

## Differentiating Yourself as a Buyer

When it comes to M&A, it's not just about the numbers. Successful acquisitions require a more nuanced approach that considers all stakeholder objectives. **Companies that can demonstrate their appreciation for this, as well as effectively communicate their value-add as a buyer, will differentiate themselves, opening more doors and winning more auction processes in a competitive acquisition environment.**

As a buyer, your first step should be to read the room. Ask targeted questions of the owner or their advisors to gain a better understanding of what truly is important to them in a sale. It is then about evaluating your own company's capabilities and flexibility to determine how to meet those objectives. Some owners might value something highly, like the ability to retain equity, while others would be completely turned off by the prospect of being an owner without majority control.

Here are some common areas to consider, many of which don't cost you more as the buyer:

- Commitment to culture and taking care of the communities in which you operate.
- History of internally developing management to provide career paths for employees.
- Experienced acquisition team that knows how to expedite the due diligence process and successfully navigate integration.
- Deal structure flexibility to allow for equity participation if desired.
- Unique employee perks such as employee ownership through an ESOP.

- Willingness to retain the selling company's name post-transaction.
- Confirmation that the full team will remain at equal or better compensation.
- Offer references of prior owners of companies you have acquired to communicate whether you act the same pre-transaction as you do post-transaction.
- Ability to bring additional customer demand, demonstrating upside potential for the seller's business and existing team.
- Flexibility with regard to family members involved in the business.
- Capability to handle the real estate however the owner prefers (acquire vs. lease).
- Demonstrate stability and longevity to minimize any concerns an owner might have with your future intentions for the business.

**In conclusion, companies that can demonstrate an empathetic approach, flexibility, positive culture, successful acquisition track record, and commitment to the acquired company's stakeholders post-transaction can differentiate themselves favorably as potential acquirers and perhaps even gain an opportunity to preemptively evaluate the seller before a more structured process is run.**

### *in this issue*

Business Lines *page 2*

Cruising to New Opportunities *page 2*

McCully Winds up with Windings *page 3*

Our Newest Acquisitions *page 4*

On the Dotted Line *page 4*

The Market Front *page 4*



## business lines



By Steve Jacobs

Mergers and acquisitions continue to be the central strategic alternative for companies looking to monetize, expand, or diversify. Making the right deal at the right time remains paramount – and understanding the M&A landscape will prove advantageous.

Heading into 2023, a big uptick in the M&A sector is expected as a result of many factors, including an increase in private capital available and a lower spend in the second half of 2022.

Even as worldwide economic conditions remain uncertain, there is the notion that good deals will always get done, even in difficult environments.

A recent survey of Iowa Business Council members provides an indicator of what company executives believe the remainder of the year might entail. The bottom line is they are not anticipating anything dramatically different, good or bad, higher or lower, with a generally positive sentiment for an economic outlook.

While deal volume has moderated from record levels, average valuations remain strong for high-quality companies. There is still over \$750 billion of private equity cash available, and acquirers continue to be proactive, targeted, and strategic while placing increased focus and rigor on due diligence. Debt financing remains readily available for transactions with reasonable valuations, but in certain circumstances, more equity or seller financing will be required to complete a deal.

If your company is looking to build long-term value through acquisitions, focus and discipline is required to complete optimal deals. The best way to ensure success is to know all your options. If it is the appropriate time to consider ownership transition, value can be maximized through thoughtful preparation and early planning.

Working with an experienced M&A advisor allows your management team to focus on maintaining profitable operations, while simultaneously executing the best business strategies for ownership success.

Steve Jacobs  
steve@bccadvisers.com  
(515) 777-7077

## Cruising to New Opportunities



Companies can be presented with changing market dynamics, management transitions, strong buyer interest, and other compelling circumstances that advocate selling the business may be the best option for stakeholders. This also applies, on occasion, to companies owned by an Employee Stock Ownership Plan (ESOP).

Hockenberger Newburgh (HN) was minority-owned by an ESOP, having built a culture focused on employee engagement and strong relationships with clients and retailers. The company grew from a small, one-room office in Des Moines in 1930 to being a leading food broker in the Midwest. For nearly a century HN has worked closely with clients to understand their products and capabilities in order to offer the best solutions to its network of valued retailers. HN's quality service includes helping retailers manage inventory

and develop marketing and merchandising strategies, in addition to providing training and education on products purchased through HN.

The leadership of HN desired to further expand its market area and capabilities to better service its clients and offer growth opportunities for its employees. HN hired BCC Advisers to assist in identifying potential buyers who would achieve these objections.

Cruise Marketing stood out from the start as a strong strategic fit. Joining together, HN would gain access to a wider range of resources and expertise while allowing Cruise to expand its services and product offerings. "We are thrilled to be joining forces with Cruise Marketing," stated Carol Winkler-Schade, CEO of Hockenberger Newburgh. "Not only will this partnership allow us to enhance our capabilities and provide our clients with an even greater level of service and support, our employees, which are our greatest asset, will benefit from new opportunities for professional growth and development."

