NORTHEAST QUALITY SERVICE
Excellence in CNC Machining and Assembly

Has been purchased by

TGP INVESTMENTS, LLC

Case Study

Northeast Quality Service (NEQS)

Ralph Coppola, Sr. was the epitome of the American Dream. In spite of his humble beginnings, a growing entrepreneurial spirit led him to establish Northeast Quality Service and grow it to a multiple seven-figure valuation. NEQS manufactures precision metal components for OEMs in diverse industries including firearms, precision locks and communications equipment. Now in his mid-70s, Ralph Sr. was semi-retired, having handed over the day-to-day operations of NEQS to his son, Ralph Jr.

But while Ralph Jr. had operated the company for many years with his father, his current interests went beyond NEQS. When he thought about his life's work and what his legacy would be, there were other interests more enticing to him than running this company. One particular interest was developing a stock trading algorithm, a project he'd been working on over the last few years. But truly devoting himself to that endeavor meant selling NEQS.

Who could make this happen? Ralph Jr. says, "When I decided to sell the business my family had owned for over 40 years, I was looking for a strong partner to help and guide me through the entire process. I needed someone with broad knowledge of my industry as well as a deep understanding of the selling process. After talking to many firms and looking for professional recommendations, one name constantly came up. I realized that Touchstone Advisors was, hands down, the most capable firm with an outstanding reputation." He met with Touchstone's Steve Pappas who worked on this project with Steve Eick, an M&A Advisor at Touchstone. Together they ran the Touchstone process and brought NEQS to market in mid-2020.

There Are Always Challenges. According to Steve Pappas, "The first challenge was the fact that NEQS manufactured parts for a well-known firearms company, a sector in which many private equity firms do not invest. This reduced the number of targets we would normally approach when bringing a business to market.

"Another challenge was customer concentration, a common problem with lower middle-market businesses. Our job is to get interested parties comfortable with that concentration. Ultimately, we were successful once buyers fully understood the longevity and close relationships between our client and their key customers."

The Stars Align For Success. While there was a lot of interest in NEQS, one company stood out from the crowd. This was the private equity firm TGP Investments, LLC from Kansas City, MO, led by Managing Director Shane Parr. TGP makes both control and minority equity investments in partnership with proven managers in manufacturing and business services companies, with revenues generally between $15 million and $50 million. The firm is led by a strong investment team with extensive experience in middle-market private equity investing.

TGP not only had experience in the industries in which NEQS was involved, but it was also actively looking to invest in these areas. This match was auspicious because TGP had a relationship with a very experienced CEO who successfully grew one of TGP's portfolio company's revenues from $4MM to over $40MM in the space of a few years. He was available and ready to take over the reins from Ralph Jr. on day one, freeing Ralph to make his dreams a reality.

""I could not have done this transaction without them and I would, without hesitation, highly recommend Touchstone Advisors." Ralph Coppola Jr., CEO of NEQS

No Stone Left Unturned. This sale was brought to the table at the height of the COVID-19 pandemic. Nevertheless, the transaction was completed in January 2021. Ralph Jr. was extremely pleased with the harmonious match made by Touchstone between NEQS and TGP. He notes, "During the process, their bankers left no stone unturned, running a national search for multiple interested parties and ultimately creating a competitive bidding process for my company. During the due diligence and negotiation process, Touchstone was by my side to make sure everything went as smoothly as possible. This allowed me and my staff to continue focusing on the day-to-day responsibilities of running a growing business. I could not have done it without them, and I would, without hesitation, highly recommend Touchstone Advisors."

Shane Parr says that Touchstone was integral to the process as they worked on behalf of the Coppola family and his firm to aid in gathering due diligence information and providing an efficient data room. He says, "Steve Pappas listened to the concerns of both the buyer and the seller. He effectively bridged open items related to the purchase agreement and terms and was able to share relevant perspectives with both sides. Touchstone was diligent and thorough, and helped facilitate a successful closing. I would recommend Steve and Touchstone to represent future business owners of similar transactions."

Shortly after the sale, Ralph Jr. was pleased to tell Steve Eick that, finally, he was able to concentrate his efforts on his stock trading algorithm. He says, **"It's like living the dream!"**

About Touchstone Advisors:

Touchstone Advisors is a New England M&A firm that represents owners of privately held manufacturing, distribution, and service businesses, generally $10 to $100 million in revenue. The company works with owners to achieve the best sale price and terms for their clients by finding the ideal financial or strategic acquirer.

For more information:
Steve Pappas – Partner 860-669-2246 – spappas@touchstoneadvisors.com
Steven Eick – M&A Advisor 917-804-8236 – seick@touchstoneadvisors.com
www.TouchstoneAdvisors.com