Financial Advisory Investment Banking Private Equity

Fall 2005

de Visscher & Co.

GroupComm "The Family Story"

As a high end integrator of audiovisual systems, GroupComm Systems had grown into a market leader. When the second generation family owners of GroupComm Systems decided to search for a strategic partner, they engaged de Visscher & Co. to act as their exclusive financial advisor. After screening potential partners across several industries, de Visscher & Co. structured and negotiated a transaction with Office Environments of New England, a premier distributor and a subsidiary of Steelcase, Inc. (NYSE: SCS). The transaction provided shareholder liquidity while offering the family managers access to the resources of a strategic partner to accelerate the Company's growth. ***The following is an excerpt of an interview with four family shareholders.***

de Visscher: Briefly describe the history of your involvement with the business.

Paul: The business was founded by my father in 1979. I guess that I probably started in the business like many second generation owners do: working weekends and vacation during high school and college. I joined full time in 1984, so I guess that I've really been involved with GroupComm since the founding.

Karen: I joined the business just out of college in 1979. Without any definitive plans, joining my parents seemed like a good idea.

Amy: My introduction to the business came through my marriage to Paul. At that point in time, Paul was running the business on a day to day basis, but his parents, Rosalyn and Edward Holt, were still involved in key decisions. I started just helping on an informal basis on things like strategic plans until around 1991, when the first audiovisual projectors hit the market. We saw a big market opportunity to grow and diversify our business away from just furniture, so my involvement became more formal with 2 days per week quickly escalating to what seemed like 10 days per week.

Geoffrey: My wife is Paul and Karen's sister so I guess I unofficially joined the business with my marriage. My official affiliation with the business began Father's Day of 2000 when Paul and Amy approached me about helping them solve the financial and operational growing pains that the business had been experiencing. From time to time before that, Paul and Amy had bounced ideas and issues off me, but the offer to join the company in a full time capacity was unexpected. While I had some reservations about the family aspect of the business, I thought that it was a unique opportunity to do something more entrepreneurial.

de Visscher: Describe some of the challenges and opportunities you saw for the business and the family in the year or two leading up to de Visscher's engagement.

Geoffrey: I would say that before the transaction, we had many things which were a combination challenge and opportunity. Probably like many family businesses, we had a nurturing culture, which, while beneficial in some cases, had caused us to have too many people without the requisite experience as the company grew and our offering changed. Addressing this chal-

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lenge in the years leading up to the transaction really brought our capabilities in line with our growth prospects. We had also not focused on the service aspect of our business previously, which was a key way to distance ourselves from the competition. In the two years leading up to the transaction, we significantly increased the contribution of service revenue to our business. Our biggest challenge at the point of the transaction was the reinvestment we needed to make in order to fuel continued growth.

Karen: In furniture, we were trying to increase our penetration of corporate accounts and grow from our traditional strength in schools. Overall we had successfully evolved from selling just audiovisual boxes and furniture to selling system solutions.

Amy: In the several years prior to the acquisition, we had developed an excellent reputation in the architectural and audiovisual consulting industry and done several projects in excess of $1 million. We still saw a lot of opportunities but the work load was incredible. In particular, the increasingly competitive market, the entrance of more traditional computer networking companies, and the retention of employees had proved to be challenges in running the business. That battle was a constant drain on my motivation and morale.

Paul: The growth of our business and the increasing sophistication of our projects had led to a corresponding increase in the complexity of project costing and billing. By the time of de Visscher's engagement, I think that it's fair to say that we had met that challenge. From an industry standpoint, GroupComm was benefiting from the increased importance of architects and audiovisual consultants because they only wanted to associate with professionally managed companies. We had made investments in our sales force and infrastructure that allowed us to pull ahead of the pack.

de Visscher: Many family businesses struggle with the decision to sell the business. Was this a difficult decision? What were the critical factors in your decision to ultimately sell the business?

Karen: Of the key decision makers, I was probably the least interested in selling the business but my family was at a different life stage than my brother Paul's family. In addition, I think that Paul, Amy and Geoffrey also had to deal much more with the stress of running the business than I did. In the end, maintaining good family relations was more important to me than vigorously opposing the sale of the business.

Amy: No decision like this is easy. For me, so much of my identity was linked to this business and what I did; however, Paul and I felt that our ultimate endgame was to sell the business. I mentioned before the intensity of the business and the weight of our responsibilities. I think that some people have the personality to keep it up year after year. Paul and I didn't feel that we wanted to do that for the decades necessary in order to achieve another generational succession.

