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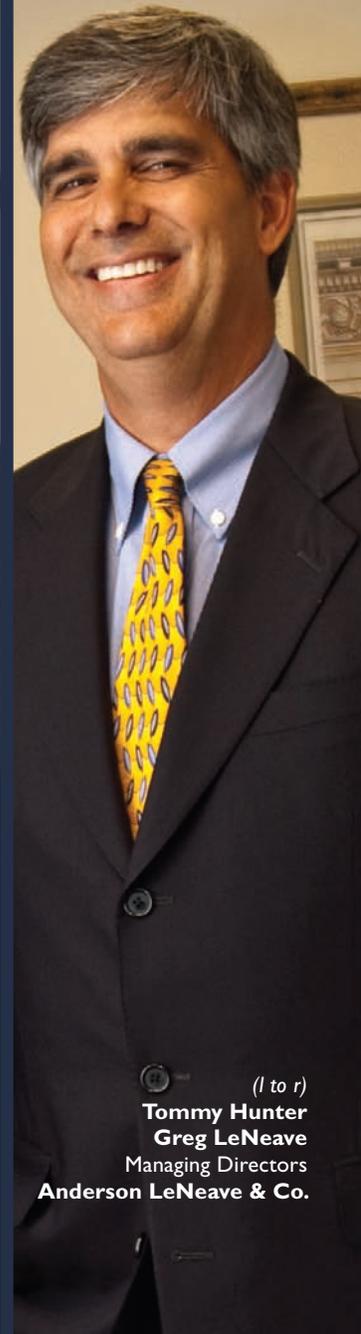
Strategic Moves

*Anderson LeNeave Offers
Mid-market Companies
Smart(er) Options*



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(l to r)
Tommy Hunter
Greg LeNeave
Managing Directors
Anderson LeNeave & Co.

The sale of a business is an extremely important event in the life of a business owner—ranking right up there with buying a new house, getting married, or having a child. Yet, it is something few business owners are adequately prepared for.

“Most business owners are busy just running their businesses,” says Greg LeNeave, managing director of Anderson LeNeave & Co. “Whether they are looking for financing or considering the sale of their business, they can’t afford to neglect the day-to-day operations to research the alternatives.”

And that’s precisely why Anderson LeNeave was founded—to provide help and advice for these business owners. From the very beginning, LeNeave has focused exclusively on family-owned companies, private and publicly held corporations and portfolio companies of private equity groups in the middle market range of

\$10 to \$50 million in enterprise value.

He believes these mid-sized transactions deserve the same level of service, professionalism and attention that mega deals receive. He has put together a firm of five professionals who understand the specific issues middle market companies face when considering a sale or refinancing of their business.

“We bring a unique experience to this market,” asserts LeNeave. “We work full-time in this area and are able to interact with multiple lenders or prospective buyers. We leverage the business owner’s time and let them focus on continuing to run their business.”

Anderson LeNeave has completed over 50 transactions in 12 years of doing business. Among its clients are Commercial Credit Group, Caldwell Freight Lines, CCX, Dover Corporation, Hickory Printing Group, Lydall Corporation, Security Services of America, Wellman and Window Gallery.



(l to r) **Standing:** Jim Gallagher, Managing Director; Matthew Melago, Associate; Peter Wright, Managing Director; **Seated:** Greg LeNeave, Managing Director; Tommy Hunter, Managing Director

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~Greg LeNeave
Managing Director

Recently Anderson LeNeave helped a family owned business in the Charlotte area arrange financing. Although it had 45 year relationship with its current bank, the company had hit a rough patch. Anderson LeNeave introduced the owner to a number of financing sources, including a Connecticut-based bank who was very excited about financing the company. The business was able to refinance and maintain its stability.

“Contrary to the public perception, banks are lending and business is still good,” maintains LeNeave.

Zeroing In

Greg LeNeave grew up in a small family-run business and he credits his forebears for the inspiration to start his own company. “Both my grandfathers started and ran their own businesses and my father continues to run the company today. Everyone pitched in and did whatever it took, which is what our team effort is like when working with clients today.”

