



Keeping Indiana Strong

Purchase Allows Jobs at Sherry Labs to Remain

By Tom Schuman

As president of the Indiana Chamber of Commerce between 1992 and 2002, Chris LaMothe says he “grew tired of hearing and reading about all the businesses that were getting acquired by out-of-state companies.” Now, LaMothe has joined forces with two longtime Delaware County business and community leaders – Van Smith and John Fisher – to keep high-tech, high-skills jobs within the county and state. LaMothe’s Ascendanci Ventures, with additional financial backing from Smith and Fisher, purchased Daleville-based Sherry Laboratories from Muncie’s Ontario Corporation earlier this year.

“I wanted to be part of the solution for Indiana, not part of the problem,” confides LaMothe, who left his leadership position at Oxford Financial Group to form Ascendanci in 2005. The Sherry Labs deal (LaMothe is the CEO and chairman of the board) is the first private-equity acquisition for his new company.

Sherry Labs recently moved its headquarters and Delaware County operations from Muncie into 55,000 square feet in the Heartland Business Center, located adjacent to Interstate 69. The former Indiana Factory Shops outlet mall is enjoying early success in its transition. Earlier this year, First Merchants Corporation established a corporate data center for its various banking operations. Additional business developments are in the works at the site.

The Sherry story

Established in 1947, Sherry concentrates its focus on independent, third-party testing. Although it specializes (see below) in a number of fields, if a customer wants something tested, the company will find a way to do it. Additional Indiana locations are in Columbus, Fort Wayne and Warsaw. The company’s 190-plus employees are nearly equally divided between the four in-state operations and facilities in Broken Arrow, Oklahoma, Lafayette, Louisiana, and Scott, Louisiana.

Approximately 800,000 tests a year are performed for more than 1,500 customers in the following areas:

- Environmental, which includes food and biological products
- Metallurgical, with clients in the automobile and aerospace industries
- Specialty engineering, including failure analysis and reverse engineering procedures. Strength barriers intended to hold back rocks on the mountainside, basketball rims and bumpers are a few of the products in the lab on the day of this interview
- Petroleum, a high-growth area that involves gas standards and related testing and consulting



(Photos from left to right) Planning for future growth is part of the mission for Chris LaMothe (right) and Mark Glover, president and chief operating officer. Sherry Labs' new home was previously occupied by a number of outlet mall tenants. Jamie Butterbaugh, metals chemistry supervisor, is one of many longtime employees at Sherry Labs.

The nearly 60 years of success bode well for a promising future. "I was attracted by what the company did. I felt it performed a socially valuable service in helping companies improve their products and processes," LaMothe offers.

The Warsaw facility was a 2006 acquisition. The Oklahoma and Louisiana operations allow the company to take advantage of the aerospace and petroleum industry strengths, respectively, in those areas.

"One of our real strengths is that there aren't a lot of multi-discipline, full service labs like Sherry," LaMothe reports. "If one industry is down, others are likely up. The strategy has allowed us some recession resistance. We've also focused on growth in areas where our expertise lies. We want to push further into those areas and gain market share."

There is additional acquisition potential, he adds, as a few large players in the industry are joined by many smaller operations.

Making the deal

Sherry was an attractive target for large competitors. LaMothe also notes that there was an East Coast buyout firm that was extremely interested in the company.

LaMothe began working on the deal in August of 2005 when



A variety of equipment adds to the capital-intensive nature of the testing business.

he received a call from Smith, the chairman and president of Ontario Corporation. Both that call and the later involvement of Fisher brought the ex-Chamber president back to his former career. Smith and Fisher were active Indiana Chamber board members during LaMothe's tenure and longtime supporters of the organization.

"Van is a remarkable leader with the highest integrity and John Fisher a smart, savvy leader with diverse business interests. The idea of being involved in something with them was very attractive," LaMothe states. A natural incentive for all three was the opportunity

to "keep the jobs in Delaware County and a company with high-growth potential here in Indiana."

Middle market acquisitions do not come together without a number of ups and downs – or without expert outside assistance. LaMothe brought Tony Schneider of Indianapolis-based Schneider Huse & Associates in for his financial advisory services. Attorney and businessman Mark Mutz contributed legal expertise to the effort.

"Capital is accessible for quality companies with compelling business plans. The investment community quickly grasped Sherry's exciting growth prospects," Schneider reveals. "We had numerous capital providers seeking participation in this deal, some from within Indiana and some beyond. At the end of the day, an all-Indiana investor team made the most sense."

Next steps

Sherry is a company that has very rigorous quality standards, as well as numerous accreditations and certifications it must maintain. LaMothe terms it a "complex company in a complex industry." He believes the expertise of the workforce and the strong customer service attitude creates the potential for growing four to five times its current size.

Schneider agrees. "Sherry is a great Indiana company and Chris is passionate about keeping these types of companies here. More importantly, Chris knew that Sherry had the foundation to accelerate its growth. It has a wonderful team in a new facility in Daleville."

LaMothe, who says he wouldn't be in this position without his wife Julie's unending support, considers himself truly fortunate.

"I fully expected opportunities that would come to Ascendanci would largely come from my relationships developed over the years that I was lucky enough to be at the Indiana Chamber," LaMothe shares. "With John and Van, I have smart people around the table. The employees are top notch. They're passionately dedicated to the customers. I'm very blessed."

INFORMATION LINK

Resource: Sherry Laboratories at (800) 874-3563 or www.sherrylabs.com