

# HERITAGE CAPITAL GROUP

## YEAR IN REVIEW — 2023

**INVESTMENT BANKING  
& ADVISORY EXCELLENCE**

SELL | BUY | CAPITAL | CONSULT

[HERITAGECAPITALGROUP.COM](https://heritagecapitalgroup.com)

# INTRODUCTION

## MESSAGE FROM THE CHAIRMAN

### Revisiting 2023. Embracing 2024.

As we enter a brand-new year, it's our pleasure to present the '2023 Year in Review'. This compilation showcases a curated selection of the most significant transactions, comprehensive industry analyses, and enlightening webinars that marked our journey last year.

Your unwavering trust in our expertise has been the cornerstone of our success. As we embark on 2024, we remain committed to exceeding your expectations and continuing our partnership with enthusiasm and dedication.

Don Wiggins  
Chairman



### TABLE OF CONTENTS

- Selected Transactions
- Industry Insights: M&A Outlook
- Industry Insights: Metals Distribution
- Industry Insights: Distribution & Logistics
- Industry Insights: Webinar Highlights
- Company Updates: Additions to the Team
- Company Overview

# SELECTED TRANSACTIONS

## EXPERIENCE. EXPERTISE. RESULTS.

 has been acquired by  THE UNDERSIGNED ACTED AS INTERMEDIARY AND FINANCIAL ADVISOR TO THE SELLER HERITAGE CAPITAL GROUP	 has been acquired by ForsMarsh THE UNDERSIGNED ACTED AS INTERMEDIARY AND FINANCIAL ADVISOR TO THE SELLER HERITAGE CAPITAL GROUP	 has been acquired by  THE UNDERSIGNED ACTED AS INTERMEDIARY AND FINANCIAL ADVISOR TO THE SELLER HERITAGE CAPITAL GROUP
 has been acquired by  THE UNDERSIGNED ACTED AS INTERMEDIARY AND FINANCIAL ADVISOR TO THE SELLER HERITAGE CAPITAL GROUP	 has been acquired by CORE ROOFING SYSTEMS THE UNDERSIGNED ACTED AS INTERMEDIARY AND FINANCIAL ADVISOR TO THE SELLER HERITAGE CAPITAL GROUP	 has acquired Exact Inc. THE UNDERSIGNED ACTED AS INTERMEDIARY AND FINANCIAL ADVISOR TO THE BUYER HERITAGE CAPITAL GROUP
 has acquired the 108,000 square foot warehouse of MBRE THE UNDERSIGNED ACTED AS INTERMEDIARY AND FINANCIAL ADVISOR TO THE SELLER STEEL BEACH ADVISORS, LLC real estate and business brokerage affiliate of HERITAGE CAPITAL GROUP	 has been acquired by NLG NORLEE GROUP THE UNDERSIGNED ACTED AS INTERMEDIARY AND FINANCIAL ADVISOR TO THE SELLER STEEL BEACH ADVISORS, LLC real estate and business brokerage affiliate of HERITAGE CAPITAL GROUP	 has completed a sale-leaseback to INLIGHT REAL ESTATE PARTNERS and WOODSMAN KITCHENS + FLOORS THE UNDERSIGNED ACTED AS INTERMEDIARY AND FINANCIAL ADVISOR TO THE SELLER STEEL BEACH ADVISORS, LLC real estate and business brokerage affiliate of HERITAGE CAPITAL GROUP
 has been acquired by PSC Pennsylvania Steel Company, Inc. THE UNDERSIGNED ACTED AS INTERMEDIARY AND FINANCIAL ADVISOR TO THE SELLER HERITAGE CAPITAL GROUP	 has completed an Employee Stock Ownership Plan THE UNDERSIGNED ACTED AS INTERMEDIARY AND FINANCIAL ADVISOR TO BUSINESS TRANSITION ADVISORS WHO EXECUTED THE ESOP TRANSACTION HERITAGE CAPITAL GROUP	



## SELECTED TRANSACTIONS

EXPERIENCE. EXPERTISE. RESULTS.

### ATHLETIC RECOVERY ZONE



**ARZ**  
Athletic Recovery Zone.com



Bill Prescott is highly regarded by Athletic Recovery Zone and its owners. We first encountered Bill Prescott before ARZ was even established when he was still with the Jacksonville Jaguars – who also was ARZ's very first contracted customer. He was a contributing factor to our success even back then, long before ARZ was known in the football industry. It has been a great pleasure working with him and his team at Heritage Capital Group during all the negotiations and final sale of ARZ to Dragon Seats. He was instrumental in the success of the sale.



**BRIAN COTHREN**  
President, CEO of Athletic Recovery Zone

Heritage acted as exclusive financial advisor and intermediary to Athletic Recovery Zone in its acquisition by Dragon Seats.

Athletic Recovery Zone was founded in 2010 by commercial and industrial HVAC specialists, Brian Cothren and Billy Quillen, to create modular climate control bench systems. The concept was borne out of a collaboration with Jacksonville Jaguars athletic trainers, who were searching for a cooling solution for players enduring Florida's hot, humid conditions. Today, the Company builds and rents patented temperature-controlled systems primarily to the athletics, entertainment, and events industries. The cooling system reduces heat related injuries and reduces core body temperatures quickly for athletes and event spectators. The system also converts to a heating system when weather conditions turn frigid.

**Bill Prescott** led the deal team.

## SELECTED TRANSACTIONS

EXPERIENCE. EXPERTISE. RESULTS.