After completing his general studies at the University of North Carolina at Chapel Hill, LeNeave received a B.S. in Business Administration

with a concentration in finance and economics from Appalachian State University. Then he went to work for First Union National Bank and Manufacturers Hanover Trust Co.

He spent 13 years in the leveraged finance and asset-based lending group at Fleet Capital Corporation (formerly a subsidiary of Barclays Bank) where he managed all business development activity in North and South Carolina and originated, structured and closed financing transactions for corporate acquisitions, leveraged and managed buy-outs, recapitalizations and growth capital.

During a tenure with Bowles Hollowell Conner & Co., LeNeave developed and headed the firm’s efforts in Virginia and North and South Carolina and was involved in all aspects of private financings and merger and acquisition advisory services.

By the time he co-founded Anderson LeNeave in 1998, LeNeave had identified a void in the investment banking market. As investment banks were acquired by bigger banks the natural tendency was to move up market and vacate serving companies with values less than \$100 million. He saw a need for the smaller family or privately owned business to receive high quality, professional advice when considering a sale or financing of their business.

Anderson LeNeave fills this void by helping middle market companies understand the specific issues they face when considering a sale or financing of their business. As a licensed broker/dealer and member of FINRA/SIPC, Anderson LeNeave is positioned to complete transactions ranging from mergers and acquisitions to arranging the placement of bank and mezzanine debt and/or private equity from institutional private equity funds and other alternative financing sources.

“We educate clients through every step of the process,” says LeNeave. “Our clients need someone to rely on and to trust to give them objective advice. We can help our clients achieve their strategic goals.”

Anderson LeNeave assigns a three-man team to every client relationship, including two senior professionals. The average transaction takes four to six months and the team will advise the company’s owners and management from the beginning through closing, providing an objective market perspective and using its negotiating and structuring expertise to properly position the company for sale or financing.

Closing the Deal

Anderson LeNeave’s access to strategic and financial buyers and debt and private equity capital sources can be invaluable for its clients, as it was in the sale of Three Rivers Behavioral Health, LCC.

Three Rivers, the largest free-standing independently owned acute psychiatric hospital in the Carolinas, had been purchased by a private investor group when the Charter Behavioral Systems declared bankruptcy. Six years later, given the company’s positive performance and industry consolidation, the shareholders sought liquidity for their investment.

The transaction posed certain challenges: the specialized nature of behavioral health services limited the buyer population; new Medicare reimbursement rates were being phased in, making it difficult to value the operation accurately; and the sale had to protect a recently awarded certificate of need. Anderson LeNeave contacted a focused group of strategic and financial buyers, selling the company to a large publicly held consolidator.

In another recent restructuring transaction, Anderson LeNeave was able to arrange a \$17.5 million credit facility for PrintSouth Corporation. Headquarter in Cincinnati, Ohio, PrintSouth is one of the largest independently owned providers of mission critical transactional documents used by major corporations for communicating with their customers.

The company had been a long-term customer of a major bank which was taken over by another bank through an FDIC sale. Clients in the printing industry did not fit into the new lender’s long term strategy, and as a result, the new lender gave PrintSouth just seven weeks to find new funding.

PrintSouth, not only faced a short deadline, but was also coming off a challenging year due to the economic recession that provided difficulties industry-wide. Anderson LeNeave contacted a broad group of financing sources and originated and structured a \$17.5 million secured credit facility with Regions Financial Corporation in less than 60 days, not only beating the deadline but also resulting in a substantial reduction in PrintSouth’s existing debt.

Intellectual Talent

Anderson LeNeave has succeeded by staying dedicated to its middle market clients. The ➤

\$10-\$50 million transaction has been its bread and butter for the past 12 years and LeNeave sees no reason to change the focus.

"We've never turned down a larger transaction," says LeNeave, "but we occupy a very important 'niche.' We focus on the privately owned company thinking about refinancing, buying, selling, or transferring ownership. We also handle divestitures of non-core, non-strategic subsidiaries and divisions for publicly held companies as well as the sale of portfolio companies of private equity groups."

