

NEW DIRECTION PARTNERS

New Direction Partners, LLC was 10 years old on March 25, 2019



Thank you for subscribing to our quarterly newsletter. Please also follow us on [LinkedIn](#) where you will find frequent postings about trends and issues that will help you better plan your business strategies.

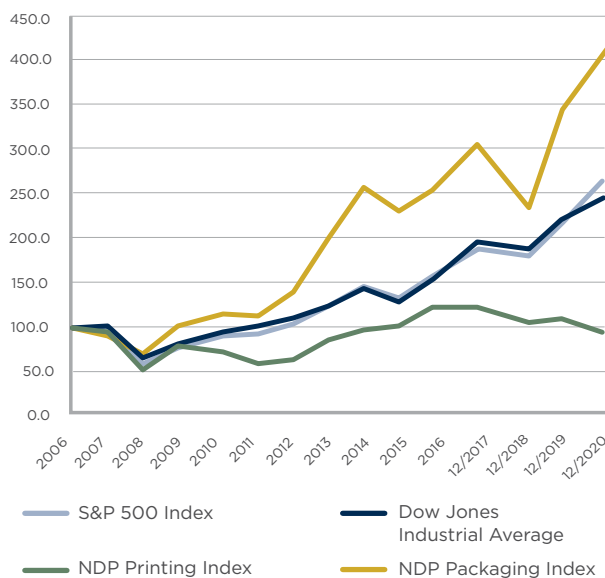
Recent Transactions

New Direction Partners, the leading middle market investment banking firm in the printing and packaging industries, has recently completed the following transactions:

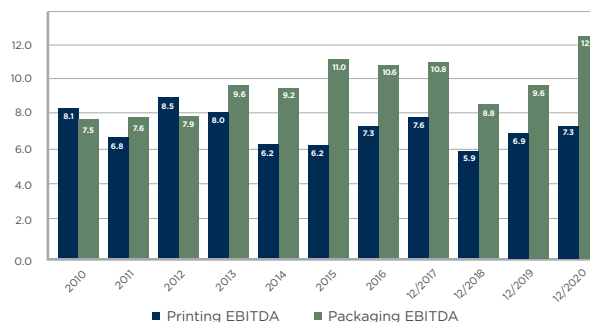
- ▶ Sale of Canterbury Press to Blackburne Search Ventures. New Direction Partners represented the seller.
- ▶ Sale of TCG Legacy Printing and Packaging to Core Industrial Partners. New Direction Partners represented the seller.
- ▶ Sale of TGI Direct to Carmel Hill Acquisitions, Inc. New Direction Partners represented the seller.
- ▶ Sale of Custom Color Corporation to GSP Retail. New Direction Partners represented the seller.
- ▶ Sale of The Goode Company to Almaden. New Direction Partners represented the seller.
- ▶ Power Marketing + Printing has acquired the assets of Market Place Color. New Direction Partners represented the seller.
- ▶ Sale of Sun Graphic Technologies to an individual buyer. New Direction Partners represented the seller.
- ▶ Sale of Holland & Crosby Ltd. to publicly-traded Transcontinental. New Direction Partners represented the seller.
- ▶ Sale of 2D divisions of SoftPrint Holdings to Reischling Press Inc. (RPI). New Direction Partners represented the seller.
- ▶ In an unannounced transaction, a PE firm acquired a package printer. New Direction Partners represented the seller.
- ▶ In an unannounced transaction, a NYSE publicly traded packaging firm purchased a controlling interest in a privately-held packaging entity. New Direction Partners represented the seller.
- ▶ Sale of Sprint-Denver to Mittera Group. New Direction Partners represented the seller.
- ▶ Sale of Allied Bindery to a private Party. New Direction Partners represented the seller.
- ▶ Sale of Henry Wurst, Inc. Kansas City Division to Mittera. New Direction Partners represented the seller.
- ▶ New Direction Partners assisted SoftPrint Holdings, Inc. in the raising of growth investment funding through a private placement of a Convertible Debenture.
- ▶ Sale of Badger Press Photographic to Brookstone Printing. New Direction Partners represented the seller.

Industry Trends by Peter Schaefer

The New Direction Partners Printing & Packaging Stock Price Index



The New Direction Partners Printing & Packaging EBITDA Trend



It is important to note that private businesses typically sell for lower EBITDA multiples than the multiples of their publicly-traded counterparts due to private company status and a lack of liquidity as well as size and risk differential.

