

What Does a Picture-Perfect Acquisition Look Like? A Lot Like This One

By Peter Schaefer



A seller with everything the buyer wants and a buyer the seller is happy to do business with: deals like this can happen, and when they do, they're a joy to behold.

At New Direction Partners, we try to keep our clients mindful of the need to be a “have”: a progressively managed printing business that prospers in the present by investing for the future. Today, the haves are thriving because they have made themselves “sticky” to their customers, moving away from the commodity business in which pricing is the sole focus. Whenever we're able to match a selling “have” with a buying “have,” the outcome almost always is a transaction that maximizes value for both parties to the deal.

This is the story of the acquisition of Fenske Media by Allan Creel. Many people in the industry know Allan for the vision and the energy he put into transforming a traditional, family-owned printing business into CREEL, a leading provider of integrated marketing services. After moving on from that role, he wanted another opportunity to run the kind of digitally based production operation that he built successfully at CREEL.

Fenske Media was and is exactly that type of company. Established in 1957, it had been developed by the founder's four sons into one of the most exemplary printing enterprises it has ever been our privilege to represent.

Fenske's specialty was omnichannel marketing across a full spectrum of media from print and direct mail to interactive web and video. The company served a clientele of blue-chip consumer brands from a sparkling clean, custom-built plant that was a textbook example of print manufacturing efficiency.

Eminently Acquirable

Not only was Fenske one of our most operationally impressive clients – it was also one of our most profitable, thanks to the owners' continuous investment in technology and automation. All in all, it was an exceptional acquisition opportunity to be looked at very seriously by any strategic purchaser or financial buyer.

With the four brothers as our clients, we brought Fenske Media to market at a moment that no one could have foreseen: the onset of the COVID-19 pandemic. Buyers, like the industry as a whole, hit the pause button until the emergency passed. The brothers understood that finding the right buyer for the kind of transaction they wanted would take time.

Meanwhile, having sold CREEL to LSC Communications in 2017, Allan Creel was searching for his next business venture. He would reacquire part of it – the sheetfed and web offset division – from LSC in 2020 in the wake of that company's Chapter 11 bankruptcy filing. He recognized that within this traditional segment, consolidation was critical to survive. He ultimately engaged New Direction Partners to sell the reacquired offset business, which we did to the consolidator Mittera in 2021.

Dedicated to Digital

One of the things Allan missed most from the CREEL days was the digitally based division he created in 2011, a business that LSC chose to retain. He has always been passionate about digital and inkjet technology. While he owned CREEL, he invested heavily in building up its technology and broadening its customer base. When he let us know that he was ready to re-enter the digital market, we had a tailor-made acquisition candidate all ready for him.

We flew with Allan to Rapid City, where “love at first sight” wouldn't have exaggerated his reaction to what he saw at Fenske Media. The attraction was mutual, and the progress from letter of intent to closing was swift. The Fenske brothers recognized in Allan someone who could fully appreciate everything they had done to differentiate their company from the competition.

Allan showed his appreciation by being willing to value the company on a pre-COVID basis – a testament to his confidence that it would rebound even more strongly when business conditions returned to normal.

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And that is precisely what happened. Under Allan's direction, Fenske Media has become even more of a "have" than it was when he bought it, with new accounts, increased volume, and a redoubled commitment to omnichannel marketing.

Why It Worked So Well

In a case like this, it's hard to see how the interests of the sellers and the buyer could have been more closely aligned. The Fenske brothers showed wisdom in being patient until the right buyer appeared – someone with whom they could establish the cultural fit on which every successful acquisition depends.

They were also wise in continuing to make capital investments in their company while proceeding toward a sale. Nothing is more important to establishing a reputation as a "have" than putting the right systems and equipment into place where buyers can see the growth potential they hold for the business.

Since they were so clearly made for each other, it's possible that Fenske Media and Allan Creel could have come together on their own, without the mediation of a third party. But working with a trusted advisor plugged both parties into that advisor's extensive network of contacts, where the match was much easier to identify and to make. As we think this transaction demonstrates, that kind of mutual acquaintance is just the right kind of "have" for buyers and sellers to set the process in motion with.

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.