### BRUNET-GARCÍA



**BRUNET | GARCÍA**



The Heritage team provided us with insightful analysis and a deep understanding of market indicators. They knew exactly the right moment to move forward with the transaction, helping us negotiate maximum return for a beloved enterprise that we spent 20 years building. We chose Heritage to represent us due to their expertise, connections, and above all, integrity. We knew we could trust them to level with us, advise us wisely, and bring unmatched transaction experience to our deal. They helped us achieve a suitable return on our investment and also pushed for an alliance with new owners that provided a strong match for our two firms, ensuring a lasting cultural ethos and legacy for our valued leaders and employees who remain with the business.



**DIANE BRUNET**  
Founder of Brunet-García

Heritage acted as exclusive financial advisor and intermediary to Brunet-García in its acquisition by Fors Marsh.

Brunet-García is a full-service social impact marketing agency and GSA-certified vendor. Headquartered in Jacksonville, FL, the firm specializes in creating effective multicultural marketing strategies that generate awareness and bring about positive change in some of the most challenging social issues affecting the nation. For 20 years, it has helped government agencies, nonprofits, foundations, and brands make a positive social impact with award-winning creative work.

**Alex Kellison** led the deal team, which included **Dan Edelman** and **Howard Serkin**.



## SELECTED TRANSACTIONS

EXPERIENCE. EXPERTISE. RESULTS.

### POWER & PUMPS



Going into this process, I had no idea how critical Heritage would be to making this deal happen and to my eventual bottom-line. The Heritage team's work ethic was undeniable and I felt like everything they did was in my best interest. After closing, the icing on the cake was when the buyer, who had completed 12 acquisitions in the 24 months prior, looked me in the eyes and said, 'Heritage did an excellent job for you - it was a pleasure working with such consummate professionals.' From the bottom of my heart, I want to thank Alex, Dan, and Heritage!



**DAVID WILLIAMS**  
Former Owner of Power & Pumps

Heritage acted as exclusive financial advisor and intermediary to Power & Pumps, Inc. in its acquisition by Motion & Control Enterprises.

Power & Pumps is a leading distributor of power transmission products, pumps, electric motors and drives, and other related equipment from some of the industry's top manufacturers, serving both the industrial and municipal water/waste water markets in Florida and Georgia. Headquartered in Jacksonville, Florida, P&P is also the master distributor in North America for All Prime Pumps, a line of self-priming pumps sold to municipal and industrial end-users and resellers. The Company also performs repairs and other value services for its customer base.

The deal team was led by **Alex Kellison** and **Dan Edelman**.

## SELECTED TRANSACTIONS

EXPERIENCE. EXPERTISE. RESULTS.

### SANDAR INDUSTRIES



Working with Heritage during the process of selling our business has been an extraordinary experience. The deal team's expertise, professionalism, and unwavering dedication exceeded all of our expectations. Their deep understanding of the market, meticulous attention to detail, and strategic guidance have played a pivotal role in achieving a successful outcome. We are immensely grateful for their exceptional service and would highly recommend them to anyone seeking a seamless and rewarding sell-side process.



**JASON & VICTOR RODRIGUEZ**  
Owners of Sandar Industries, Inc.

Heritage served as exclusive financial advisor and intermediary to Sandar Industries, Inc. in its acquisition by Ryeco, LLC.

Sandar designs, engineers, manufactures, assembles, and sells equipment for the pulp and paper industry. The Company also provides consumables, spare parts, and field services following each equipment installation. Sandar was founded in 1975 by Peter Rodriguez who, having worked in the pulp and paper industry for several years, noted the hazards and inefficiencies associated with transferring a web of paper from a full reel to an empty spool. This led him to develop and patent the first Turn-Up System Automatic, which keeps operators safe while ensuring wrinkle-free reliable Turn-Ups. Since then, Sandar's technology has become an industry standard with over 2000 installations and an estimated savings of 300 million metric tons of product per year.

**Joe Hawkins** led the deal team, which included **Howard Serkin** and **JP Allen**.



## SELECTED TRANSACTIONS

EXPERIENCE. EXPERTISE. RESULTS.

### MCCURDY-WALDEN



The Heritage team was with us every step of the way. They advised us and helped us understand aspects of the transaction which were completely new to us. The sale of our family business, which had been an integral part of our lives for nearly four decades, held profound personal significance. The Heritage team not only grasped the deeply personal nature of our decision to sell, but also diligently secured the highest value and most favorable terms for us.



**JON WALDEN**  
Owner of McCurdy-Walden

Heritage served as exclusive financial advisor and intermediary to McCurdy-Walden, Inc in its acquisition by Core Roofing Systems.

McCurdy-Walden is a full-service roofing contractor that provides roof replacements, roof repair, and roof maintenance plans for commercial properties primarily in North Florida and South Georgia. Founded in 1986, the company has more than 70 skilled employees and an arsenal of the latest commercial roofing tools, including over 30 trucks, motorized roofing equipment, elastomeric coatings spray-rigs, cranes, and roll-off dumpsters.

**Joe Hawkins** led the deal team, which included **Don Wiggins**, **Howard Serkin** and **Robert Cilek**.

## SELECTED TRANSACTIONS

EXPERIENCE. EXPERTISE. RESULTS.

### CHANCEY METAL PRODUCTS



**CHANCEY**  
METALS



I cannot speak highly enough of the invaluable assistance provided by Heritage during our acquisition of Exact, Inc. Their expertise and dedication were evident throughout the entire process, from tireless negotiation efforts to coordinating the due diligence process. Thanks to their guidance, we successfully expanded our operations and are now poised for significant growth in this market. Heritage truly made a complex transaction feel seamless, and I wholeheartedly recommend their services to any business seeking strategic expansion.



**STEVE JENKINS**  
President of Chancey Metal Products

Heritage served as exclusive financial advisor and intermediary to Chancey Metal Products, a portfolio company of Indigo South Capital, in the acquisition of Exact, Inc.

