

NEW DIRECTION

PARTNERS

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



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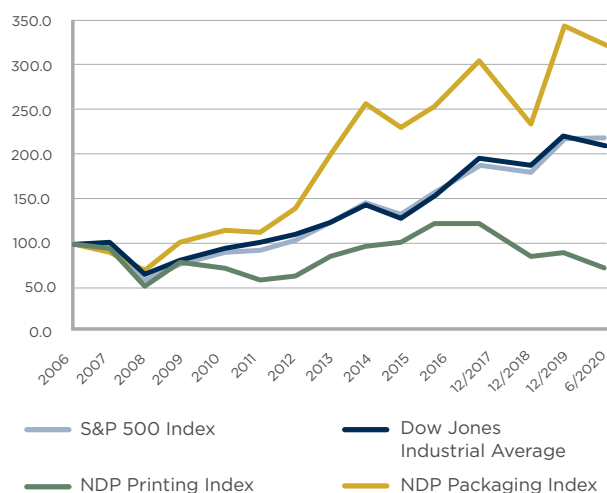
Recent Transactions

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

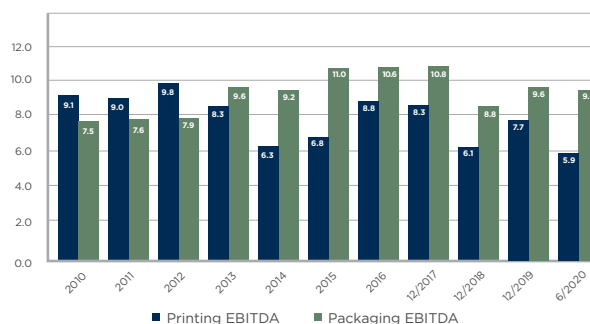
- ▶ Sale of Custom Color Corporation to GSP Retail. New Direction Partners represented the seller.
- ▶ Sale of The Goode Company to Almaden. New Direction Partners represented the seller.
- ▶ Power Marketing + Printing has acquired the assets of Market Place Color. New Direction Partners represented 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.
- ▶ Sale of Prographics to Drummond Press. New Direction Partners represented the buyer.
- ▶ New Direction Partners assisted SoftPrint Holdings, Inc. in the raising of growth investment funding through a private placement of a Convertible Debenture.
- ▶ Allen Datagraph Systems was purchased by a Private Party. New Direction Partners represented the Seller.
- ▶ 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

- ▶ Paul Reilly and Peter Schaefer will be participating in the Virtual Inkjet Summit August 17th - 25th.
- ▶ Peter Schaefer and Paul Reilly will be attending and presenting at XPLOR20, dates TBD, in St. Petersburg, FL. Their presentations will be "Reimagining M&A in These Unprecedented Times" and "Emerging Technologies - Differentiation is Returning"
- ▶ Peter Schaefer and Paul Reilly will be participating in the Virtual Digital Packaging Summit, November 16th - 18th.

Upcoming Webinars

A Three-Pronged Route to Post-Pandemic Business Recovery

In this session, Paul Reilly and Tom Williams will share their perspective on how best to achieve post-pandemic business recovery. Taking the right actions now, can leave a 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 our business;
- ▶ and how to use -- and not use --- PPP loans and other resources provided by the CARES Act.

The webinar is scheduled for September 17th, 2-3 PM. [Register here.](#)

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!

- ▶ 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 PIAAlliance, GAA and PINE. [View presentation here.](#)
- ▶ Hosted by PICA & PIAG. [View presentation here.](#)
- ▶ Hosted by GMA. [View presentation here.](#)
- ▶ Hosted by PIASC and WSPrint. [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
- ▶ Customer concentration considerations in mergers & acquisitions... and more
- ▶ Leveraging customer concentration for business growth
- ▶ [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.](#)

▶ Jim Russell and Al Reijmer presented a webinar hosted by GLGA on “GLGA’s latest Profit Matters webinar – the Great Lakes Graphics Association’s effort to address all issues regarding profitability in the print industry in a session entitled Are You a Buyer or a Seller?”

In today’s print market, organic growth is hard to come by. In an industry that is still contracting, and with buyers and marketers who have less time to meet with new vendors (your sales people), organic growth is a serious challenge for most printing companies and their sales teams. For the last few years, the team at New Direction Partners has been advising that printers who are struggling with organic growth should be either a buyer or a seller... And that is still the case today.

