

## Case Study: Management Buyout / Corporate Divestiture

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**Dexter Magnetic Technologies, Inc.**  
Elk Grove Village, IL

[www.dextermag.com](http://www.dextermag.com)

- Business:** Leader in comprehensive magnetic solutions including the design, engineering and manufacturing of complex magnetic circuits, permanent magnets, magnetic assemblies, electromagnetic systems, as well as finished products serving aerospace, industrial, medical, petrochemical and other markets.
- Background:** Backed existing management team to acquire non-core subsidiary of Henkel/Loctite via auction shortly before 9/11/01 and recession.
- Structure:** Cash transaction for the seller while providing management the opportunity to own a significant equity interest in the company.
- Co-investors:** MassMutual (DL Babson), Company Management, HRCo Executive Affiliates, Fund LPs
- HRCo Directors:** Scott Oakford (Chair), Steve Crihfield
- HRCo Value-Add:**
- Assembled strong BOD with HRCo executive affiliates Gordon Ettie, Brad Goebel and Henry Huta
  - Created substantial management ownership, clear objectives and compensation programs
  - Initiated LEAN manufacturing program
  - Prudently utilized considerable financial leverage supported by robust balance sheet
  - Supported strategic shift to higher value-added products
- Results:**
- Business today has higher margins and significant customer relationships (market entry barriers)
  - Facilities rationalized
  - Acquisition debt repaid
- Management Partners**
- Pete Peltier
  - Hank Lipschitz