Chancey is a Jacksonville-based fabricator and installer of metal stair and railing systems. Exact is its fifth acquisition over the past four years. Prior to its most recent acquisition, Chancey acquired fellow Jacksonville companies CF Machine & Tool, FabTech Supply, and SS Metals and Plastics.

Indigo South Capital is a private family office that invests in public and private equities, venture capital opportunities and real estate in the Southeast. The office seeks to acquire majority interests or outright purchases of privately held enterprises that have proven track records of success in the small to middle market.

**Bill Prescott** led the deal team.



# SELECTED TRANSACTIONS

EXPERIENCE. EXPERTISE. RESULTS.

## MBRE



# MBRE

Heritage was instrumental in achieving my goals of an expeditious and clean transaction. Bill Nicholson, Doug Kravet, and Howard Serkin provided excellent advice throughout the process.

**CHARLES CHUPP**  
Owner of MBRE

Steel Beach Advisors, LLC, the real estate and business brokerage affiliate of Heritage Capital Group, executed the transaction on behalf of its client, MBRE.

MBRE has sold a 108,000 sqft warehouse on Beaver Street, located near downtown Jacksonville, Florida. The City of Jacksonville occupied 48,000 sqft of the warehouse and the remaining 60,000 sqft was a surplus warehouse for Load King and MBRE.

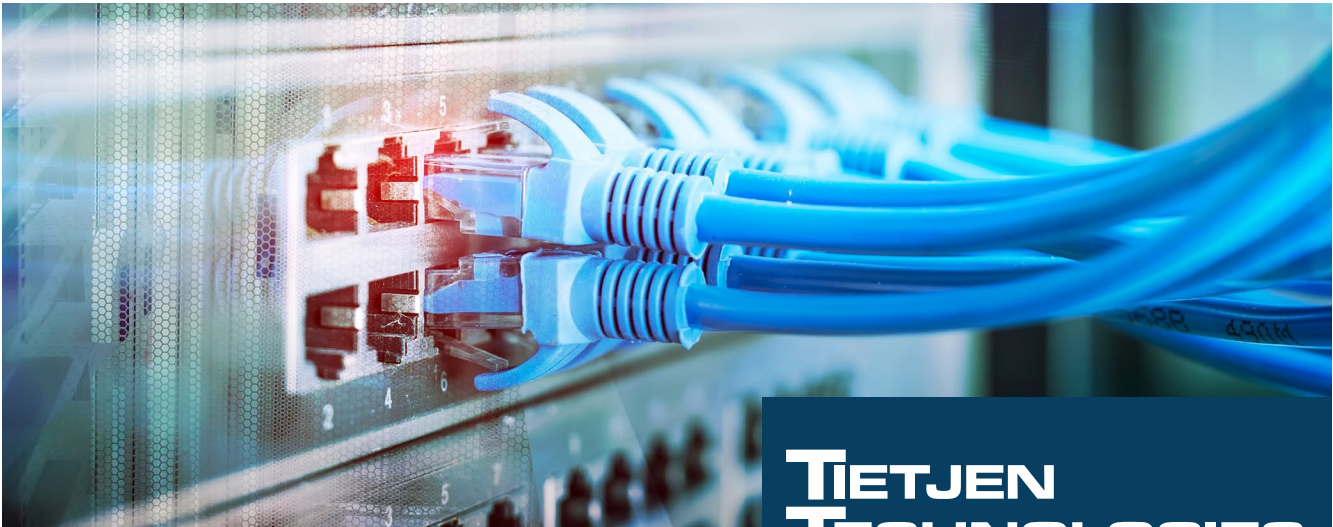
Load King began as an equipment consolidator and manufacturer in Jacksonville, Florida in the 1950's, and now designs, fabricates, delivers, and installs branded kiosks, restaurants, and physical stores for food and retail corporations and franchises. Load King operates from 212,000 sqft of manufacturing and office facilities located at 1357 W. Beaver St.

**Bill Nicholson** led the deal team, which included **Doug Kravet** and **Howard Serkin**.

# SELECTED TRANSACTIONS

EXPERIENCE. EXPERTISE. RESULTS.

## TIETJEN TECHNOLOGIES



# TIETJEN TECHNOLOGIES INC.

Steel Beach Advisors, LLC, the real estate and business brokerage affiliate of Heritage Capital Group, executed the transaction on behalf of its client, Tietjen Technologies Inc.

Tietjen was founded in Jacksonville, Florida in 1994 by Ian Tietjen. The Company is considered the premier Florida services provider for the installation of fiber optic cabling, copper network cabling, and certification, with many well-established clients throughout Florida and Georgia.

**Scott Hanigan** led the deal team, which included **Bill Nicholson**, **Bill Sorenson**, and **JP Allen**.



Scott and his team's expertise and strategic approach ensured a smooth process and an outstanding deal. I highly recommend their services to fellow business owners looking to maximize the value of their company during a sale.

**IAN TIETJEN**  
Owner of Tietjen Technologies Inc.



## SELECTED TRANSACTIONS

EXPERIENCE. EXPERTISE. RESULTS.

### NEW VISION PROPERTIES



## New Vision Properties



This was a complicated transaction, and I was very pleased with the guidance and representation of the Heritage and Steel Beach teams supported by my attorney, Dennis Blackburn of Blackburn and Company.

**RICK WOODS**

Owner of New Vision Properties

Steel Beach Advisors, LLC, the real estate and business brokerage affiliate of Heritage Capital Group, executed a long term sale leaseback transaction between an affiliate of InLight Real Estate Partners, LLC and Woodsman Kitchens and Floors, Inc. New Vision Properties was the owner of four industrial buildings, leased to Woodsman Kitchens and Floors, Inc.