Which one should you be? Is your company positioned properly to effectively manage a “tuck in” of new business and grow through acquisition, or should you be considering the sale of your company to another firm better positioned to help you grow your revenue? And if so, how do you determine your company’s value. Takeaways from this session included:

- ▶ Identify the key traits and characteristics of businesses that should be buying other companies
- ▶ Learn which types of businesses might be better suited to merging with or selling to a friendly competitor
- ▶ Find out how values are determined in those transactions, and
- ▶ End with a few guidelines for ensuring your business has the best value
- ▶ [View Archive](#)

Featured Listings

Firms for Sale

▶ 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

▶ 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.*

▶ 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.*

▶ 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.*

▶ 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.*

▶ 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.*

▶ 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.

▶ 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.

▶ 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 \$5.5 million, with EBITDA of \$350,000.

Contact:

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

▶ 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.

▶ Mountain States Screen Printing, Embroidery, & Promotional Products Firm

This profitable screen printing firm has a solid record of growing sales and profitability and is highly regarded for its diversity of services as well as its quality and customer service. Located in the Mountain States region, and with its diversification of clients and products, its customers should be very attractive to firms seeking to absorb sales into existing operations for rapid growth and expand their current sales base. Currently operating in a leased, modern facility, and, with a full management/production team in place, this firm also offers the opportunity to continue in-place with 3 years left on the current lease. Synergies are readily available to provide great economics for this transaction. This profitable screen printing firm has a solid record of growing sales and profitability and is highly regarded for its diversity of services as well as its quality and customer service. Located in the Mountain States region, and with its diversification of clients and products, its customers should be very attractive to firms seeking to absorb sales into existing operations for rapid growth and expand their current sales base. Currently operating in a leased, modern facility, and, with a full management/production team in place, this firm also offers the opportunity to continue in-place with 3 years left on the current lease. Synergies are readily available to provide great economics for this transaction.

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

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

▶ 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.

▶ **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 US Book Printer**

The company is a well-respected midwestern U.S. based book printer with \$15 million in annual revenue and EBITDA in the 8-10% range. The company serves a diverse range of clients, and has long-term contractual relationships with three of their top five clients, providing a solid base of business year after year. The company also has strong management who desire to remain with the company post-sale.

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.*

▶ **Midwestern Packaging Partner**

Our client designs and manufactures both boxes and folding cartons. Products include candy boxes, gift boxes, cosmetic boxes, complete folding cartons and gameboards. Revenues of this highly profitable firm are approaching \$10 million.

Contact:

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

▶ **National E-Commerce Print Provider**

Our client's e-commerce platform and associated online portals support all types of products including commercial print, promotional products, inventory fulfillment as well as client storefronts. With a sophisticated e-commerce operating platform, robust marketing capabilities, and technically advanced production capabilities, this is a highly desirable property.

Contact:

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

▶ **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.*

▶ **Southeastern Print Solutions Provider**

Our client is an established, high-growth print solutions firm located in the Southeast region of the United States. The firm's strong year over year growth has been fueled by leveraging their core competencies of quality craftsmanship with 21st century technology to create a sustainable competitive advantage in the commercial printing marketplace. While high-end printing is at the heart of the company, they are a true end-to-end solution provider. From pre-press services to optimized manufacturing processes through on-demand fulfillment, the company offers their customers a complete communication package without the hassle of coordinating across several smaller firms.

Contact:

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

▶ **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:

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or by phone at 610-935-1000.*

Firms Seeking Acquisitions

▶ **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.*

▶ **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.*

▶ **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.*

Thinking About Selling? Start Early and Hire an Expert!

About five years ago, the management team at The Allied Group determined it was time to develop a succession plan. The company's president, Bob Clement, explains, "My partner is older than I am, and he wanted to retire; I did not. We hired New Direction Partners to help me build a plan, especially as it related to recapitalization of the company, and that's what they did."

Clement notes that he has known Paul Reilly and Jim Tepper of New Direction Partners for years and had actually used the firm five years ago to do an acquisition with a great outcome. "So it made sense to re-engage them as we transitioned to new ownership," he said.

