

Wire Harness Business & Strategy

Getting Deals Done Remotely

Although the pandemic has accelerated a dramatic change in the way we communicate and learn, one might assume that a process as complex and delicate as the sale of a wire harness company still demands extensive face-to-face contact. Not necessarily, as I'll illustrate.

First, however, I want to emphasize why I used "accelerate" in my opening sentence. Surely you agree that for years the digital age has been altering how we communicate. Instead of phoning, we often email or text. People of all ages take courses online, whether they are doing so for enrichment or to earn a degree. And many of us have participated in webinars. So the advance was already here, but now we are taking much fuller advantage of our technology.

For me, the power and convenience of applying our technological tools to deal making was vividly revealed in a recent transaction. Formerly, from the time I received a call from an owner looking to sell his or her business to the closing, I was hopping onto airplanes and sitting in conference rooms to meet with all the parties to a transaction. But when I received a call from a harness company owner in the Pacific Northwest who was considering selling her company, geography and COVID-19 intervened. Flying from the midwest to spend an hour or two with the owner at her plant was not a pleasant prospect. Enter **Zoom**.

Setting up a Zoom conference call was simple, and in short order she and I were sitting on our computers having a conversation that was nearly as complete as one we might have had in person. In about an hour, I was able to answer most of her questions about the sale process, and she was able to answer most of my questions about her company. Then in a second Zoom call, I shared documents satisfying her concerns about confidentiality and showed her examples of the kind of confidential information memorandum (CIM) that would be generated if she decided to retain us.

I do not want to sugarcoat this, however. There is much to be said about the opportunity to shake someone's hand (remember when we used to do that freely?) and take in someone's full presence. But the Zoom calls came mighty close to providing that level of interaction. So in this expeditious manner I was able to obtain enough information about the company to feel confident that I could find the right buyer and put together a deal that met her objectives, and she gained the comfort level to retain our services.

From that point, we continued to handle all of the intermediate phases of the sale process remotely. Past

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custom would have required a number of face-to-face meetings with prospective buyers at the seller's plant. But once I narrowed the list of buyers to a handful, that step was accomplished through Zoom conference calls that obviated the need for a number of long flights for the buyer candidates and for me. Remotely, we were even able to select the most suitable buyer and achieve acceptance of a letter of intent (LOI).

Only after all those steps did the buyer arrange a flight to see the plant firsthand and confirm chemistry and trust with the seller. The deal was consummated.

We often say, "Necessity is the mother of invention." Were it not for the pandemic, these remote interactions would not have been suggested as a substitution for face-to-face meetings. But in the end, they more than sufficed.

So where do we go from here? While I still consider in-person meetings as the gold standard, I am also positing that adjustments we are making because of the pandemic verify that we can avoid extensive air travel and other inconveniences once the COVID-19 threat has subsided. Just as many colleges will likely be offering more remote learning options in the near future, many businesses are likely to cut down on travel when remote meetings are a smart alternative.

The streamlined sale process I was recently part of confirms my view that virtual meetings are a highly effective way to cut expenses and inconvenience—even, in many cases, for something as intricate as getting a deal done.

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Author & Company Profile... Loren M Smith is CEO and sole shareholder of **Blue Valley Capital LLC**, a position he has held since 2001. From 1976 to 2001, he was CEO and majority shareholder of **MWC**, a manufacturer of electrical wire harness assemblies. During that period, by acquiring and integrating a number of mid-market wire harness manufacturers, MWC became the world's leading supplier of electrical wire harness assemblies serving the construction equipment industry. Loren eventually sold MWC to a private equity group.

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