The Heritage and Steel Beach deal team included **Mac Holley, Bill Nicholson, Alex Kellison, and Dan Edelman.**



## SELECTED TRANSACTIONS

EXPERIENCE. EXPERTISE. RESULTS.

### STARK METAL SALES



## STARK METAL SALES

Heritage served as exclusive financial advisor and intermediary to Stark Metal Sales, Inc in its acquisition by Pennsylvania Steel Company, Inc.

Founded in 1989, Stark Metal Sales is a full-line steel service center in Alliance, Ohio. The company has burning, shearing, and sawing capabilities. Stark also delivers product, and through its outsourcing partners, delivers finished goods to certain customers, primarily located in Ohio and Pennsylvania.

The deal team included **Doug Kravet, John Montgomery, Bert Tenenbaum, John Pregulman, Stan Baucum, and JP Allen.**



Selling my steel service center with Heritage's help was a game-changer. Their expertise and strategic advisory were exceptional. I'm immensely grateful for their guidance throughout the process, resulting in a seamless transaction. I highly recommend their expertise and professionalism.

**DAVID ROWND**

President of Stark Metal Sales

## SELECTED TRANSACTIONS

EXPERIENCE. EXPERTISE. RESULTS.

### WOODSMAN KITCHENS AND FLOORS



WOODSMAN  
KITCHENS + FLOORS



It gives me great pleasure to sell my company to my employees, many of whom have been instrumental in helping me grow the company over the past 40 years. Heritage helped me understand the true value of my company and when I decided I wanted to explore an ESOP, they worked along my side with one of their strategic partners, Business Transition Advisors, to get the transaction executed. Mac Holley and his team at Heritage did a fantastic job navigating me through the ESOP process.



**RICK WOODS**  
Owner of Woodsman Kitchens and Floor

Heritage served as Woodsman's financial advisor and intermediary to Business Transition Advisors who executed the ESOP transaction for the Company.

Woodsman is a leading provider of quality cabinetry, countertops, and flooring to builders, remodeling contractors, and homeowners in the Northeast Florida market. The Company was founded in 1983 by Rick Woods.

The deal team included **Mac Holley**, **Alex Kellison**, and **Dan Edelman**.

## M&A OUTLOOK

INDUSTRY INSIGHTS

### REFLECTING ON 2023 WITH AN EYE ON 2024



"With consistently low inflation and potential Fed rate cuts on the horizon, 2024 looks promising for a surge in M&A activity, bolstered by technological advancements like generative AI."

**Alex Kellison**  
President



Last year was interesting in that the dollar volume of M&A in the US was comparable to 2022, but the overall number of transactions decreased, which implies a slightly higher average deal value for 2023 compared to 2022, according to data from Mergr. This is consistent with what we saw in the market last year, which is that smaller transactions were slightly more difficult to complete due to the financing challenges presented by a higher interest rate environment. The Fed's aggressive rate hike cycle began in March of 2022 (back when the Fed Funds Target rate was 0.25%) and seems to have reached its stopping point as of August 2023 (Fed Funds Target rate now at 5.50%). This is perhaps the most critical factor that has influenced M&A trends in the US in the previous two years.

In purely statistical terms, the total number of deals (private equity and corporate) declined from 9,403 in 2022 to 6,186 in 2023, or 34%. The dollar volume decline in deals over the same period was much more modest – from \$1,073B in 2022 to \$973B in 2023 – or 9%. The number of private equity deals declined from 2,891 in 2022 to 1,614 in 2023, or 56%. This marks the fewest number of private equity deals since 2009 as investors grappled with higher interest rates. Corporate deal volume declined

from 6,512 to 4,572 over the same period, or 30%, the lowest volume since 2013. The sharper decline in private equity deal volume was likely attributable to greater sensitivity to interest rates, as private equity firms tend to rely more on leverage to finance deals and generate returns for their investors than corporate acquirers that may be using their own balance sheets or existing lending facilities to finance transactions.

At the risk of sounding like a broken record, expectations for 2024 are that interest rates eventually begin to go down as inflation levels remain subdued. We heard this same story before at the beginning of 2023; however, what is different this time is that inflation levels are significantly lower than they were a year ago, and, perhaps more importantly, inflation has remained low consistently. If there are, in fact, any rate cuts in 2024 or signals from the Fed that cuts are on the horizon, then this should be positive for M&A activity. Additionally, generative AI and other related technological improvements should generally bode well for corporate earnings growth, which should also be a tailwind for M&A activity. Regardless of volume expectations, we expect to see strong demand for high-quality assets in the lower middle market.



# METAL DISTRIBUTION

## INDUSTRY INSIGHTS

### STRATEGIC SHIFTS AND FUTURE OUTLOOK

The metals distribution and processing industry experienced notable shifts and strategic moves in 2023 as companies sought to position themselves for more consistent earnings in a fluid pricing and demand environment. 2023 profitability, while not at the 2021-2022 levels, remained well above average, as was the cash generated from operations. Many firms used their excess cash to fund M&A activity, leveraging these transactions to enhance inventory management, expand product or processing offerings, and/or expand geographic reach. Other service centers chose to reinvest in their physical plants, add or upgrade processing capabilities, and update their information technology infrastructure. In the following paragraphs, we reflect on the key trends observed in M&A for metal distribution during 2023 and provide a glimpse into what the industry may expect as it moves forward into 2024.

#### Diversification for Improved Profitability

The economic uncertainties of 2023 (interest rates, possible recession, re-shoring, etc.) prompted many metals distribution companies to explore M&A for diversification, growth, or exit strategies. Many owners of smaller and mid-sized service centers chose to explore selling their businesses, as EBITDA

and EBITDA multiples remained elevated. Others sought to expand product offerings and processing capabilities, enter new geographic markets, or acquire downstream businesses to enhance profitability. These trends will likely continue into 2024, with many companies pursuing M&A opportunities to better weather market fluctuations and disruptions, while others will actively seek to sell all or part of their businesses.