Places to See NDP

- ▶ Peter Schaefer will be presenting “Reimagining M&A Trends in These Unprecedented Times” to Print America on January 25, 2021.

Recent Webinars

New Direction Partners experts present frequent web sessions in partnership with associations, publications and others. Some have no cost associated with them; others carry a small fee for non-members of the organization. We invite you to listen to some of our recent educational sessions and contact us at info@newdirectionpartners.com with questions or for additional information!

- ▶ GLGA sponsored the following webinar on October 27th. “Building Value in Your Printing/Packaging Firm and Current Trends in M&A” presented by Al Reijmer and Jim Russell.

With the recent COVID-19 crisis adversely affecting so many businesses today, many owners and managers are currently asking themselves, “What do I need to do to maintain and grow long term value in my business?” In this webinar, they reviewed the current state of the industry and changes that will provide the most long-term bang for your buck in terms of building value in your business.

[View presentation here.](#)

- ▶ NAPCO hosted a webinar “A Three-Pronged Route to Post-Pandemic Business Recovery” In this session, Paul Reilly and Tom Williams shared their perspective on how best to achieve post-pandemic business recovery. Taking the right actions now, can leave a printing business in better shape for the future than it would be if the need for change hadn’t been as urgent. They will provide insight and guidance on:

- ▶ Keeping employees safe and reiterate some of the guidance that has been provided by PRINTING United Alliance;
- ▶ How to safeguard and strengthen the health of your business;
- ▶ And how to use — and not use — PPP loans and other resources provided by the CARES Act.
- ▶ [View presentation here.](#)

- ▶ New Direction Partners experts recently presented a number of sessions entitled Re-imagining M&A in These Unprecedented Times. These events were co-sponsored by NAPCO and PIA Affiliates.

They included an update on trends and how the M&A market is shifting due to the impact of the pandemic. A key result is an expectation that we will see more tuck-ins as we come out of this crisis, which has placed significant stress on many businesses in our industry.

The tuck-in process, various ways of configuring tuck-ins, and gain a general overview of the M&A environment in what is likely to be our new normal, including how the COVID-19 pandemic is likely to affect valuation were also covered.

- ▶ Hosted by NAPCO. [View presentation here.](#)
- ▶ Hosted by PICA & PIAG. [View presentation here.](#)
- ▶ Hosted by PIASC and WSPrint. [View presentation here.](#)
- ▶ Hosted by PIAAlliance, GAA and PINE. [View presentation here.](#)
- ▶ Hosted by GMA. [View presentation here.](#)

▶ GLGA hosted a webinar “Profit Matters Webinar – Managing Customer Concentration in Today’s Printing and Packaging Environment” presented by Tom Williams and Peter Reilly. Customer concentration is occurring more frequently today, especially in family-owned firms between \$5 million and \$75 million in sales. This is the result of the successful outcome of a customer focus/solution selling sales strategy. While too much customer concentration can be risky, there are also advantages to embracing your strategic success. Our experts provide insight into how to manage customer concentration risks for profitable growth. During this session, attendees learned:

- ▶ Managing customer departure risks
- ▶ Leveraging customer concentration for business growth
- ▶ Customer concentration considerations in mergers & acquisitions... and more
- ▶ [View presentation here.](#)

▶ NAPCO hosted a webinar “Succession Planning”, presented by Paul Reilly and Tom Williams. One of the most often overlooked aspects of strategic planning is succession planning. When you are looking for an exit strategy, are ready to hand off the business to other family members and head for the beach, or face unforeseen circumstances, having a strong succession plan in place is critical. And it can take several years to execute on that succession plan. In this session, participants will learn about the key elements of the plan to successfully transfer leadership and ownership of a printing and packaging firm, typical timelines, and strategies for ensuring optimum valuation. The program focused on:

- ▶ Key elements of a succession plan.
- ▶ Exit strategy timelines.
- ▶ Leadership and Ownership changes.
- ▶ Ensuring bench strength.
- ▶ Valuation methods.
- ▶ [View presentation here.](#)

▶ PPI Association hosted a webinar “10 Attributes of High-Growth Companies” presented by Paul Reilly and Tom Williams. In a highly competitive industry, printers must focus on two things to succeed: efficiency and growth. The first delivers a better bottom line; the second produces a more robust top line. In this session, New Direction Partners experts share what they have found to be the 10 attributes of high growth printing companies, providing insight to owners and managers about how they can ensure high growth in their own businesses. This includes:

- ▶ Ensuring the right sales and sales management strategies.
- ▶ Putting in the time and effort to create and execute on actionable business plans.
- ▶ Ensuring accountability within the organization for achievement of strategic and tactical goals.
- ▶ The role of mergers and acquisitions ... and more
- ▶ [View presentation here.](#)

▶ NAPCO hosted a webinar on “M&A Trends in Print & Packaging” Presented by New Direction Partners’s Paul Reilly. The webinar covered what is happening in today’s M&A market. Today’s transaction structures are different from just a few years ago in response to a restructuring industry. Participants learned why an acquisition strategy has never been more important and what types of transactions are occurring. They also covered the details of these various types of transactions in order to make better decisions for their own businesses. The experts from New Direction Partners also talked about the current M&A market, why now is a good time for these transactions, and how long the market might remain strong. They will also share real life examples of things gone right, and a few that have gone wrong, from the many transactions they seen over time. The presenters also outlined EBITDA ranges that affect the value of businesses being sold and how to enhance that value [View Archive.](#)

Featured Listings

Firms for Sale

▶ Midwest based Provider of Integrated Data and Fulfillment Solutions

The Company is a Provider of Integrated Data and Fulfillment Solutions located in the Midwest. With roots dating back to the 1970's, it assists clients with their data, personalized document and distribution needs. The Company has established a track record of growth and success utilizing principles rooted in personal service, flexible support, and innovative solutions. 2020 Revenue of \$9.5 million and EBITDA of \$1.1 million.

Contact:

*Jim Russell @ JRussell@NewDirectionPartners.com
or by phone at 248-891-6992.*

▶ Midwest Envelope Converter

This firm in business for over 75 years is a short-run, custom converter of envelopes with a diverse customer mix serving the commercial printing market and end users. Our client provides litho sheet conversion, up to four color printing and complete envelope manufacturing. Fast turnaround and strong reputation for quality and service has driven its success.

Contact:

*Paul Reilly @ PREilly@NewDirectionPartners.com
or by phone at 303-520-7803.*

▶ Technology Leader in the Manufacturing and Sales of Digital Label Systems, Plotters, Cutters & Recording Devices

Located in the Northeast, our client develops and manufactures products and systems based on innovative technologies. Its primary business is the design and manufacture of a full line of unique on demand, short run digital label printing and finishing systems which are marketed to an international client base. The company designs and manufactures related hi-tech equipment for niche industries including laser engraving systems and digital stencil cutters for the monument industry, digital template cutters for the granite countertop fabrication industry, automated sand blast systems for the production of designs in granite, marble, glass, wood and other solid-surface materials as well as informational instrumentation utilized in multiple industrial and medical applications.

Contact:

*Tom Williams @ TWilliams@NewDirectionPartners.com
or by phone at 203-856-0120.*

▶ West Coast Digital Printer

This 100% digital, highly profitable (20% EBITDA) firm with \$14 million in sales continues to grow at 10% per year. Seller wishes to retire after a mutually agreeable transition period and seeks a new owner who will continue to invest in the firm's long-term future. Company serves a national base of long term customers in the financial, pharmaceutical, automotive, healthcare and book markets. Company's long-term success is driven by its proven solution provider and strategic partnership culture and transactional printing expertise. Success is enabled by its leading edge technology and very productive workflow.

Contact:

*Paul Reilly @ PREilly@NewDirectionPartners.com
or by phone at 303-520-7803.*

Frank Steenburgh

@ FSteenburgh@NewDirectionPartners.com

▶ Publications Printer

Our client is a leading, niche-oriented short-to medium-run publication printer strategically located in the western part of the United States with TTM revenues of approximately \$90 million. The Company has a strong history of growth.

Contact:

*Paul Reilly @ PREilly@NewDirectionPartners.com
or by phone at 303-520-7803.*

▶ Midwestern Cross-Media Graphic Services Provider

Our client is an award winning, full service graphic services provider employing forty associates in a 40,000 sq. ft. facility in the Midwestern heart of the country. This enterprise hosts impressive capabilities including 40" 6-color sheet-fed offset capability, iGEN digital printing and wide format digital graphics. They also provide digital solutions for cross media marketing campaigns and web-based store fronts for procuring marketing materials online. Synchronized and micro-targeted direct mail and digital IP address strategy provides clients with focused and effective advertising campaigns. All services are provided in-house for quality control, timeframe management and project integrity. Our client is a G7 Master Printer. Offset and digital devices are G& profiled and certified to ensure best quality and consistency.

