



Pathway Advisors LLC

Management & Financial Counsel

Getting it Done

Pathway Formalizes Buy/Sell Advisory Services

JULY 2022



Dear Gerry,

Recently, I spoke at the partner's meeting of a Boston law firm. To prepare, I put together a summary of Pathway's 10 most significant engagements over the past 2 years.

The process was an eye opener!

What happened was that a closer look at these cases led me to recognize that without a conscious effort, Pathway had become expert in providing Buy/Sell Advisory services when an "EBITDA CHALLENGED" or significantly troubled company was involved. Sometimes we represented the seller – and sometimes we represented the buyer. Regardless, we've always been able to provide real value.

*With this in mind, I'm pleased to announce that Pathway has formalized our Buy/Sell Advisory work as a core service. Further, my long-time associate, **Richard Katzman**, has become a Principal and will be focusing much of his time on this work. Richard is the perfect person to take on this role. In his prior life, when his family-owned tannery was put into the workout department of its bank, he took over the CEO position. Subsequently, he successfully sold the company to a competitor.*

I hope you'll read on.

*Best Wishes,
Gerry*

Our Buy/Sell Services

Our services are distinct in several ways. First, we're focused on smaller companies with between \$5 million and \$100 million in sales. Second, we don't act as investment bankers

per se. For the most part we're engaged when discussions have begun with one or several potential transaction partners. When that's not the case, we'll typically conduct a "focused search" which generally involves no more than ten to fifteen companies that may be a good fit.

Generally, these are the key elements of our services:

- Help our client establish realistic goals. "Sanity checks" need to be provided up front!
- Provide an "opinion of value"
- Assist with on-going discussions or reaching out to a limited number of companies that may offer a good strategic fit
- Assist with exploratory discussions, deal structuring, negotiations and closing the transaction
- Arranging financing when needed
- "Hand holding" (a crucial service because this is almost always a first-time experience for our client.)



Representative Successful Transactions

The Sale Of A Leading National Printer of High-End Invitations

For many years, this client had been running at about \$35,000,000 in annual sales with pre-tax profits in the 6% to 9% range. Then, online competition struck. Over a number of years, sales declined to about \$12 million annually and losses exceeded \$2 million for two years running. At that point, the bank asked out and the situation quickly evolved into a crisis. Shortly thereafter, Pathway was engaged. Initially we stabilized the company and brought in a non-bank lender. With those jobs done, we led the effort to upgrade the company's management and operational efficiencies. Then, after close to two years of

hard work, it all came together when a publicly traded specialty printer made an unsolicited call.

Pathway took a lead role in the negotiations to sell. In less than a month, we settled on a purchase price of about \$2.25 million over net knock-down value and less than sixty days later, the deal closed. Subsequently, Pathway helped sell the company's 135,000 square foot plant to an investor with whom we've had a long-standing relationship with.

The Sale of Richard Katzman's Family-Owned Leather Tannery

With about \$12 million in annual sales, the company was a relatively small player in a turbulent industry. After surviving a number of difficult challenges, including being placed in the workout group of his bank, Richard decided that a divestiture was his best route forward. Although the company's recent earnings had been very modest, at best, working independently, Richard was able to find a buyer that wanted to purchase the company's intangibles and hire him to stay on. Along with the intangible sale, Richard successfully liquidated the company's inventory and equipment, collected receivables, and sold the company's real estate to a developer. In the final analysis Richard and his father netted several times more than they had hoped for!

Richard and I know that our buy/sell advisory services address an underserved need for lower middle-market family-controlled and owner-led companies searching for the best way to maximize the value of their buy/sell efforts. We look forward to talking with you regarding any situations in which our services can help close a deal. We can be contacted at:

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Pathway Advisors LLC is a specialized business advisory firm focused on helping our clients effectively resolve the most significant of profitability, cash flow, banking, operational, and organizational challenges. We pride ourselves on the ability to analyze issues quickly, develop plans to solve them efficiently, and leverage our deep relationships in the financial and business communities to do so. Pathways has helped over 400 companies throughout the eastern half of the US.

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