Over 12 years, Anderson LeNeave has built a team of five professionals. Tommy Hunter, a shareholder and managing director, joined the firm in 2002. Prior to that he was a vice president for First Union Securities where he originated, structured and executed public and private financings for corporate acquisitions, leveraged and management buyouts, recapitalizations and growth capital. Hunter received his M.B.A. from the Babcock Graduate School of Management at Wake Forest and his B.A. in Economics from the University of North Carolina at Chapel Hill.

Peter Wright, managing director, was actually a client of Anderson LeNeave before joining the firm in 2008. Wright has been an entrepreneur and key executive at several public and privately held companies throughout his career. His industry focus is on business services, technology, construction, printing and security industries.

Prior to joining Anderson LeNeave in 2009, Jim Gallagher, managing director, served as a principal of Heritage Capital Group, a middle market investment banking firm, followed by various executive management positions with Bank of America.

Matthew Melago joined Anderson LeNeave in 2008 as a senior analyst and was promoted to associate in 2009. Prior to joining the firm, Melago was an analyst for Bank of America Securities



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~Tommy Hunter
Managing Director

where he worked with Global Industries Group and served on the deal team financing mergers and acquisitions.

The principals in Anderson LeNeave have over 100 years of combined transition-related experience, successfully completing more than 200 transactions across a wide variety of industry sectors.

"Our diverse backgrounds complement each other," says Hunter. "Our goal is to expand our area of industry expertise. We won't grow just to grow."

LeNeave agrees. "We are always looking to grow opportunistically. If the right individual walked through the door that we believed would be a value to our organization we would try to find a place for them. Wright, for instance, was a former CEO and client and his experience allows him to relate well to prospective clients."

Closing the Deal

While the business climate remains uncertain and no one knows what will happen if the Bush-era tax cuts expire, LeNeave expresses confidence in the future, saying business is just starting to see the results of pent-up demand.

"Business is healthier than it was 18 months ago," he asserts. "We've seen a steady increase in activity since the summer of 2009."

One of the most active industries currently is the health care business. Three of the transactions Anderson LeNeave has completed in 2010 were with health care-related companies. These include the sale of Medical Modalities, a distributor of home medical equipment and portfolio company of CapitalSouth Partners; Insight Imaging, a provider of mobile imaging solutions

and portfolio company of Crutchfield Capital; and Home Health, Inc., a multi-county certified home health agency with offices throughout South Carolina.

Several climate concerns are currently feeding the merger and acquisition market. With many baby boomers looking at retirement, those who own businesses are becoming more risk adverse and are interested in diversifying. Other corporations are flush with cash and looking to grow. Others are retrenching and shedding nonessential divisions. And, with the high likelihood of an increase in the capital gains tax looming, some business owners are in a hurry.

"We have two older owners who want to complete business sales by the end of the year," says Hunter. "In fact, our pipeline is as active as it has ever been in the history of the firm."

Disengaging from the business, or, at the very least, relinquishing the role of owner is perhaps the most difficult decision a business owner has to make. The very traits that characterize an entrepreneur's success in business—the need to achieve, independence, the desire to control results may get in the way of negotiating the sale of the business.

Anderson LeNeave can help these business owners by working with them to develop and implement an exit strategy consistent with their company's objectives. Anderson LeNeave has been particularly successful in identifying and accessing the right population of strategic and financial buyers, as they were in the sale of Merchandise Corporation of America, a Charlotte-based, nationally focused third party retail merchandising company.

"MCA was owned by a sole owner, an entrepreneur," says LeNeave. "He had attempted to sell the company himself and received a sub-standard offer. We were able to significantly improve shareholder value by approaching a select group of strategic buyers. MCA was sold to Driveline Holdings, Inc., a portfolio company of Lake Capital."

Anderson LeNeave has built its business by building relationships. Most of its clients come from repeat business or referrals—from ex-clients or attorneys, wealth managers, or bankers. Its compensation is primarily success-based; Anderson LeNeave believes it's important to align its interests with those of its clients. While the client is making a significant investment in Anderson LeNeave, Anderson LeNeave is making an equally large investment in the client.

"We develop a really close relationship with our clients," says Hunter. "It is the intimacy of the job which is so rewarding. Every deal is really important." 

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