Contact:

*Tom Williams @ TWilliams@NewDirectionPartners.com
or by phone at 203-856-0120.*

► **Packaging Sales Organization**

Full-service sales organization of labels, flexible packaging and folding cartons. Consistent organic growth with high profit margins. Sales of \$7.5 - 10 million with an EBITDA margin of 20%.

Contact:

*Peter Schaefer @ PSchaefer@NewDirectionPartners.com
or by phone at 610-935-1000.*

► **West Coast Multi-Channel Direct Marketing Firm**

The Company succeeds in delivering measurable value to their clients by providing specialized lead generation and conversion optimization through targeted direct mail. Using proprietary analytics and data-driven techniques, The Company is able to generate more high-quality leads, enabling their clients to close a higher percentage of profitable sales. The end result is superior margins in excess of industry norms. Through organic growth, The Company has achieved an impressive CAGR of nearly 28% over the past three years, and is tracking this year to produce nearly \$12 million of non-postage revenue with a 20% EBITDA margin.

Contact:

*Jim Russell @ JRussell@NewDirectionPartners.com
or by phone at 248-891-6992.*

► **Southeastern Digital Graphic Solutions Firm**

Our client provides a vast array of print technologies, design, web to print and fulfillment solutions to companies throughout the Southeast. Their E-Commerce web-to-print online portal supports their key customer accounts with all types of products including digital print, promotional products, inventory fulfillment and more. Their core business is quick-turn digital four-color production, wide format products and mailing and fulfillment services. This offering provides a unique opportunity to acquire a technologically competitive operation in a major Southeastern business center. The seller is motivated, wishing to implement an orderly exit strategy and smooth transition to the buyer.

Contact:

*Tom Williams @ TWilliams@NewDirectionPartners.com
or by phone at 203-856-0120.*

► **Mid Atlantic Direct Mail and Statement Processor**

Leading and well recognized producer of direct mail and processor of statements. The Company is very successful, with revenues of \$10 million and EBITDA consistently in the 15 - 20% range.

Contact:

*Peter Schaefer @ PSchaefer@NewDirectionPartners.com
or by phone at 610-935-1000.*

► **Publications Printer**

Our client is a leading, response-oriented short-to medium-run publication printer strategically located in the South-Central region of the United States with TTM revenues of approximately \$30 million and EBITDA margin of 17%. The Company is anticipated to grow organically by 7% in 2019.

Contact:

*Peter Schaefer @ PSchaefer@NewDirectionPartners.com
or by phone at 610-935-1000.*

► **Southeastern Offset & Digital POP, Signage and Fulfillment Operation**

Our client is the premier printer in the Southeastern United States for large format UV offset printing with facilities located in a major Southeastern metro area, specializing in Point-of-Purchase and collateral retail marketing materials. The firm serves all their client's retail environmental printing needs, including Point-of-Purchase displays, banners, clings and more. This offering provides a unique opportunity to acquire a technologically competitive digital printing and fulfillment operation in a major business center within the fastest growing regional economy in the country.

Contact:

*Tom Williams @ TWilliams@NewDirectionPartners.com
or by phone at 203-856-0120.*

UNDER LETTER OF INTENT

► **Mid-Atlantic Flexo and Digital Label Printer**

Our client is a industry leading pressure sensitive label printer and converter, as well as a reseller of automatic labeling equipment. The company has experienced consistent year over year organic revenue growth, and stable profitability. Their diverse client base enables them to generate annual revenue of \$6.0 million, with EBITDA of \$400K.

Contact:

*Jim Russell @ JRussell@NewDirectionPartners.com
or by phone at 248-891-6992.*

► **West Coast Grand Format Printer**

The Company serves as a marketing partner to its customer base which is comprised of Fortune 500 type brands and retailers. Services include grand format, digital and offset production as well as cross-channel design, complete fulfillment/kitting and store-tracking. Operates in 150,000+ square feet with 125 employees. Revenues and EBITDA are approximately \$30 million and \$3 million, respectively.

