

Case Study



Headquarters:
Birmingham, OH

Sector:
High-Value
Manufacturing
(Food Processing)

Transaction Type:
Leveraged
Recapitalization

Investment Date:
October 2017

Status:
Exited December 2021

Company Overview

Leading developer and manufacturer of innovative tools, equipment and related aftermarket parts for the food processing, foodservice, industrial, and medical markets.

Transaction Overview

Originally founded in 1944, Bettcher had been family owned for nearly 70 years before transitioning to 100% ESOP ownership in 2014. After MPE spent several years developing a strong relationship with members of the company's executive team, Bettcher chose to partner with MPE due to the firm's ability to develop a transaction structure that allowed Bettcher's ESOP to maintain a significant ownership stake post-close, MPE's history of success, ability to assist the Company with add-ons, and Midwestern heritage and values.

Transaction Outcome

MPE's Investment Professionals worked closely with management to improve its operations and to expand Bettcher's legacy powered cutting tools portfolio through three add-on acquisitions before successfully exiting to a financial buyer at the end of 2021.

Original Investment Thesis

- Global market leader of highly engineered products and solutions with a compelling value proposition through increasing yield and profitability for customers
- Numerous avenues for organic sales growth, including expanding into new geographies, bolstering aftermarket product breadth, and increasing technology adoption

Company-Building Approach

Human Capital Development

- **Recruited a new CEO and CFO** following transition period as a part of a planned succession
- **Bolstered functional leadership** with strategic hires across the sales, operations, and engineering departments
- **Institutionalized internal M&A integration** capabilities to quickly realize full operational and commercial synergies

Operational Improvements

- **Increased automation** to reduce the machine hour cost and the employee to machine ratio
- **Implemented key operational metrics** including safety, quality, internal waste, and on-time delivery
- **Established an "80/20" discipline** in the workforce to increase output and reduce complexity
- **Reorganized factory and warehouse layout** to maximize efficiency

Strategic Growth

- **Completed three strategic acquisitions** to bolster the company's aftermarket parts portfolio, field service capabilities, and expand into new equipment applications
- **Expanded sales organization** to pursue international markets
- **Expanded market penetration** in the fast-growing poultry market
- **Invested in R&D** to expand technological advantages and develop complementary product lines

Financial Enhancements

- **Used prudent leverage** and company cash flow to finance three add-on acquisitions
- **Instituted standard annual price increases** on product lines with significant pricing power
- **Completed sale leaseback** transaction in 2019 to allow Cantrell and Gainco to merge operations
- **Implemented weekly flash reports** of KPIs to allow for transparency in the business