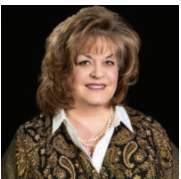


MANUFACTURING BUSINESSES SELLING QUICKLY: WHICH ONES AND HOW MUCH

THOMAS R. CUTLER INTERVIEWS MANUFACTURING BROKER FRANCES BRUNELLE



Frances Brunelle is the founder of Accelerated Manufacturing Brokers, Inc.

Brunelle shared that national statistics show that most manufacturing companies in the lower middle market are sold to buyers from more than 100 miles away.

TRC: What is this geographic distance relevant when selling a manufacturing enterprise?

FB: Manufacturers looking to selling their companies

must make sure that the broker being considered has a national, rather than just a local following to achieve the best results.

TRC: How does this wide scope of prospective buyers impact the sales process?

FB: Accelerated Manufacturing Brokers brings only the most qualified buyers into client companies. It is common for us to vet hundreds of buyers, and only bring a small handful to visit. (This can be achieved remotely during social distancing.) But those few are ALWAYS both professionally and financially qualified. Anything less is a waste of time for everyone involved.



TRC: Could you review some of the types of manufacturing businesses recently sold and a little bit of background information?

FB: There are many examples of recently sold manufacturing companies:

National OEM – Testing & Measurement Instrumentation

This was by far one of the most challenging projects we've managed in 26 years of business. We had to navigate the death of the company's founder during the listing period and a company in crisis. We vetted hundreds of people, deemed only 16 to be BOTH professionally and financially qualified. Of those 16, only 4 groups were granted visits and all 4 submitted offers. Ultimately the company sold to a respected industry giant who will maintain the brand, respecting the legacy of the founding family. We are proud to have been a part of this sale.

Coated Filter Media Manufacturer

This deal had more lives than a cat. Our original buyer got cold feet and backed out (very rare). We had multiple LOIs (Letters of Intent) within a few short weeks. After settling on a second buyer, we had to successfully navigate our client's loss of a major customer and got to the closing table with both sides happy.

Aerospace Component Manufacturer – New England

With two LOIs submitted on this business, we found the perfect buyer for our client. However, with a 65% customer concentration, 12 acquisition lenders turned the deal down. We referred the buyer to one of our national lenders who understands the aerospace industry, in which it is almost impossible to not have a concentration. This business had 2 shareholders, one wanting immediate retirement and one wanting to continue working. We got them BOTH what they wanted.

Specialty Tooling and Wire EDM Manufacturer

Client said the deal MUST close in 2018 for tax

purposes, but we had only 60 days from LOI to the end of the year. Add in 2 major holidays, a car crash, a snowstorm, and the client's roof collapsing with equipment damage and a government shutdown with the financing coming from the SBA. We still closed it on December 31st. We obtained multiple offers and this business sold over list price.

Industrial Furnace Manufacturer

Client was an industrial furnace manufacturer specializing in new and re-manufactured industrial vacuum, sintering, MIM, vacuum hot presses, and hydrogen furnaces. To ensure the continuity of the company the client requested we find a buyer with relevant industry experience, rather than simply a financial investor. This was like finding a needle in a haystack, but we found the perfect match!

Manufacturer of Fiberglass Products

The largest company in the industry offered to purchase the client to gain their customers and close the plant. Our client gave us strict orders to find an acquirer who would keep the jobs in KY. We vetted over 200 companies, granted 7 visits, and received 6 offers. With the business development and sales skills of the family who made this acquisition, the largest company in the industry might not be the largest for very long!

Manufacturer of Architectural Curved Wood Panels

After vetting more than 100 buyers, only four were granted plant tours. All four submitted LOIs. The business was sold to an out of state buyer who relocated to take the helm of this company keeping the jobs in the community.

Industry Leader of Micro-Precision Manufacturing

We successfully sold this carve out of a publicly traded company. After vetting over 250 buyers, only 9 were granted visits. We obtained multiple offers and the business sold at more than the list price. This business was listed with a local broker for more than a year with no result before we were called in to sell.

CNC Component Manufacturer Serving OEMs

Client was concerned about the continuity and future opportunity for the staff who had helped the owner become successful. We were able to find the perfect match; an out of state buyer who previously ran a division of J&J.

Midwest Industrial Equipment Repair Manufacturer

After vetting hundreds of potential buyers, 3 strategic buyers with multiple holdings were granted plant tours and meetings. Two of the three made offers and the client was able to choose to whom they wished to sell. We accomplished this in record time which a local broker could not do in 4 years of listing the business.

TRC: Are you able to give some examples of the type of prices manufacturing sales commanded?

FB: While the range is significant most small manufacturers are sold from \$2M to \$20M. In many cases we are contractually restricted from sharing the sale price, but here are some examples of small manufacturing companies that have sold and for how much...

Northeast Manufacturer of Hydraulic Integrated Circuits

Price: \$1,895,000

LOI submitted less than 30 days of listing agreement being signed – sold to out-of-state buyer.

New England Pump & Valve Repair Facility

Price: \$2,295,000

3 LOIs submitted in one week – client got to choose to whom he wanted to sell.

U.S. Based Supplier of Sand Handling Equipment to the Foundry Industry

Price: \$2,950,000

Ohio based company sold to buyer from out of state.

Northeast Niche Manufacturer of Machine Tool Accessories

Price: \$1,250,000

Over 75 inquiries and potential buyers vetted. Only 2 brought to the client's facility – both submitted offers. Sold to out-of-state buyer.

Ultra-Modern CNC Shop Providing Services to the Measuring Device Industry

Price: \$1,600,000

Over 250 inquiries and buyers vetted. Only 3 buyers were granted visits. All three submit offers. Two were out-of-state buyers.

Gun Barrel Manufacturer with New Rifling Technology

Price: \$2,200,000

South Carolina-based company sold to New England buyer.

TRC: Given the market fluctuations due to COVID-19, what is your prognosis for manufacturing company sales for the rest of the year?

FB: While it might seem counter-intuitive this year will be one of the most successful in manufacturing businesses sold.

THE VOICE OF MFG GLOBALLY

**Breaking
Manufacturing News,
Trends & Forecasts.
New episodes posted
every Tuesday.**

MFGTALKRADIO.COM

**Listen to all of our
previous shows FREE.**



Hosts Tim Grady and Lew Weiss

SPONSORED BY

**All Metals &
Forge Group**

OPEN DIE FORGINGS & SEAMLESS ROLLED RINGS

STEELFORGE.COM