Contact:

*Peter Schaefer @ PSchaefer@NewDirectionPartners.com
or by phone at 610-935-1000.*

UNDER LETTER OF INTENT

▶ East Coast – Marketing Service Provider

Our client has consistently been a leader in its eastern US local print media market. The key drivers of its success continue to be investments in equipment technology, investments in software facilitating customer interface technology and acquisitions. The firm serves as a marketing partner to its customer base, which is comprised of national and local firms seeking the best in marketing solutions. Its mission is to provide comprehensive marketing solutions to its clients first by listening to their needs and then by striving to flawlessly execute their marketing visions.

Contact:

*Paul Reilly @ PReilly@NewDirectionPartners.com
or by phone at 303-520-7803.*

▶ Multi-Channel Marketing Partner

A marketing execution company that serves a national base of Fortune 500 type, brand conscious customers from its strategic Midwest location. TTM revenues of approximately \$21.5 million and EBITDA of \$3.0 million. Top line organic growth in excess of 20% YTD 2019.

Contact:

*Peter Schaefer @ PSchaefer@NewDirectionPartners.com
or by phone at 610-935-1000.*

▶ Midwest Based Commercial and Digital Printer

Very Profitable general commercial printer with sales of \$8 million and no significant client concentration. Located in a mid sized midwestern city, the company has expanded its market by successfully marketing to the trade throughout the Midwest. With a strong balance sheet, up to date equipment, and a loyal customer base, this is a great opportunity for an owner/operator to own their own business or for an existing company to expand geographically.

Contact:

*Jim Russell @ JRussell@NewDirectionPartners.com
or by phone at 248-891-6992.*

▶ Midwest Based Commercial and Digital Printer

Very Profitable general commercial printer with sales of \$8 million and no significant client concentration. Located in a mid sized midwestern city, the company has expanded its market by successfully marketing to the trade throughout the Midwest. With a strong balance sheet, up to date equipment, and a loyal customer base, this is a great opportunity for an owner/operator to own their own business or for an existing company to expand geographically.

Contact:

*Jim Russell @ JRussell@NewDirectionPartners.com
or by phone at 248-891-6992.*

▶ Southeastern Printing, Packaging, P.O.P. and Direct Mail Operation

Our client's state of the art pre-press, printing, advanced coating and finishing capabilities contribute to this company's superior reputation for high-end products. Complex multi-dimensional specialty pieces are produced with speed and efficiency. Each division, Commercial Printing, Packaging, Direct Mail, Fulfillment and P.O.P. Display, is focused to provide customers a competitive edge. Products include general commercial printing, folding cartons, point-of-purchase displays and sophisticated personalized direct mail design, data management and production. Capabilities include the ability to produce heat-transferred materials for the garment and fashion industries up to 60 by 81 inches. Revenue exceeds \$30 million.

Contact:

*Tom Williams @ TWilliams@NewDirectionPartners.com
or by phone at 203-856-0120.*

▶ West Coast Flexible Packaging & Labels Producer

The Company is a producer of flexible packaging, labels and shrink sleeves. Serves a national customer base in the nutraceutical, cosmetic, food and beverage and pharmaceutical industries. Sales of \$6 million with EBITDA of \$1.2 million.

Contact:

*Peter Schaefer @ PSchaefer@NewDirectionPartners.com
or by phone at 610-935-1000.*

▶ Highly Differentiated Omnichannel Marketing Partner

Strategically located in the Midwest, the Company specializes in one-to-one communications by providing fully integrated marketing across all relevant channels including variable data inkjet print, personalized websites and interactive video. Its services encompass the entire cross media life cycle, including design through creation through personalized media solutions. The business has generated outstanding organic growth with unparalleled profitability. Revenues are approximately \$20 million with an unadjusted EBITDA margin in excess of 30%.

Contact:

*Peter Schaefer @ PSchaefer@NewDirectionPartners.com
or by phone at 610-935-1000.*

Firms Seeking Acquisitions

▶ Southeastern Client Seeks Local Companies

Our client, well known for its advanced technologies and high quality production techniques, is seeking acquisitions of digital, offset, label and large format companies within proximity of the Atlanta, GA, area.

Contact:

*Randy Camp @ RCamp@NewDirectionPartners.com
or by phone at 770-601-0199.*

▶ Seeking Forms/Label Printer

Established client seeks acquisition of a firm serving the healthcare markets with forms, labels, administrative, and/or marketing products in the greater Northeast area. Desires a stable client list and helpful to have a strong sales and customer service team. Additionally, client is interested in providing manufacturing services to firms not looking to exit that might need extra capacity to serve current customers. Poised for a quick transaction with capacity and funding in place.