Winkler-Schade highlighted the significance of BCC's role in representing HN throughout the transaction. "BCC has a deep understanding of the sell-side process, anticipated key points of negotiation, and positioned us to maximize success. They were instrumental in finding a partner that

*Continued on page 4*



# McCully Winds up with Windings

Windings, a provider of electromagnetic motor solutions for over 50 years, has recently completed the acquisition of McCully Corporation, an engineering and manufacturing services provider of high technology electric motor applications. Established in 1978, the Moorpark, CA-based McCully Corporation specializes in manufacturing high-performance electric motors and generators for various industries such as aerospace, defense, and medical.

This acquisition represents an exciting opportunity for Windings, headquartered in New Ulm, MN. With its expertise in delivering solutions with extremely tight tolerances and the highest precision, Windings is renowned for tackling even the toughest designs in electric motor components that travel deep into the Earth (parts used in deep oil drilling applications) and beyond the Earth itself (it produced parts used in the Perseverance Rover that went to Mars).

As a 100% ESOP-owned company, Windings' ownership structure provides a unique benefit to McCully employees. According to Windings CEO Heather Braimbridge-Cox, "We're excited to provide McCully employees a new retirement benefit through participation in our ESOP. In addition, we believe being employee-owned makes us a better company, and we're confident the same will be true for McCully."

The acquisition is strategically important for Windings, as it will allow the company to expand its market area and product offerings. "McCully has a strong reputation for quality and service in the industries they serve, which complements our existing capabilities," said Braimbridge-Cox. "We're excited to bring their expertise and technology into the Windings family, and to continue to grow our business through new and exciting avenues while expanding our geographic reach."



Windings enlisted the services of BCC Advisers to facilitate the acquisition of McCully Corporation. BCC played a pivotal role in identifying the acquisition opportunity and guiding Windings throughout the transaction process. Braimbridge-Cox expressed her approval saying, "We were extremely pleased with the support and advice provided by BCC in identifying and executing this acquisition. Their knowledge and expertise were critical in making this deal a success."

The strategic fit between these two companies should provide significant value for all stakeholders involved.



## Our Newest Acquisitions



**Samuel Irwin**  
Financial Analyst

**Samuel Irwin** joined BCC Advisers' M&A team as a financial analyst. In this role, he is responsible for supporting senior team members in all aspects of the firm's sell-side and buy-side deal execution. Sam is a 2022 graduate of Iowa State University, Ivy College of Business, with a degree in Accounting. He is currently enrolled at Creighton University pursuing a Master in Finance. Prior to joining BCC, Sam completed internships with KPMG in audit and tax, and with CFO Systems as a senior accountant during his academic career. Sam earned a Financial Modeling Level 1 certification from Adventis and is currently a Level 1 CFA candidate.



**Kathy Pettinger, ARA**  
Real Estate Appraiser

**Kathy Pettinger, ARA** joined BCC's real estate appraisal affiliate, Iowa Appraisal, as a real estate appraiser. Kathy specializes in the valuation of farmland and farm-related improvements. She brings over a decade of experience in land appraisals and was the second female Accredited Rural Appraiser in Iowa, joining a select 45 percent of the American Society of Farm Managers and Rural Appraisers membership who have received this status. Kathy is a Certified General Real Property Appraiser in Iowa and has earned a B.S. in Management Information Systems from Iowa State University.

## Cruising to New Opportunities

*Continued from page 2*

shares our commitment to excellence in customer service and valuing employees.”

Despite the change in ownership, Hockenberg Newburgh's core values will remain unchanged. Personnel will also remain the same, ensuring a smooth and seamless transition. The HN team looks forward to strengthening and growing existing relationships with their clients under the ownership of Cruise. The transaction represents a significant milestone for both Cruise Marketing and Hockenberg Newburgh.

## on the dotted line

### Some Recent BCC Advisers Transactions:

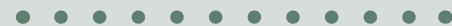
Advised provider of engineered electromagnetic motor solutions on acquisition of an electric motor winding and components company.



Advised a regional bowling and entertainment center on its acquisition by a publicly-traded bowling center and entertainment venue operator.



Advised a regional food brokerage company on its acquisition by the same to facilitate geographic and product line growth.



Performed a fair market valuation of a telecommunications provider for estate planning purposes.



Advised a wildlife product distributor on fair market value for a proposed transaction.



Performed a fair market valuation of a general contractor company for purposes of annual ESOP plan administration.

## The Market Front

*Some opportunities available through BCC Advisers:*

**U.S.-based extruded plastics manufacturer - is seeking a buyer.**

**U.S.-based material handling equipment, automation, and service provider - is seeking acquisitions of the same.**

**European-based injection molder - is seeking acquisitions of life science-focused injection molding companies.**

**U.S.-based industrial cleaning services company - is seeking a buyer.**

### WE'D LIKE TO HEAR FROM YOU!

Is there a topic related to mergers and acquisitions you'd like to learn more about?  
Send your request to us at [info@bccadvisers.com](mailto:info@bccadvisers.com)  
and we will do our best to address your question in a future issue!