



Professional, Meeting in the Middle

Wachovia Wealth Management and Sanders Industries Facilitate a Successful Acquisition

Creavey Seal was founded in 1962 to provide high-performance seals for America's growing space exploration program. In the decades that followed, the company developed new o-ring designs, materials, and processes for applications ranging from outer space travel to protecting pumps, filters, compressors, vessel lids, and pressure-regulated valves for a wide range of industries.

A DECISION TO SELL

By 2005, Creavey Seal's success had attracted the interest of Sanders Industries, a holding company that operates specialty polymer and metal manufacturing businesses, as a complementary addition to its Rubbercraft® line of products. During preliminary discussions with Sanders Industries, the owner expressed an interest in selling the company and turned to his contact at Wachovia Bank for assistance with the transaction.

"Selling a business can be an overwhelming experience for a private business owner," said D. Grey Merryman, CFA and senior vice president of the Financial Planning Group with Wachovia Wealth Management. "They usually have strong emotional ties to their companies and employees, but are unfamiliar with the complexities and provisions of a business sale. Creavey Seal's owner was wise to seek professional, impartial assistance with the transaction."

Merryman first introduced the company's owner to a proven transaction attorney. Supported by a strong, experienced legal and financial team, the owner began negotiating in earnest with Sanders Industries.

MEETING IN THE MIDDLE

Merryman worked closely with Sanders Industries to explain provisions of the agreement to the owner and to work through obstacles. For example, one important issue that arose was environmental indemnification. For manufacturing companies, sellers normally share some environmental risk on a go-forward basis. Creavey Seal's owner did not want to assume any risk, causing the negotiations to falter. Sanders Industries decided to take the extra step of performing additional environmental studies and due diligence to help put the owner at ease. The extra work paid off, and the transaction was able to move forward.

"The team from Sanders Industries was professional and accommodating in meeting our client's needs," said Merryman. "Sanders impressed me as a cross between a strategic buyer and a financial buyer. Like a strategic buyer, they clearly knew the industry well and thoroughly understood the company's operations. At the same time, they treated the deal matter-of-factly, knowing how they would finance it and the rate of return that they could expect. I was impressed with their ability to close this type of transaction."

DOWN TO THE WIRE

The transaction faced another challenge when the owner was hesitant to allow Sanders Industries to interview its managers before the agreement was finalized. Most business acquisitions allow time for the potential buyer to assess the quality of a company's managers, to validate operational effectiveness, and to identify potential integration issues that might arise after the transaction is completed. With extensive acquisition experience however, Sanders executives were able to successfully assess the management team's capabilities during the briefest interactions and feel comfortable enough to proceed without formal interviews.

"Many buyers would have walked away from the transaction at this point," said Merryman. "Again, the Sanders team was responsive without being intrusive in the company's operations. Because of their operating experience, the Sanders team had the confidence to execute a definitive agreement before interviewing all of the company's managers."

A PROFESSIONAL FINISH

Today, Creavey Seal has grown, adding more employees and actively soliciting new business opportunities that could significantly increase its production output.

"The transaction closed successfully with both parties—the owner and Sanders Industries getting most of what they wanted," said Merryman. "Each side gave a little and the result was a fair price and fair transaction for everyone."