#### Supply Chain Pressures

While not at the same intensity as in 2021 and 2022, metal distributors in 2023 were still faced with supply challenges and pricing fluctuations related to geopolitical tensions, tariffs, and consistent availability of domestic supply. These issues negatively impacted smaller metal distributors disproportionately compared to the larger industry players. As a result, we expect to see many smaller companies continue to either seek to grow through acquisition or position themselves for sale. For many, remaining the same is not a viable long-term strategy.

#### Technology for Operational Excellence:

In 2023, metals distribution and processing companies invested in the latest technology to streamline operations, improve efficiency, and better manage working capital. Investments in more sophisticated inventory management systems,

logistics optimization, and data analytics should become common themes in M&A activities. Looking ahead to 2024 and beyond, improved digitalization will likely enhance a company's ability to grow profitably through M&A or make it a more attractive acquisition target.

#### Conclusion

As the industry looks ahead to 2024, strategic investments in technology, focusing on supply chain consistency and management, and pursuing diversified products and services will define the metals distribution M&A landscape. Companies that adeptly navigate these trends will position themselves for more profitable growth by leveraging M&A as an efficient means to an end. At the same time, others will explore various exit strategies. Those who choose to sell their businesses could expect current elevated EBITDA multiples to remain if their earnings are immediately accretive or if they bring new products, capabilities, and/or additional geographic reach to a strategic buyer. As investment bankers, it is our job to match the right buyer and seller, maximizing the opportunities for both concerns.



# DISTRIBUTION AND LOGISTICS

## INDUSTRY INSIGHTS

### 2024 DISTRIBUTION OPPORTUNITIES

Distribution is a sector that has much to look forward to in the year ahead. In addition to facing evident challenges, the aftermath of COVID-19 has led to positive changes in the industry, as companies have adapted to swiftly alter their operational methods and enhance their preparedness for unforeseen disruptions. The distribution M&A market remains active and an essential contributor to the global GDP, with efforts underway to enhance its appeal as a sector to work in.

#### Changing Habits and Loyalties

Since 2020, the supply chain sector has been under immense pressure, primarily due to the impact of COVID-19. The pressure was particularly intense for industries reliant on raw materials such as metals, wood, building supplies, aluminum, and

steel, which all faced significant disruptions. Many clients, particularly those dependent on raw materials for their operations, struggled with these challenges, as observed by industry experts.

The profound impact of the pandemic substantially damaged the 'just-in-time' inventory concept, leading companies to buy materials whenever and wherever possible. This accumulation of excess inventory became a necessary strategy for many businesses, serving as a protective measure against the unpredictability and irregularities in the supply chain.

Despite these challenges, the situation presented an opportunity to enhance supply chain resilience. Over the past two or three years, there was a noticeable increase in resilience as companies

adapted to protect their supply chains. However, this resilience has recently declined due to the reactive measures taken during the pandemic, structural changes within companies, rising technology costs, and financial difficulties.

The pandemic led to a considerable shift in customer behavior and confidence, with a widespread loss of trust in manufacturers' production capabilities and distributors' inventory management. This erosion of trust caused customers to alter their ordering habits, often planning and ordering months in advance despite lacking the experience for such extended forecasting. As a result, this change in behavior frequently led to over-ordering, where customers requested more material than necessary, leaving suppliers with excess inventory.







Furthermore, the pandemic caused a notable shift in manufacturer loyalty. Previously, contractors preferred specific suppliers, but the pandemic shifted their focus to securing materials from any available source. This behavior change led to a broader acceptance of different products and suppliers, marking a shift in consumer preferences and altering the dynamic between manufacturers and contractors.

The impact of the pandemic on the supply chain has been multifaceted, reshaping purchasing behaviors, inventory management, and the relationship between contractors and suppliers. As the industry continues to adapt, these changes will likely influence its strategies and operations moving forward.

### A Matter of Visibility

Advancements in supply chain technology are currently a major focus in industry discussions, with artificial intelligence (AI) being a pivotal topic. AI, while not a new concept, has evolved significantly and now plays a significant role in the sector. Despite its progress, there is a consensus that AI has yet to reach its full potential and requires further development.

A vital aspect of this technological

evolution is end-to-end supply chain visibility. This advanced capability tracks products from the manufacturing stage to delivery. Achieving this level of visibility is increasingly vital in the industry, as it meets the growing demand for transparency in product movement.

Many companies are striving to achieve high visibility in their supply chain operations. However, they face challenges, particularly from a technological standpoint, in fulfilling the heightened expectations of customers for such comprehensive tracking services.

The impact of e-commerce giants like Amazon on supply chain dynamics is significant. The shift in consumer expectations has been dramatic; what used to be a weeks-long wait for deliveries has transformed into an expectation of next-day, or even same-day, delivery. This shift in consumer expectations has transformed consumer behavior and significantly pressured the logistics and supply chain industries to adapt and expedite their processes to align with these new standards.

### The Role of AI

Integrating AI into business operations is increasingly gaining prominence, especially in analyzing

and streamlining complex tasks. Companies venturing into AI have noted how it automates tasks that analysts traditionally handle, like tracking changes in various business segments for profitability or sales insights. AI's ability to quickly detect inconsistencies and alert the relevant managers enables faster and more efficient decision-making than conventional methods.

Industry leaders are recognizing the potential transformative impact of AI on business operations. AI is expected to assume a significant portion of the workload in executive decision-making soon, enabling business leaders to focus more on interpreting data within the context of their expertise and business understanding. Observations of the accelerating pace of technological advancement in the field support this sentiment. Once initial hurdles are overcome, the progression and integration of technologies like AI quicken, reshaping business practices and decision-making processes.

