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Investment Dealers' Digest

IDD

*The insider's guide to
investment banking and capital markets*

October 13, 2008 www.iddmagazine.com

Sperry Mitchell Finds Success In Europe

New York husband-and-wife banking boutique seals its latest deal in Europe, while securing four other mandates

BY KELLY HOLMAN

Morgan Construction Co. had been in the wire rod mill-making business for 120 years, through five generations of family ownership, until New York investment bank **Sperry, Mitchell & Co.** sold the steel equipment manufacturer to Austria's **Siemens VAI Metals Technologies** for \$165 million this spring.

Sperry Mitchell, a husband-and-wife boutique formed by **Paul Sperry** and **Beatrice Mitchell**, has letter-of-intent proposals from private equity firms for four of its clients, which, considering the frozen state of the credit markets, isn't an insignificant accomplishment. Yet, it's the selling of family-held businesses like Morgan that epitomizes the strong cross-border interest the M&A boutique has garnered from European strategics this year. One such deal that happened at the beginning of the year involved the \$36 million purchase by Ireland's **Clondalkin Group**, a portfolio company of New York's **Warburg Pincus**, of Sperry Mitchell client **Accutech Films**, a Coldwater, Ohio-based company.

Perhaps more importantly, the cross-border transactions are proof that the unique sell side-only approach that Sperry



Beatrice Mitchell and Paul Sperry

and his wife practice, who Sperry calls "the rainmaker," works. For the last 22 years, Sperry Mitchell has managed sell side assignments for family and corporate owners, meaning acquisition searches on behalf of private equity firms are out of the question.

Mitchell says the investment bank avoids potential conflict of interest issues by not offering buy-side advisory services, adding that "I don't think the Chinese wall really exists."

Dealing with closely held companies is something Sperry and Mitchell have known

something about for more than two decades. Sperry hails from a family that managed Pennsylvania printer **Color Process Company** for three generations, though the 50-year-old banker chose to pursue a career in academia rather than follow the footsteps of his father Robert Sperry in the printing business. He earned a Masters in American History from **Columbia University** in 1981.

Fortunately for Sperry Mitchell, history wasn't in the cards for Sperry. In 1981, he joined famed trader **Victor Niederhoffer's** New York investment bank **Niederhoffer, Cross and Zeckhauser** as an associate; a move that would prove pivotal to his life, as one year later Mitchell joined Niederhoffer's firm, which specialized in selling privately held companies. (They married in 1988.)

As the daughter of former **S.G. Warburg & Co.** banker **David Mitchell** and granddaughter of ex-**J.P. Morgan** partner **William Arthur Mitchell**, the Chapin and Yale University graduate brought an impressive family pedigree in investment banking to the boutique.

While Niederhoff was a trader by nature, Sperry and Mitchell were focused on M&A. In 1985, the pair orchestrated two landmark deals: the sale of medical equipment transport company **Calumet Coach Co.** to **Bain Capital**, a transaction that marked the Boston buyout firm's first deal, and the sale of **Latrobe Brewing Co.**, the maker of Rolling Rock® beer, to **Sundor Group**, an entity put together by **South African Breweries** and **Charterhouse Group** for the acquisition.

The deals seeded relationships and future friendships for Sperry and Mitchell with top middle market private equity dealmakers like **Geoffrey Rehnert**, co-chief executive of the **Audax Group** and co-founder of Bain Capital, and **David Hoffman**, a partner at **Charterhouse Group**. The pair of bankers counts a host

of buyout executives as friends including **Parthenon Capital** founder **Ernest Jacquet** and **American Securities** managing director **Paul Rossetti**.

"Their boutique is pretty well known among the private equity houses and corporate executives," says **Bill Karol**, chief executive of **KODA Enterprises Group** in Lexington, Mass.

Emboldened by their success and interest in becoming entrepreneurs, the pair left Niederhoffer and formed Sperry Mitchell in 1986 in the **Phelps Dodge** building on Park Avenue. After subsequent moves, Sperry Mitchell settled into the 30th floor of the art deco Fuller Building, situated at the nexus of 57th Street and Madison Avenue in midtown Manhattan. Since then, the investment bank remains small, employing a staff of about a dozen, and continues to work with family-held companies.

That suits Sperry and Mitchell just fine.

"Our business has always been filling a void the large banks don't want to play in," says Sperry, who handles the transaction structuring and research end of the firm's M&A business.

Sperry Mitchell has completed more than 250 deals involving business service, distribution, manufacturing and retail businesses.

One by-product of the firm's approach is the host of long-lasting connections with corporate executives that, in turn, has led to transactions.

The deals, however, don't always happen overnight.

The sale of Worcester, Mass.-based **Morgan Construction**, for instance, stemmed from a relationship Sperry established nearly 10 years ago with Morgan chief executive **Philip Morgan**. Morgan and Sperry became acquainted when Sperry gave a speech at the **Young Presidents' Organization** in Vermont at the behest

of KODA's Karol, an executive who has known Sperry since the early 1980s and who has acquired a few companies from the banker.

Sperry Mitchell has also handled four divestiture assignments for KODA.

The latest deal inked by Sperry Mitchell—a \$65 million cross-border sale of Santa Clara, Calif.-based **QP Semiconductor** to UK technology company **e2v Technologies**—also was the result of a connection formed close to 10 years ago, according to Sperry. Earlier this year QP co-founder **John Stannard** reached out to Sperry to talk about the possible sale of **QP**, a \$24 million-in-sales company with 90 employees that designs semiconductors for use in US military weapons like the Patriot missile system. A subsequent limited auction process was launched.

When Sperry isn't brokering M&A transactions or hustling his children around to soccer practice on the weekends, he keeps his hand in history.

The banker just finished reading *Moral Capital: Foundations of British Abolitionism* by Columbia history professor **Christopher Brown**. As a member of the Leadership Advisory Committee of the **Organization of American Historians**, Sperry visited the West African nation of Ghana last summer, his first time on the continent, to attend a conference on the Atlantic slave trade with 200 other historians, including Warburg Pincus alum **Sid Lapidus**.

As for the M&A business, Mitchell says, despite the firm's recent success with selling US companies to European acquirers the firm doesn't have plans to open an office in London or expand their business. "I'm very happy with what we're doing now. We plan to continue providing good advice."

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