



### The CV

Marc Fecher is partner and head of corporate finance at Moore Kingston Smith. He joined the firm in 1997 as a newly qualified ACA. In 1999, he set up the firm's regulated corporate finance business – Devonshire Corporate Finance (now Moore Kingston Smith Corporate Finance). He has also invested through Northwood Private Equity. He was on the Corporate Finance Faculty board between 2002 and 2012.

### Recent deals

- Simon Cowell's buyout of Sony from the Syco Entertainment joint venture in 2020
- Acquisition of SCA's private label tissue business by Northwood & Wepa in 2013
- Acquisition of Absolute Post Production by Envy in November 2022

### On my CV

## Stick to your guns

Never believing a sale is the only option is key to delivering on a sale mandate, says **Marc Fecher** of Moore Kingston Smith

### What was the deal?

It was the sale of Power Adhesives to Longacre Group, completed in August 2022, for a multimillion but undisclosed amount. Power Adhesives manufactures high-performance specialist glue guns for hot-melt adhesives. About 70% of its sales are outside the UK. It's a systems business with patented, environmentally friendly products.

### How were you introduced to the deal?

In 2019, we were engaged by the shareholders of Power Adhesives and its sister company, Packaging Aids, to come up with strategic options for the exit of the two businesses. Managing director Stephen Sweeney's father had founded the business about 40 years previously, and his son had built and grown both. The shareholders were the founder's six children, four of whom were involved across the businesses. Packaging Aids, a distribution business, was the smaller operation with lower margins, and was disproportionately space and resource hungry. It was a distraction from

the core activities. We quickly concluded it was better to exit the businesses separately, and sold Packaging Aids in a trade sale to Southgate Packaging in September 2019. We could then focus on growing the more profitable business and cutting some of the unnecessary overheads.

### What were the timescales?

We planned to go to market in 2020, but paused the process when the first COVID-19 lockdown came in as we needed to assess how the situation would unfold. The company actually continued to trade successfully – it supplied the construction industry worldwide and that industry continued to operate, so demand for the main products remained strong. There were a lot of supply chain issues to deal with, though. But the resilience of the business shone through. We did further prep and went to market early 2022.

### Who were the advisers?

We were the lead adviser to the shareholders and provided them with transaction support and tax advice on the deal. Longacre carried out its own corporate finance work and used Interpath for due diligence. The shareholders used Memery Crystal for legal advice and Longacre used Eversheds.

### What were the challenges?

It was a complex transaction with multiple shareholders, involving a divestiture and an investment plan with substantial export sales growth potential. It was also a family business, so there was a great deal of emotional attachment to it. Some of Sweeney's children worked in Packaging Aids and retired after the sale. Others remained with the business – they all have a passion for the business as it was created by their father and they have worked in it all their lives.

### What were the lessons learned?

Power Adhesives is a specialist manufacturing business and, being an owner-operator myself, my knowledge of manufacturing meant I was able to quickly understand the operating efficiencies and production process and have a detailed understanding of the drivers behind the margins; this allowed us to find the right buyers. Longacre was not just a financial buyer, it was an investor in manufacturing businesses and understood the bigger picture alongside the detail.

But the biggest lesson was that even when you encounter entirely unpredictable events, such as COVID-19, if you have a quality business there will be opportunities to exit. The key is not to be rushed into a sale, but to go to market when the time is right. No client should ever feel forced into a sale.