

GREGORY FINANCIAL GROUP, LLC

Merger and Acquisition Specialists

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GFG Documentary

To Prepare Business for Sale, Nortech Owners Had to Determine Marketplace Value

Like many hardworking entrepreneurs, Larry Denison and Norman Kwak knew they had built a strong business—Elk Grove Village, IL-based Nortech Telecommunications, Inc. (NTI)—but they were not sure what it was worth.

When Denison and Kwak decided to explore sale of NTI, they knew it would be critical to know how to determine marketplace value. For assistance, they turned to Gregory Lafin and Gregory Financial Group, Schaumburg, IL, an affiliate of Clifton Gunderson LLC.

“Greg provided very good information on how to value the business, so that when we sat down with people we would have a good idea what the company was worth,” says Kwak.

Denison and Kwak had been working for NTI for more than 20 years. They bought the business in 1993 and built it into one of the Chicago area’s leading telecommunications sales, installation and service organizations, handling mainly systems manufactured by Nortel Networks (Northern Telecom) and Shoretel.

NTI has nearly 50 employees. Major customers include Playboy Enterprises, FMC Corp., and Harris Bancorp.

“We felt we had reached a pinnacle,” Kwak says, “and we thought it would be best to sell when you’re on top.”

A market valuation analysis was just one of the services Gregory Financial provided NTI, after they got together late last year. Gregory advertised the business, and used its extensive contacts in the field of business brokerage to attract scores of prospective buyers.



Gregory Lafin

“We interviewed a good number of qualified buyers,” Denison says, “before we connected with Black Box Corporation, Pittsburgh, PA.”

Black Box (NASDAQ:BBOX), the world’s largest technical services company dedicated to designing, building and maintaining today’s complicated data and voice infrastructure systems, wanted to expand its presence in the Chicago market. The match with NTI looked ideal.

“We saw an opportunity for Black Box to expand NTI’s services and product offerings, significantly increasing sales and creating opportunity for Nortech employees,” Lafin says.

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To Prepare Business for Sale, Nortech Owners Had to Determine Marketplace Value *continued from front*

“By joining forces with Black Box, we will be positioned to not only continue to provide our customers with the highest quality voice and data services, but also the best hotline products and on-site services in the industry,” Denison and Kwak said.

“With a high commitment to customer service and strong customer relationships, NTI will provide a solid base in the Chicago market to expand our industry-leading voice, data and hotline products and on-site services,” said Rick Gannon, Black Box Regional General Manager.

Nortech and Black Box signed a letter of intent in July, and the deal closed at the end of October.

That may seem like a short period of time, but for Denison and Kwak it sometimes seemed an eternity.

“The acquisition process, due diligence and all, is enormously detailed. We had never dealt with a broker or the merger and acquisition process before, so we didn’t know what to expect. We never would have gotten it done without Greg,” Denison says.

Kwak agrees: “Greg kept Larry and me on focus. He kept us calm through a long process that is very detailed and time consuming.”

“Greg has the patience of Job,” adds Denison.

Nortech’s attorney, Steve Randall, of Michael Best & Friedrich LLP, Chicago, confirms that the extent of due diligence was “extraordinary for a transaction of this size.” Black Box, a public company, was buying the stock of NTI, a privately held concern, and wanted to be sure everything was in order. The purchase price was not disclosed.

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“Greg gave us confidence by demonstrating a very good grasp of the whole process. He seemed to understand the legal

issues as well as the lawyers. He was able to hold his own with people who make their living picking nits,” Kwak says.

“Never once did we get the sense that Greg was trying to make a deal so that he could close it and earn a commission. He was in there battling for us, right to the end.”

Denison adds: “Greg was involved in almost every meeting and knew every detail of the transaction. I can’t imagine that any other broker gets as involved with his clients as Greg does.”

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- Seller services
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