Contact:

*Jim Tepper @ JTepper@NewDirectionPartners.com
or by phone at 508-523-9033.*

▶ Buyer Seeks Digital Print Provider on the West Coast

West Coast forms/document specialist is searching for a digital print provider to compliment their existing sales/markets. Our client has ample capital and a desire to move quickly. The ideal firm with have sales in the \$5 million to \$10 million range.

Contact:

*Jim Russell @ JRussell@NewDirectionPartners.com
or by phone at 248-891-6992.*

▶ Buyer of Commercial Printers within 100 Miles of Philadelphia

Client seeks purchase of offset/digital printers or mailing entities located within 100 miles of Philadelphia.

Contact:

*Peter Schaefer @ PSchaefer@NewDirectionPartners.com
or by phone at 610-935-1000.*

▶ Buyer Seeks Wide and Grand Format Printer

A national producer of wide and grand format digital printed products, including textiles, seeks to purchase a manufacturing operation, preferably in the Southeastern US.

Contact:

*Tom Williams @ TWilliams@NewDirectionPartners.com
or by phone at 203-856-0120.*

▶ Label Firm Seeking Strategic Add-ons

Our client seeks to purchase Label firms anywhere in the US. Our client is well capitalized, conservatively managed and looking to grow its national footprint. The ideal target will be profitable with revenues of \$10 million or less.

Contact:

*Paul Reilly @ PREilly@NewDirectionPartners.com
or by phone at 303-520-7803.*

▶ Buyer of Digital and Direct Mail Firms within 150 Miles of New York City

Client seeks to purchase digital printers and direct mail/ mailing firms located within 150 miles of New York City. The ideal target will be profitable with revenues in excess of \$8.5 million.

Contact:

*Peter Schaefer @ PSchaefer@NewDirectionPartners.com
or by phone at 610-935-1000.*

▶ Buyer of New England Commercial Printers

Client seeks purchase of commercial printers, mailing and fulfillment providers or marketing agencies in New England. Seeking firms with strong sales and production staff and a history of serving the corporate, institutional, and organizational markets. Poised for a quick transaction with capacity and funding in place.

Contact:

*Jim Tepper @ JTepper@NewDirectionPartners.com
or by phone at 508-523-9033.*

▶ Looking for Agency and/or Direct Mail Firm

Client in the New England market is seeking to purchase or partner with a digital agency, printer or direct mail company. Interested in a firm that might compliment or be interested in a partnership / buy in to current operation. Client is profitable and has a strong, successful sales team with an aggressive client listing active in the direct mail/fundraising arena.

Contact:

*Jim Tepper @ JTepper@NewDirectionPartners.com
or by phone at 508-523-9033.*

All in the Family: a Strategy for Selling Closely Held Businesses

By Peter Schaefer

Family members can sell a printing or a packaging business just as amicably as they've worked together in it. But, success comes from keeping objectives aligned and emotions under control.

Family-owned businesses are the backbone of the printing industry – by one estimate, six in 10 U.S. printing companies are held in this way. That's been good for the industry, as the shared vision and sacrifice of parents, children, and siblings is usually the main driver of the success that family businesses achieve.

But, when the time comes for closely held firms to put themselves up for sale, family ties don't always pull in a helpful direction. Emotions can come to the fore, and individual objectives may clash – issues that have to be resolved in order to be certain of getting the best deal for everyone concerned.

This isn't to say that family members can't sell a business just as amicably as they've worked together in it. In one transaction we're helping to close, the father-and-son owners are parting on the best of terms: the father moving on to the retirement he's been working toward; the son finding the partner and mentor he wants in the new owner. We see strong growth ahead for the business in the compatibility of interests that the principals have preserved.

How different this story is from the case of the husband and wife trying to sell their jointly owned company in the midst of an acrimonious divorce. The company was exceptional, but morale skidded as the emotional temperature kept rising. The transaction, when it finally closed, wasn't a bad one for the sellers. But, the outcome would have been better if the personal backdrop hadn't been as turbulent as it was.

