

M&A Strategies, Advice at Kingpins

Business Insight



By Alison A. NiederAs of Thursday, July 18, 2013

Strategies for finding an investor or selling a company were on the agenda at a July 9 panel discussion organized by the **California Fashion Association** and hosted by **Kingpins** during the denim trade show's July 9–10 run at the **Cooper Design Space** in downtown LA.

CFA President Ilse Metchek kicked off the event with some eye-opening statistics about the denim market from **Cotton Inc.**'s Lifestyle Monitor survey.

Last year, US consumers spent \$16 billion on jeans. Globally, the jeans market is poised to top \$56 billion by 2018. Premium brands make up a significant percentage—22 percent—of the global jeans market, and of that 22 percent 75 percent comes from California, Metchek said.

But, she cautioned the crowd, there is a “crisis in denim,” explaining about the European Union's recent tariff increase on US-made women's jeans to 38 percent.

Jeff Streader, founder of **Go Global Retail**, moderated the panel, which included attorney Jeff Kapor, with **Buchalter Nemer**; Philippe Faraut, managing director of **Intrepid Investment Bankers**; Nate Pingleton, principal with **Marlin Equity**; and Rich Anderson, managing director of **Moss Adams Capital**.

Anderson provided some advice for companies as they grow financially from the early stages, when they need a “capable controller or bookkeeper,” up to larger companies looking to take on a partner or sell the company, who need an audited financial statement.

“If you go to market to bring on an institutional investor [or pursue a sale], you need to provide detailed, granular analysis,” he said.

Staffing is key, he added, quipping, “At some point, the company has to go from hiring bros to hiring pros.”

And companies have to make sure the brand is protected.

“We’ve had probably five deals where in certain international markets there were squatters on those brands,” he said.

Kapor relayed an anecdote about athletic apparel giant **Nike**, which produced apparel for the US Olympic team for the 1984 Sarajevo Olympics only to discover that another company was already using that trademark in the region.

The attorney advised the crowd to enlist the help of experts. “If you’re going to put money in your pocket, my goal is that you keep that money,” he said. “My theory is, do it right the first time.”

Faraut discussed some of the differences between strategic investors and private equity firms, while Pingleton offered suggestions for finding the right investment partner.

“It really comes down to selecting a smart partner that knows your business,” he said. “Find someone who has a passion for your business, someone who brings more to the table than just money.”