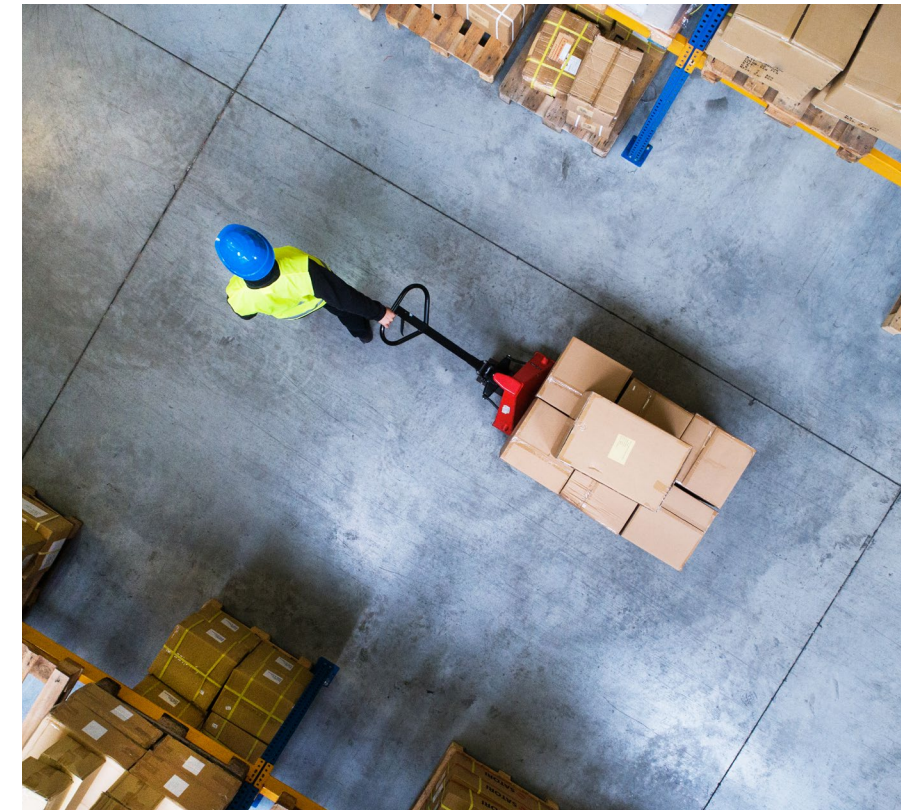
The conversation in the industry is also turning towards other technologies capable of replacing labor, especially in light of the increasing costs associated with human labor. In the pursuit of enhanced operational efficiency,

businesses are exploring options like autonomous vehicles and innovative warehouse management techniques. Potential solutions include reorganizing work shifts or adopting technologies that expedite tasks such as picking and packing. The advent of robotics in these areas, though not yet widespread, is a growing possibility in the near future.

### The Management of Risk

The COVID-19 pandemic has markedly influenced risk management strategies across various sectors. The crisis has prompted companies to make better decisions, particularly in managing risks and ensuring business continuity. As industry experts suggest, the key to effective risk management lies in extensive scenario planning. The pandemic has underscored a vital lesson: if something can go wrong, it likely will, and dismissing potential issues as improbable is no longer a viable approach.

One advantage for the distribution sector is its ability to revert to tried-and-true, low-tech practices if modern systems falter. For instance, many distribution branches can switch quickly to a manual paper ticket system. This capability allows for a seamless transition back to more traditional methods, albeit less efficient, ensuring that customer service remains uninterrupted. This flexibility is crucial in risk management, as it involves running through various potential events and assessing how different parts of the company, from the executive team to individual branches, would respond in each



scenario. This adaptability and preparedness have become essential components in the current business landscape, shaped by the unpredictability of events like the pandemic.

### Dealmaking in Distribution

Turning to mergers and acquisitions (M&A), there's a noticeable trend in the current market. While M&A activity remains robust, there is a slight downward trajectory. Private equity groups continue to be active players, and although substantial capital is available, closing deals has become more prolonged.

A significant factor influencing M&A dynamics is the availability of financing. Compared to three to five years ago, when there were 20 to 25 potential financing sources for a deal, now the options have narrowed to three to five. This change comes alongside rising

interest rates and a slight drop in multiples. Despite these challenges, deal activity remains strong.

Looking forward, expectations for M&A activity vary depending on the industry sector. For instance, in the waterproofing space, a rapid consolidation is occurring. Companies that have proactively acquired businesses in this sector over the past five years, like Beacon Roofing Supply, are poised to benefit from this trend. Experts expect this consolidation to continue in the coming years, viewing the current climate as suitable for acquisitions.

Beyond distribution, consolidation is a trend observed across multiple industries. The aftermath of the pandemic and various international developments has led companies to seek the stability and security of being part of larger





organizations. However, experts also emphasize the importance of a well-thought-out exit strategy.

Preparation is critical, especially when considering selling a company. The biggest mistake observed is a lack of readiness, with many failing to adequately prepare for what is likely the most significant economic transaction of their lives. Such lack of preparation underscores the importance of strategic planning and thorough preparation in the M&A landscape.

Major Challenges

In the distribution industry, a significant challenge is finding skilled labor. Many companies contend with numerous open positions, some unfilled for three to six months, particularly in entry-level roles.

A contributing factor to this issue is the lack of interest among recent college graduates in distribution roles. This disinterest stems from a lack of awareness about the dynamism of the distribution sector and its importance to the economy. Despite offering rich career growth opportunities, the industry remains underrepresented in career discussions with college students. Initiatives are underway to change this perception and showcase the promising career paths available in distribution.

