

**“WHY AN EXECUTIVE LED ACQUISITION
MATTERS MORE THAN YOU THINK,”**



Straight Talk with
Kal Beidas



For nearly 20 years, I've truly valued the opportunity to work in a wide range of different sectors of the bearing industry on a global platform - from automotive to agricultural to almost everything in between. It has been a tremendous journey, yes- but it's also been an educational one, too. I've had the privilege of collaborating with some of the most exceptional technical and commercial minds in the industry and to say I've learned a lot during that time is probably a little bit of an understatement.

Today, I have the honor of running an Executive Led Acquisition at Worldwide Alliance Group, which itself launched just this year. It's a topic that is near and dear to my heart, and it's one that I'd like to go into a bit more detail about today.

What is an Executive Led Acquisition?

At its core, an Executive Led Acquisition is an initiative undertaken by an experienced CEO in an effort to acquire a family-owned company, all with the intention of leading it as its new CEO. You'd be forgiven for assuming that this is a cold and cynical process, as is so often true in the world of business. I'm happy to say that the reality of the situation, however, couldn't be farther from the truth.

In all the years of my career, I've learned one important truth: the greatest asset to an organization is its human and cultural DNA. This seemingly simple element is what binds an organization together, allowing it to collectively tackle obstacles as they arise and evolve to meet the demands of tomorrow.

The bearing industry in particular is in a constant state of flux - to the point where no two decades seem to be alike. During the past 20 years, I've witnessed a lot of these transformative changes up close and personal - from changes unfolding thanks to technologies that were introduced to meet the ever-demanding efficiency standards of the automotive industry, to an unprecedented level of globalization that shifted the industrial production landscape, to the brave new frontiers of Industry 4.0.

What does this have to do with an Executive Led Acquisition? It's simple - only the people within a business, and the processes they have built, will carry them forward and help them excel in this highly competitive industry.

Which is an issue, if the original beating heart of said company - the founder and/or CEO - wants to retire.

I see this happen all the time - someone poured their blood, sweat and tears into their company for more years than they can count and now they want to sit back and enjoy their retirement in peace and comfort. But so often, they still want to participate in the future success of their company in any way that they can - which is, in essence, what an Executive Led Acquisition is all about.

Executive Led Acquisitions fill a unique gap in the industrial sector in particular because they're not only front-facing, but are also open and highly transparent. In a general sense, they allow the seller to openly communicate not just with the buyer, but also with the future leader of their company. In my opinion, open communication and relationship-building are essential to privately held business owners since they hold their employees (and their legacy) in such high regard.

At the same time, large corporations

contemplating a divestiture obviously have a reputation to uphold - and they want a high degree of conviction from the buyer. They want to make sure that the future leader has a growth strategy that protects their employee's interests.

With the right hand by your side, an Executive Led Acquisition is a great opportunity to accomplish all of this and more at the exact same time.

Why an Executive Led Acquisition Matters More Than You Think

During my conversations with many founder CEOs who endured the great recession of 2008, many can vividly recall the uncertain and slow recovery that followed. But many of them persevered because their business was their identity - a legacy that they hoped to carry on.

Flash forward to today, and about 75% of founder CEOs plan to retire over the next five years. Despite that, absolutely nobody could have predicted the COVID-19 pandemic and the potential economic fallout over the coming years.

But by being flexible on the deal structure, people like myself can provide founder CEOs with an avenue to retire, cash out for a majority stake in their business AND maintain a minority stake to a level they are comfortable holding.

Such an arrangement will allow them to participate in the future growth of their company should they choose to do so. It also brings with it the most important benefit of all: the peace-of-mind that only comes with knowing their legacy is being taken care of.

At Worldwide Alliance Group in particular, we understand that the bearing universe is vast - which is why we're open to looking at not only manufacturers and distributors, but also service providers anywhere along the value chain spectrum headquartered in the United States or Canada. Companies in the polymer, lubrication, gearbox/powertrain, electric motor, server and harmonic drive industries, just to name a few, are of keen interest right now. But really, as long as the company is in the mechanical and electromechanical space, we are very open to exploring the opportunity further.

We fully recognize that these are unusual times we're living in right now, but that the future is filled with opportunities. This is also a big part of the reason why we're eager to construct a deal structure to accommodate the realities on the ground, all to create the best possible outcome for everyone involved.

So if you're a seller, founder CEO or business development executive at a publicly traded company who is considering a divestiture, I encourage you to reach out and connect with us. I'll be able to learn a lot during my conversation with you, and trust me - what may seem outside of the realm of possibility might just turn out to be a perfect fit.

But more importantly, I genuinely enjoy the relationships we form in the process, irrespective of whether or not a transaction transpires.

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