The Allied Group is a diversified company, providing commercial printing, business forms and labels. "But we also do a lot of kitting and fulfillment for the life science and healthcare industries," Clement states. "It's an exploding field, doing kits for home diagnostic testing. We're now doing this for some of the COVID-19 tests. We do the printing, put the labeling on, secure the medical components, design and procure the box, assemble the kit and distribute domestically and internationally. I think you will see more and more of this for everything from cancer detection to prenatal testing and more. It's less expensive and less risky than sitting in a doctor's office waiting room. This part of our business has been growing at 60% to 70% of late."

During the search for a buyer, which took the better part of a year, The Allied Group worked with New Direction Partners to sort out what Clement saw as a complex puzzle with a lot of unique pieces. "I knew I needed to work with someone who could play an investment banker role that would help me through this," Clement says. "They did everything. They did a valuation of the company so we knew where we stood. They took us to market. They coordinated and facilitated all the different steps along the way. The go-to-market process started around Labor Day 2018, and we closed a deal in April of 2019. There's no way we could have done that on our own. And Paul and Jim's knowledge of the industry was a huge benefit."

Clement points out that in 2019, the M&A market was strong, adding, "We were looking for a private equity partner. We were not looking to join another existing company in our industry. We wanted a financial buyer, someone that wanted to invest in The Allied Group and grow the company but wanted current management to lead the day-to-day charge. That's a more common approach

among private equity buyers, as opposed to strategic buyers in the same industry where typically people lose jobs. We were in a strong position and felt it was a good time to secure a financial buyer."

New Direction Partners worked to establish a valuation baseline and a good understanding of Clement's objectives, and then initiated a search, applying a lot of filters based on the stated goals and objectives. Clement reports, "They started out sending teasers to about 150 different potential PE firms, with about 30 coming back with some level of interest, finally narrowing it down to about ten that really wanted to come talk with us. That was another benefit of working with New Direction Partners: If you are just talking to one person, you have no way of knowing if they are offering a reasonable deal. At the end, we had three or four serious suitors, and



Example of medical kits produced by The Allied Group

because we were able to compare across those, we knew right where the final offer should be.”

Ultimately, with guidance from New Direction Partners, The Allied Group chose Compass Group Equity Partners in St. Louis, a family office private equity firm. Clement says, “What I learned in the process is that some private equity just wants to buy you and spend the next two years making you worth more to sell you, a churn and burn approach. I wanted something that was longer-lasting, maybe someone who could build a platform with us as a starting point. I wanted a longer-range future not so much for me personally – I was looking for a three - to five - year kind of future employment – but someone that would keep everything going for the rest of our company of almost 200 employees.” The life sciences kitting and fulfillment part of the business was especially attractive to Compass Group.

The acquisition literally resulted in zero personnel changes, Clement notes. “As long as we do a good job, that’s what they want as well,” he says. “One of the changes for me and my executive team is there is now a Board we answer to, and they have been great, very easy to work with. Their goal is to add value and be helpful. What the deal did for us is strengthened our future, especially in light of the subsequent pandemic. If anyone looked at us now, it might be a different story, with my partner at 70 and me at 65. That uncertainty all went away. In addition, they are all about growth. We now have a lot more money behind us if we need it to grow, make acquisitions or invest in technology. When you enter into an arrangement like this, you have to understand both parties and have an alignment in direction. A year into it, I feel comfortable that we were successful in finding that. Finding that match was a big value add that Paul and Jim brought to the mix.”



As part of the deal, Clement’s partner was able to retire with the resulting recapitalization of the company, and Clement captured a good portion of his value of the company as well. “I reinvested a lot of that back into the company,” he says. “I’m still a shareholder and am plugged in for any incentives with a strong desire to make it successful over the long term.”

Another benefit of being acquired by a financial buyer like Compass Group was access to more prestigious banking. “One example was the recent availability of PPP funds,” Clement explains. “We secured a very nice amount at midnight on the first day because of our partners in St. Louis. We didn’t have quite that much pull locally. Their scale and their experiences in different industries added value in a positive way.”

As a result of his experiences, Clement has this advice for his peers: “We had been talking to New Direction Partners over the five years of planning for this eventuality. I highly recommend you start talking early to someone like New Direction Partners well before you are ready to pull the trigger to learn what is involved – there is a lot involved, and they were the right partner for us to walk us through it to a successful conclusion!”

The fact-finding exercise known as due diligence is a deeper dive than many business owners are used to taking. But, cooperating fully in it is the key to completing a successful M&A transaction.

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.

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