Another major challenge in the industry is the ongoing consolidation trend, affecting everything from manufacturing and distribution to customer bases. The growth in the size of manufacturers and customers represents a significant shift in the industry's landscape. This trend towards larger entities introduces unique

challenges and opportunities for businesses in the distribution sector, necessitating adaptations and innovations to succeed in a changing market.

Conclusion

The distribution industry is adapting and evolving to meet various challenges and opportunities. The COVID-19 pandemic has reshaped the landscape, from altering customer behaviors and supply chain resilience to accelerating technological advancements like AI and the need for end-to-end supply chain visibility. Companies are navigating a complex terrain of labor shortages, changing college graduate interests, and the imperative of strategic risk management. The M&A sector remains dynamic, with consolidation trends and financing challenges shaping the future of transactions. As businesses adapt to these evolving circumstances, the distribution industry plays a critical role in the global economy, demanding innovation, flexibility, and strategic foresight to thrive in an ever-changing market.



WEBINAR HIGHLIGHTS

INDUSTRY INSIGHTS

Charting A Course For Distribution

The distribution industry, still reeling from the aftershocks of the COVID-19 pandemic, faces an array of challenges including significant supply chain disruptions, workforce issues, and the emergence of new environmental and technological shifts. Our recently hosted webinar, now available for on-demand viewing, offers a deep dive into these critical changes. In this insightful session, Don Wiggins, CEO of Heritage Capital Group and Oaklins' distribution specialist, shed light on current M&A trends and key industry updates.

Joining him in the webinar is Martin Harrell, President of the Waterproofing Department at Beacon Building Products, Inc., and the former CEO of Coastal Construction Products. His insights are particularly significant considering Beacon's status as a Fortune 500, publicly traded distributor with an extensive network of over 470 branches across North America. Martin explores Beacon's impressive growth trajectory, its forward-looking strategies, and the potential challenges it expects to face in the future.

Click to View the Webinar

Exit Planning: Critical Executive Transitions

As owners prepare for a significant transition, whether it's a sale, merger, or leadership succession, having the right executives in place is paramount to ensure a seamless and prosperous future for their company. A lack of sound leadership can lead to many risk management and financial issues which could leave a company in crisis and significantly reduce equity value.

In this webinar, Bill Sorenson of Heritage Capital Group and Keith Fairchild of FairchildHR discuss insights and strategies for identifying, recruiting, and on-boarding top-tier executive talent to safeguard the company's future and explain why this is so critical to successful transitions. Whether you are an owner or advisor, register now to better equip yourself with the knowledge and tools needed to secure your or your client's company's leadership for a successful transition and sustained success beyond.

Click to View the Webinar

Wealth Manager's Guide

Help Clients Maximize Value When Selling Their Business

As a wealth manager, helping your clients navigate the complex process of selling their business is an important part of your job. The stakes are high, and many factors must be considered to ensure your clients receive the best possible value for their hard work and investment.

In this webinar, Donald Wiggins and Joe Hawkins of Heritage Capital Group will provide you with a guide to help your clients maximize the value of their business sale. Our panel of experts will share insights and strategies to navigate the transaction process, discuss selling considerations, review the exit planning process, identify value drivers, and more.

Click to View the Webinar





# METAL INDUSTRY TEAM

## COMPANY UPDATES

### GROWING THE METALS TEAM

Over the past year, Heritage Capital Group has enhanced its expertise in the metals industry by welcoming two new professionals to its team. John Montgomery from Birmingham, AL, and Stan Baucum from Waxahachie, TX, have joined forces with existing team members Doug Kravet, Bert Tenenbaum, and John Pregulman. John Montgomery will play a key role in deal origination and execution as a principal. At the same time, Stan Baucum will contribute his expertise as an industry specialist, offering market insights and valuable support.

John spent most of his career as executive vice president and COO of Southland Tube, where he played a significant role in due diligence and negotiations during its acquisition by Nucor in 2017. Since leaving Nucor in 2019, he has provided bespoke advisory services to firms in the metals industry. John earned his BBA in business administration and management from Auburn University as well as management and M&A certifications from Columbia Business School, Northwestern University, and Washington University in St. Louis.

Stan held numerous leadership positions at Chaparral Steel Company. He remained with the company after it was acquired by Gerdau in 2007 and was responsible for managing over \$2 billion in annual sales in the Long Products Division. Throughout his career, Stan has been an active participant in industry trade organizations, including a past board member of NASSPA (North American Steel Sheet Piling Association), AISC (American Institute of Steel Construction), and chairman of the NASA (North American Steel Alliance) Supplier Council. Stan holds a degree in chemistry and biology from Stephen F. Austin University.

With years of experience serving clients in the metals industry, Heritage has developed a vast understanding of the unique opportunities and challenges facing this sector. The firm’s experienced team of professionals have extensive expertise in metals fabrication and processing, risk management, financing, and supply chain management, among other areas. This deep industry knowledge and expertise have helped Heritage’s clients navigate the volatile nature of the metals market and achieve their financial goals. Recent transactions completed by Heritage in the industry include Klein Steel Service, Malone Steel Service, The Couer d’Alenes Company, Chancey Metals, and Stark Metal Sales.



John Montgomery



Stan Baucum



Doug Kravet



Bert Tenenbaum



John Pregulman

# ADDITIONS TO THE TEAM

## COMPANY UPDATES



Ryan Waters

With over 25 years of experience in clinical operations, business development, supply chain oversight, and program management, Ryan Waters has taken on the Chief Operations Officer role at Heritage Capital Group. His responsibilities include guiding the firm’s operational strategy, enhancing client experience and efficiency, and developing robust operational frameworks.

