

Growth by addition



Accord Financial Corp. is a publicly-traded (TSX:ACD) finance company, specializing in commercial lending, with a strong balance sheet and 40-year history of financial strength and success. Serving clients throughout the US and Canada, Accord helps companies manage cash flow and maximize financial opportunities with a full spectrum of asset-based lending solutions, including: factoring, inventory finance, equipment leasing, trade finance, and film/media finance.

Terry M. Keating, President & CEO – Accord Financial, Inc. (L)

Jeffrey S. Pfeffer, Managing Partner – CapX Partners (R)

Terry, it's been nearly a year since Accord Financial and CapX Partners announced their merger, how's it going so far?

Of course, we expected great things, but it's been even better. Accord invested in CapX because it's a terrific business. In addition, we've also closed multiple deals that may not have been possible otherwise—using Accord's working capital products in tandem with CapX's equipment financing. For example, a longtime client of Accord in the food/beverage sector previously struggled to find its footing, changed its management team, refocused strategy and started growing dramatically. Accord was financing the working capital; now they needed a new production facility to serve the growing client base. Together, the Accord / CapX team was able to structure a transaction with 100% financing of the new facility. This was essential, as the firm needed to conserve cash to support its growth.

Jeff, what about from the CapX perspective; how would you describe the relationship thus far?

Terry's case study verifies that "synergy" isn't really a dirty word in M&A; it happens when companies with similar cultures and client focus come together with a shared vision. Shortly after that win Terry mentioned, we referred Accord into a CapX client seeking working capital financing. Terry and his team moved quickly to understand the company's needs, and brought decision makers to the front line. Accord delivered a solution that gave the CEO confidence in his lender, rather than skepticism and doubt. Our decision to join forces was about people and culture. Just offering capital was not enough for the CapX team when deciding how to take our business to the next level.

Aside from booked deals, are there other advantages or roadblocks that you've encountered?

Accord's strong balance sheet, sterling reputation and focus on current asset financing has empowered the CapX business

development team to offer more solutions to its network. We're also doing joint sponsorships at major middle market events across the country, which has really help spread awareness.

Terry, same question, but from your perspective?

For us, another big plus has been the adoption of some of CapX's technology. For instance, we've utilized database marketing with great success for over a decade, but the CapX CRM platform was uniquely built to drive efficiency around our shared needs. Another benefit is the physical presence of the CapX team. With offices in Chicago, New York, Boston and San Diego, we now have greater coverage across the US. Together, we can serve a wider variety of clients and referral sources by offering a diversified portfolio of financing services, delivered by a larger team of experts with the industry's greatest minds to get deals done.

In terms of hurdles, the one ongoing challenge is coordinating our business development teams. We've been joint calling and cross training, and we're always exploring technology to further streamline our efforts and avoid duplication. The only other "roadblock" is finding enough time in the day to review all of the opportunities our teams are uncovering.

Accord has historically had success with independent sponsors, has this relationship helped further that leadership position?

Absolutely. The Accord / CapX union provides the ability to finance both the acquisition and growth phases that independent-sponsor-backed companies face. We both have the ability to provide up to 100% financing in the right situation—acquisitions with the right structure and sufficient collateral for Accord—capital expenditure needs with stable cash flow for CapX.

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