

New Direction Partners Finds Buyer for Smith-Edwards-Dunlap Company



Third acquisition the company has accomplished with support from New Direction Partners

Founded in 1938 by Henry and Edith Lobel, Smith-Edwards-Dunlap was a long-term family-owned business located in downtown Philadelphia. Jonathan Shapiro joined the company in 1979, and about 20 years ago, was promoted to President.

The Lobel's owned 100% of the company shares, and on their passing, the company went to their three daughters, one of whom had the voting shares. "I came here as a 25-year-old kid and ended up being the boss and making a good living," Shapiro said. "I basically reported to one person, Debra Lobel, who was a real estate attorney in the Hamptons and ultimately retired to Florida. We had weekly update calls, and she reviewed the financials once a month and gave me an attaboy because the company was doing well. It was the perfect relationship, and I am grateful to the family for giving me this opportunity!"

In 2015, at age 86, Debra asked Shapiro to help her sell the company so the family could earn a return on the asset that had been in the family all those years. Her primary requirement was that she wanted to make sure the business stayed in place, that someone wasn't going to come in, sell off the assets, and move the equipment and work elsewhere. Shapiro adds, "She felt like the employees were family and she wanted people to retain their jobs."

There were a couple of barriers to selling the firm.

First, it was vital that the business stay intact with all of the employees remaining with the business. Also, it is a union company which is less attractive to buyers because of the pension plan liabilities. Finally, the company operates from a large facility in Philadelphia and that needed to be sold as well. Shapiro explains, "It's an expensive place to do business, with city taxes and all that. So, selling the company was easier said than done."

Coincidentally, Shapiro had already signed up to attend the Inkjet Summit. "Part of the arrangement," he said, "is you get to sign up for one-to-one pitches from various exhibitors. I looked at the roster and saw a company called New Direction Partners and thought that would be a good place to start. That's when I first met Peter Schaefer. We are actually almost neighbors!"

After Shapiro presented his pitch, Schaefer predicted that the timing wasn't optimal given the barriers and buyside environment at the time. "So, I proceeded over the next couple of years to reach out to various people instead of going through a company," he said. "And we had a couple of false starts, including offers that would end up shutting us down and moving elsewhere. And at that time, there was not a lot of pressure from Debra to close a deal."



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Shapiro reports that from 2018 on, the company was having gangbuster years, and the shareholders were getting good dividends. But in 2023, Debra again asked if Shapiro could step up the process. “As luck would have it,” he said, “there was another Inkjet Summit, and I looked at the roster, and there was Peter Schaefer. Isn’t this a great story? I could have lifted up the phone and made a meeting, but it just seemed like this would come full circle. So I went to the Summit, showed him my last four years, and he said that the timing was perfect as he knew of a buyer who owned a shop with the same union and likes to purchase real estate, and who could be very interested! They had just acquired another union shop and were likely to be intrigued by the Philly location.”

A visit from the acquiring company, Marketing.com, was quickly set up, and within a week, a letter of intent was prepared. “From that point, it takes a while,” Shapiro explained. “Due diligence, dealing with lawyers, etc., but at the end of the day, we closed on December 1, 2023. They met 90% of what we were looking for, and it looked like a good win for the employees. We are now owned by a large consortium of some 35 companies. We retain our company name with a subtitle of “a Marketing.com company.”



Shapiro plans to stay on for a couple of years to help with the transition.



“One of my strengths,” he says, “is running Democratic political direct mail. And in a presidential election year, that’s a lot of volume. I like the sales, I like the action, I love my clients and the excitement of producing large amounts of mail in a short period of time. So I’m excited about the way the deal turned out, and looking forward to a bang-up year. I’m grateful that our owners had the patience to see this through, as well. So all around, it’s a win/win for everyone, the buyers and the sellers.”

Shapiro concludes, “On a personal level, I like Peter. He’s a wonderful guy, easy to talk to and engaging. Just a warm guy and very communicative and organized. He kept us all on task and was the point man between us and the buyer. It was a lot of work, but it was a pleasant experience. I can’t speak highly enough of how he helped us through this. The other benefit was that he knew the acquiring group well, having done several other deals with them, so that was helpful as well. I’m a firm believer that timing is everything. You don’t know what’s coming next; but you keep your eyes open and your wits about you, and good things will come. And it’s important to be patient. Our patience paid off in the end!”

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.