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Owner of NaturMed supplement company sells stake for \$20M

Phoenix Business Journal - by [Chris Casacchia](#)

A West Valley entrepreneur has sold a majority stake in his dietary supplement company for more than \$20 million.

Hammond, Kennedy, Whitney and Co. Inc., a private equity firm based in Indiana, acquired about 80 percent of NaturMed Inc., founded and developed by industry veteran Don Elgie. The recapitalization deal closed last week.

“I really planned to build it to sell it,” said Elgie, who established the company in Camp Verde in 2001, a year after he sold a similar startup in Cottonwood.

And that’s exactly what he did, taking the company from a sole employee to a 50-person work force with \$30 million a year in sales.

NaturMed, which develops and distributes nutritional and health supplements primarily to older adults, did not slow down during the recession. Sales increased by more than 20 percent from 2008 to 2009.

“The company was very successful. We were too big for small players to buy us,” Elgie said.

Enter HKW, which was searching for growth companies with solid management teams in need of equity to roll into the \$202 million fund it launched three years ago. NaturMed was the company’s 10th play, bringing the total the 10-year fund has invested to \$130 million to date.

NaturMed markets its 72 products directly to consumers through direct-mail campaigns. It targets those 65 and older with products that address fatigue, weight control, muscle and joint pain, aging, and hearing and vision loss.

The private equity company was enticed by NaturMed’s baby boomer target market.

“We’re selling really to a growing market,” said HKW Chairman Glenn Scolnik, who also will chair NaturMed. “The company is poised for growth.”

HKW intends to improve business systems; increase the company’s Web presence, e-commerce and product offerings; and recruit management talent in key roles, Scolnik said.



Don Elgie

Elgie reinvested a portion of the sale proceeds back into NutraMed and has yet to determine what role, if any, he will play in the future. Bill Ruble is taking the helm as CEO, and Jay White remains with the company as creative director.

Columbia West Capital LLC served as the exclusive financial adviser to NaturMed. The North Scottsdale investment bank received eight letters of intent and interviewed six prospective buyers.

“The cash-flow lending market has finally re-emerged, which is allowing the private equity groups to once again be competitive on valuations,” said Guy Downing, managing director of Columbia West.

Elgie already has started working on his next venture, a lending company targeting single-family investment properties. Last year, Peoria-based Next Funding originated \$1 million in private loans.

“All of our loans are current and doing well,” said Elgie, who is ready to put one career behind him and embark on another. “The dietary supplement industry has been good to me. I proved to myself that I can do it again.”

Naturmed Inc.

HQ: Camp Verde

Employees: 50

2009 revenue: \$30 million

Products: Dietary supplements that address fatigue, weight control, muscle and joint pain, aging, and hearing and vision loss

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