As in the first example, the sale of a family-owned business doesn't have to mean that all the original owners will exit. Some may remain either because their ongoing employment is a condition of the sale, or because the new owner wants to keep them on for the sake of continuity. Two questions then arise: Who gets to stay? Are those who do stay prepared for what comes next?

Buyers may find themselves having to answer the first question, since selling owners – especially the parents of shareholding children – often are reluctant to make the call.

We were involved in a transaction where a company that a consolidator wanted to acquire was being managed by multiple siblings in competition with each other for control. It was a classic too-many-cooks situation, and the company's performance had suffered as a result.

Acting with the objectivity of someone who wasn't a family member, the consolidator soon determined that one of the sibs was the true star and offered him the CEO's role. The others accepted their shares of the payment and went their ways, and the company now is flourishing under its new ownership and management.

While this may have been a bittersweet outcome for those who had to leave, it points to something that owners of family businesses must take seriously: expecting to retain a place for everyone with an ownership stake probably isn't realistic. Instead, sellers should work with buyers to eliminate potential management redundancies and to identify the right mix of talent from both sides for the merged business going forward.

There's a financial incentive for giving the correct answer to the who-stays-who-doesn't question, because the compensation of family members who aren't retained can be added back to the calculation of selling price. As a rough example, if a company is selling at five times EBITDA, returning \$100,000 of compensation effectively creates an additional \$500,000 worth of value for the sellers – an increase that benefits every family member with a stake in the transaction.

As for those who'll remain, we always counsel our family clients to give some thought to what it will be like to work for someone else post-sale. This is crucial if the company they're selling has been their one and only employer, as is sometimes the case with the second- and third-generation principals of family businesses.

These sellers may find that switching gears mentally from owner / entrepreneur to salaried employee isn't easy. Family shareholders who anticipate being retained in management positions should take that proverbial walk on the beach and ask themselves whether they truly are ready for the new structure and hierarchy they'll be part of. If the answer is "no" or even "not sure," now probably is not the time to enter into such an arrangement – even if all other signs are pointing toward a sale.

Although family dynamics can get complicated when a business is up for sale, there are few problems that owners of closely held businesses can't overcome when all of the family members communicate openly and honestly with each other.

We saw this when we were called in to evaluate a very strong company in which ownership was divided equally among the parents and their five children. One of the five, presently the CFO, wanted to acquire the shares of the others prior to sale – an objective that they support and are meeting frequently with the CFO to accomplish.

Their cooperation bodes well for an eventual sale that will reward everyone. It certainly will help them steer clear of disagreements that sometimes lead family members to try to sell their shares independently of other family members. As these freewheeling shareholders usually find out, it is extremely difficult to sell less than 100% of a printing or a packaging business, or anything else – and even if successful, only at a painful discount.

When all shareholders are on board with a plan to sell, the main piece of advice to offer is a reminder that the process will need time. It takes a minimum of 12 to 18 months to plan, execute, and close a sale. If family members are expected to stay on in management positions, their commitment could be as long as three years. Sellers should factor these schedules into their own plans and adjust their timetables accordingly.

In initial meetings with prospective buyers, sellers should try to keep the attention focused on the family members in the pivotal roles – the ones most directly involved in present management and likeliest to continue in those positions after closing. There's no point in letting the show be stolen by less active shareholders whose participation hasn't been as crucial to the successful operation of the business.

Principals dealing with delicate matters like these may want to consider putting them into the hands of a qualified third-party adviser – a consultant with deep experience in selling and buying family-owned businesses. Such an adviser can provide the emotional detachment, professional objectivity, and M&A market insight needed to make the sale profitable as well as harmonious.

Family ownership of a printing or a packaging business may come to an end, but family ties are forever. With apologies for the play on words, it's no exaggeration to say that the family that M&As together stays together – when the deal is crafted in the unity of purpose and the bond of blood that only family owners know.

New Direction Partners is an investment banking and financial advisory services formed by Peter Schaefer, Paul Reilly, Jim Russell and Tom Williams to serve the printing and related industries. Services include merger advisory services through the representation of selling shareholders as well as buy side representation, valuation services, financing and refinancing efforts, turnaround and restructuring services, and temporary/interim management consulting. To learn more about New Direction Partners, visit New Direction Partners' website at www.newdirectionpartners.com.

Phone: **(610) 230-0635** | Email: info@newdirectionpartners.com | Website: www.newdirectionpartners.com

Corporate Office: **P. O. Box 496, Valley Forge, PA 19481-0496**