At Heritage, Ryan’s role is centered on process optimization and creating innovative solutions to elevate the firm’s performance. He comes from Pulse Clinical Alliance, where he was the Vice President of Operations, overseeing a range of operational activities in various government programs and projects. His skills in optimizing operations, managing risk, and effectively utilizing human resources are vital to Heritage’s ongoing growth and success in the competitive market.



Dan Curran

A seasoned professional with a distinguished 45-year career in healthcare leadership and finance, Dan Curran has taken up the role of principal at Heritage Capital Group. His extensive background includes a 30-year tenure at KPMG, where he served as an audit and advisory partner and held key leadership roles. Additionally, Dan was the senior vice president and CFO at St. Vincent’s Health System before establishing Amelia Consulting Group, LLC, which provided strategic advisory services to healthcare entities. He played a pivotal role at Brooks Rehabilitation as EVP and CFO, overseeing various financial and operational functions and contributing to the organization’s strategic initiatives.

Dan, a retired CPA, holds a BS in accounting from the University of Connecticut School of Business. His proven leadership skills, strategic insight, and commitment to operational excellence make him a significant asset to Heritage’s healthcare industry team.



Chuck West

Chuck joined Heritage Capital Group as an industry specialist, bringing a wealth of experience in developing and executing strategic plans, sourcing capital and resources, and driving growth and profitability for the companies he advises. He specializes in improving day-to-day operations and processes, as well as working with individuals in leadership roles.

With over 40 years of operational and leadership experience, predominantly in the SaaS and manufacturing industries, Chuck’s career began as a CPA. He has held key operational and financial positions at various companies, including MasterCraft Boat Company, Venture Alliance, National Services Associate, Explore Industries, and PlanetHS, an educational software company based in Ponte Vedra Beach, FL. Chuck holds a BS in Business Administration from the University of Tennessee.



ADDITIONS TO THE TEAM

COMPANY UPDATES



Mike Bouton

Mike joins the Heritage team with a robust background in financial analysis and research. Before coming to Heritage, he excelled as the director of accounting and finance at Tri-Star Semi Truck & Trailer Services, LLC, guiding the finance functions of a rapidly expanding small business from an executive standpoint. Earlier, Mike worked as a financial solutions consultant at Merrill Edge, where he acquired his Series 7 & 66 licenses.

Mike holds a BA in Business Administration from Flagler College and an MBA from Jacksonville University.



Bobby Ward

Starting as an intern at Heritage Capital Group, Bobby has ascended to the role of an Analyst, a testament to his exceptional talent and dedication that the investment banking and financial advisory firm has recognized with this internal promotion.

Bobby has proven invaluable throughout his time at Heritage and has demonstrated exceptional analytical skills, meticulous attention to detail, and a deep understanding of the investment banking sector. His role as an Analyst involves supporting the firm’s investment banking activities, encompassing financial analysis, industry research, and transaction execution. He collaborates closely with senior team members, contributing strategic solutions to clients and offering insights into complex financial issues.



Hannah Solomon

Hannah recently joined Heritage Capital Group as the Director of Business Development, bringing extensive sales and marketing experience that makes her a valuable asset to the team.

Before joining Heritage, Hannah developed her career in marketing and sales with technology and media firms in Jacksonville and New York City, gaining expertise across healthcare and education technology, as well as the PGA Tour and the NFL. She also demonstrates a strong entrepreneurial drive, having founded three businesses.

Hannah holds an MBA from the University of Virginia Darden School of Business and a Bachelor of Science in Communications from the University of Florida, where she was also a four-year athletic letterman recipient.

WE MAKE GREAT DEALS HAPPEN

PRINCIPALS



Donald Wiggins



Howard Serkin



Doug Kravet



Bill Nicholson



Mac Holley



Bill Prescott



Bill Sorenson



Alex Kellison



Mary Frosio



Dan Edelman



Bert Tenenbaum



Joe Hawkins



John Montgomery



Scott Hanigan



Dan Curran



Asok Chaudhuri



WE MAKE GREAT DEALS HAPPEN

INDUSTRY SPECIALISTS



Scott McCaleb



Charlie Tomm



Dawn Blackledge



Paul Dent



Mary Merrill



Daren Pietsch



John Pregulman



Bill Skinner



Rick Snyder



Chuck West



Stan Baucum

HERITAGE OVERVIEW

EXPERIENCE. EXPERTISE. RESULTS.

YOUR EXPERTISE IS YOUR BUSINESS.  
OUR EXPERTISE IS YOUR TRANSACTION.

Heritage Capital Group is a highly respected and trusted investment banking and advisory firm with local and global reach. For more than 47 years, we have provided transactional and advisory expertise across key industries to our clients. We work to ensure that your many years of hard work and vision come to fruition. Our team of experts can help guide you through a wide range of scenarios including:

- Selling a company
- Buying a company
- Mergers
- Divestiture of corporate assets or divisions
- Raising debt or equity
- Exit planning
- Value enhancement
- Process improvement
- Restructuring or reorganizing

With our extensive industry and deal experience, we can work with you to help build and maximize your transaction value. You will benefit from the global resources Heritage provides through our leadership position in Oaklins, an international organization focused on the middle market with offices worldwide. With these resources, Heritage is able to leverage global contacts, industry expertise, and transaction experience to achieve exceptional results for you. We offer complete discretion and skilled and methodical negotiations to give you the competitive edge that is essential in today's highly competitive business environment.

HERITAGE  
CAPITAL GROUP

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Heritage Capital Group is a merger and acquisition advisory firm with offices in Jacksonville, Florida and Savannah, Georgia. Heritage is a member of FINRA/SIPC and Oaklins, the world's most experienced midmarket M&A advisor, with 850 professionals globally and dedicated industry teams in 45 countries worldwide.

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