

## RIGHTING THE SHIPS

### Local investors trawl for troubled manufacturers

BY JANEL WATSON

Nashville Business Journal

KPAC, a private equity firm that buys, fixes and sells broken manufacturing plants has closed on its 14th purchase in 12 years and will likely have a 15th soon. The firm has set a goal of bumping up its buying frequency to three or four companies yearly.

Jim Patton, managing partner of KPAC (an acronym for Kennedy Patton Acquisitions Corporation), says the equity for the deals is supplied by the firm's five full-time partners.

Patton says there's plenty of available capital and manpower to pursue the firm's aggressive plans, but it's taken a decade to get to this point. KPAC is now in negotiations with at least seven conglomerates. Three are U.S.-based, three are headquartered in Europe and another is in Latin America.

KPAC focuses on finding unprofitable subsidiaries of

Fortune 100 companies with revenues between \$20 million and \$200 million. And like its most recent buy, Kemmer Prazision, a plant based in Lorch, Germany, they have global operations. Kemmer has major distribution facilities in Shanghai and Southern California.

Patton says to be able to operate the international companies, KPAC has its partners spread out, as well. In addition to having two in Nashville, there are partners in Virginia, California and Paris.

Fil Filipov, KPAC's partner in Paris, has been named CEO and chairman of Kemmer for its turnaround, which will likely take until late 2008.

KPAC employs a strategy coined "a 100-day plan to profitability." Senior Managing Director Rob Shuler says the first two weeks of ownership at a company bring most of the changes, which always involves cutting jobs.

But these are companies that are on the brink of being shut down, Shuler says, which would result in all of the employees being let go. And Patton says more often than not when the plant is ready to be sold again, there are more people on board than there were at the beginning.



TODD STRINGER ■ NASHVILLE BUSINESS JOURNAL

**Jim Patton and his partners have sealed their latest deal in Germany.**

Ralph Keller, president of the Association for Manufacturing Excellence based in Arrington Heights, Ill., says KPAC is part of a large group of private equity firms around the country that are preserving the middle class.

"Companies, like KPAC, that are going in and fixing these broken companies, are performing a service to the U.S. economy by preserving manufacturing jobs," he says.

KPAC has sold 12 of the 14 companies it has purchased. In

addition to Kemmer, KPAC currently holds James Burn International, which was previously a subsidiary of Standex International Corp.

Patton says James Burn is on the market, but the right buyer hasn't come along. Typically, KPAC spends a year growing a company after the turnaround is complete. And often makes an acquisition during that time. KPAC has owned James Burn since the last quarter of 2004. [jwatson@bizjournals.com](mailto:jwatson@bizjournals.com)