



Long-term Preparation Pays Off for Innovative Labeling Solutions and Wizard Labels

Through a family partnership, Jay Dollries and Steve Wolf began Innovative Labeling Solutions (ILS) in 1996. The company grew quickly, adopting an innovative mindset early on by pursuing emerging technologies, capturing new segments and establishing itself as the leading digital label converter in North America.

In fact, ILS has evolved from a narrow web flexographic label converter operating in an industrial office to a full-service label and packaging company in a 65,000-square-foot facility. They've pioneered equipment, hiring strategies, and partnerships to drive both quality and growth.

With this kind of dedication to excellence, it's no surprise that ILS sought trusted advice from the very beginning by fostering a long-term relationship with RKCA. While an exit was still just a hope, they were eager to prepare for whatever the future may hold.

A "Partnership" with Wizard Labels

Meanwhile, as ILS grew and explored new opportunities, Dollries met Steve Smith, co-owner of another organization in the industry, Lightning Labels, which focused exclusively on the "online" marketplace (a self-service internet model). The two of them regularly crossed paths at various conferences—and became increasingly interested in the idea of capturing the digital market.

In 2013, the online industry potential in the internet space was still largely untapped and Smith had more capacity, having successfully sold Lightning Labels four years prior. The timing was finally right: Dollries and Smith decided to build an organization that targeted the online business-to-business market.

Together, they launched Wizard Labels, which was structured as a separate e-commerce entity that relied on ILS to do production while operating autonomously as the online division.

Growing as Two Separate Entities

Growth for both companies continued, independent of the other. As they

THE GOAL

By fostering a long-term advisory relationship with RKCA, ILS prepared for a best-case-scenario exit when the time was right.

THE OUTCOME

When ILS (together with Wizard Labels) formally went to market with RKCA, they not only hand-picked the best culture fit from dozens of potential buyers but they also got an outcome much more than their initial goal.



set goals early on, they tentatively discussed selling in 2020, though not necessarily together.

As 2020 grew closer, however, the interconnectedness of ILS and Wizard Labels created confidence in Dollries, Wolf and Smith that if and when they sold, they should sell together. “Collectively, we came to the conclusion that the potential was better than the sum of the two parts,” says Steve Smith. When it comes to digital technology and e-commerce, it was the total package.

At this point, RKCA and ILS had quite a longstanding relationship. They began to speak more regularly—though still informally—every quarter. “My philosophy was to get to know them and let them get to know us,” says Dollries. “We really built trust and understanding over the years.”

As Wolf puts it: “If you clean your house every day, it’s clean. That’s the power of a long-term structure. Since we engaged RKCA early and for years, we knew what buyers found attractive. We listened to RKCA before buying equipment, taking on debt, even hiring. When we wanted to sell, we were right-sized and ready.”

Aligning with RKCA

When RKCA and ILS formalized the process of going to market, the one question mark was the unique relationship between ILS and Wizard Labels. Before long, however, all parties agreed: the two companies should be sold together. Smith, too, was ready to find the right buyer.

Dollries says there was never any doubt about going with RKCA when he was ready to sell, “I gained complete trust of the team and the care they’d taken of us as a part of our long-term engagement. It was always going to be RKCA.”

Not to mention, both Dollries and Smith had the experience of having been approached independently about selling. “That experience went poorly for us both,” says Dollries, “and we learned from it. The process RKCA described was more methodical. It would maximize our return.”

Steve, who had previously exited independently with Lightning Labels, adds, “When I got a phone call from the eventual buyer at Lightning Labels, I wasn’t expecting it or looking to sell. But I named a price and they didn’t argue.” After the new buyer took over, however, the company changed.

“I hadn’t known what questions to ask,” adds Steve. He also knew firsthand

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Jay Dollries
ILS Co-founder



all the diligence and work that goes into a deal, which wasn't something he wanted to personally oversee this time. "Jay and [Wolf] trusted RKCA. That was good enough for me."

Going to Market

One of the biggest advantages to having a long-term relationship with RKCA was that ILS had documented and tracked expenses well—what Steve Wolf called a "clean house"—even with a tremendously complex set of financials, including loans and expensive equipment.

Still, the preparation to go to market was quite an undertaking. ILS had a team, but Wizard required a lot of diligence that could only be done by Smith. Then, right when the companies were ready, COVID-19 hit, delaying their plans and adding major pressure if they were going to meet their goal to close in October 2020.

"During that time, RKCA had an ear to the pavement," says Wolf. "They knew what was going on. There weren't a lot of deals, but they felt like we had a niche business. We followed their lead on when and if we should go to market."

When RKCA felt the time was right, ILS and Wizard Labels moved forward, still aiming for October. The new timeline put everyone under strain with a lot to get accomplished in much less time. "We knew RKCA was running circles on our behalf in the background," says Dollries.

The effort was well worth it.

When RKCA officially took ILS and Wizard to market, they had close to 100 interested parties. Even after initial diligence, nearly half remained as potential fits. ILS and Wizard painstakingly decreased the options down to nine—and then four. "We had hoped to narrow it down to one or two, but all of them were compelling," says Dollries. "They had great management teams and were extremely interested in the businesses."

So as soon as they could meet in person, they did. Dollries, Steve and Steve had the luxury of asking themselves, "Who do we want to work with?" Not only did the competition drive a sweeter offer, but each potential buyer had to justify the sale from their perspective.

"As we met with RKCA during that time," says Smith, "it was obvious that trying to manage the sale on our own would have been a huge mistake. I can't overemphasize the importance of their process. It's also critical to understand that if you're receiving expressions of interest from other

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bodies, that's a sure sign you have something attractive - and the best thing you can do is go to the market and let the competitive forces play out."

Reaching a Successful Outcome

After meeting with the eventual buyer, Dollries, Wolf, and Smith each felt like it was a great fit, but the offer had come in lower than the other three. "All four of the groups would have been good," explains Dollries, "But this buyer had a unique offering and a strong cultural fit with what we wanted. We crossed our fingers that they saw the same fit we did and we could reach an agreement."

Thankfully, they did.

"I couldn't imagine a better outcome," says Jay. "We even get to stay on as advisors and do what we enjoy doing. RKCA's process made that possible. I can't overestimate how valuable it was to take the time to let RKCA intimately know our business and develop trust."

"It's better than all of us anticipated," says Wolf. "And RKCA was one step ahead of everything we needed. We weren't caught off guard by anything because we were prepped, even when we had to manage everything virtually. RKCA was way on top of the game."

In the end, ILS and Wizard Labels didn't have to compromise on their valuation because of poor documentation. They didn't have to take a gamble on the future culture for their employees. They didn't even have to sacrifice their timeline. The years of rapport and advisory between ILS and RKCA truly paid off—financially and beyond.

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