mass-market channels.

### Results

First Texas became the dominant company in the growing consumer metal detector market and the low-cost producer worldwide of metal detectors for recreational treasure hunting. First Texas also became a worldwide leader in consumer night-vision products under the Night Owl Optics brand. The company grew rapidly and profitably, more than quadrupling its revenues in less than four years.



### Exit

In December 2003, Prospect Partners sold First Texas to a financial buyer and Mr. Walsh for a significant gain to the shareholders.

### Our Philosophy

In co-investing with outside management teams, we seek to serve as a collaborative partner and a financial catalyst that helps companies achieve growth objectives that may otherwise be out of reach. Throughout all of our activities, we are highly committed to maximizing company value.



*"Partnership isn't something you can get in writing. Prospect Partners lives up to its name... From Day One, we worked as partners to build this business, together."*

**Tom Walsh**  
CEO, First Texas Products, Inc