Geoffrey: Because I had the shortest tenure, the decision to sell the business was perhaps less of an emotional decision for me than the others. I mentioned our need to reinvest to take the business to the next level. That meant a change in our risk profile – reduced margins again, more sleepless nights etc. At the same time, not growing was not an alternative given the competitive nature of our business. Those factors combined led me to opt for the sale of the company.

Paul: The decision was both emotional and intellectual, but I would not call it painful. While our coalition of family members had developed successful working relationships, I could not see this happening in the next generation. For me personally, the knowledge that three families counted on the success of this business was very stressful. Having been involved with this business for my entire working career, I also was intrigued by having the option of doing something different. The hardest part of the decision to sell was breaking the news to my mother. She actually took the news well and said that we should do whatever was best for me and the family.

de Visscher: What advice would you give to other owners when they evaluate investment bankers? How would you characterize the value-added of an experienced investment banker to the process?

Paul: I would advise people to focus on the personal fit and the track record of similar sized deals. Industry specific experience was really not a critical factor for us. We wanted to make sure that we had a banker that would see things through from start to finish, especially since it can be a long and tiring process. That last point is also linked to the value-added. I think that you really need an investment

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Quotes from the Wall Street Journal

An article in the Sept. 19, 2005 issue of the Wall Street Journal ("Money…With Strings: Outside investors can bring much-needed capital to a family business; Just make sure everybody's on the same page," by Andrew Blackman) focused on one of our clients, 100-year-old vacuum pump company, Nash Engineering.

Here are some excerpts of this article, which also quoted François de Visscher:

…Family owners have to recognize that an equity investor is there to create value, says François de Visscher, founder of de Visscher & Co., a consulting firm in Greenwich, Conn., that specializes in family businesses and also runs a private-equity fund. "The Private Equity Partner can also help a company focus on the urgency of business tactics in order to implement the long-term strategy of the family owners.'"

…"There's so much private equity out there that it's not usually a problem of capital," says Mr. de Visscher. "The issue is what kind of capital. Questions to ask potential investors are things like: What is your investment horizon? Who are your underlying investors? What are your past investment experiences? What are your other investments right now and how would my company fit in with those investments?"

…"Before approaching a Private Equity Partner, a family business needs to have a well-funded growth strategy; a liquidity strategy for the shareholders and an effective family governance structure," says François de Visscher..

—Excerpted from *Wall Street Journal*, Monday, Sept. 19, 2005.
We would be happy to send you a reprint copy of the full article.
Just call our office at 203-629-6500.

Nydic Open MRI of America Refinances

Nydic Open MRI of America, LLC is a leading provider of patient friendly diagnostic imaging services, with 28 centers located in 14 states. When the bankruptcy of its senior lender threatened Nydic's ability to fund operations, Nydic engaged de Visscher & Co. as its exclusive financial advisor to identify appropriate replacement lenders and investors and negotiate a restructuring and compromise of the company's existing debt. An $18.7 million financing from Bridge Healthcare Finance was obtained as part of a recapitalization that provided Nydic's management with financial stability and the chance to resume the Company's growth and shareholder value creation.

Advisor of the Quarter

With this Newsletter, we are initiating a new feature designed to present a Family Business Advisor highly respected by peers and by clients for value-added professionalism and unquestionable integrity of services to business owning families. As the first featured advisor, we are pleased to present our strategic partner, Pitcairn Financial Group and its Chairman Dirk Jungé.

As chairman of Pitcairn Financial Group and a fourth generation member of the Pitcairn family, Dirk Jungé has dedicated more than 30 years of his professional life to the company serving in numerous capacities including investments, marketing, and client services. In 1988, he led the effort within the company to offer the Pitcairn family office services to other wealthy individuals and families. Dirk has been instrumental in helping Pitcairn embark on a plan for growth which includes the expansion of the firm's wealth management business and development of a formal distribution structure for Pitcairn's investment products.

Today, Dirk is one of the key liaisons between Pitcairn and de Visscher. He has helped the two firms collaborate in business development, joint marketing efforts, and other strategic initiatives. Dirk Jungé and François de Visscher have been working together for years in a multitude of capacities. "François and I have deep understandings about each of our own family business," Dirk states, "which makes us uniquely qualified to add value to other family businesses and families of wealth." In October, Dirk and François along with Jared Kaplan of McDermott Will & Emery, will be delivering a joint presentation on the subject of collaboration at the Family Firm Institute Annual Conference in Chicago.

About Pitcairn

Pitcairn Financial Group is a privately owned wealth management and investment firm offering fully integrated and highly personalized services to a diversified clientele including individuals, families, family offices, institutions, foundations and endowments. The company delivers a range of services, including family wealth planning, investment advisory, trust and estate planning, and tax planning. Pitcairn also partners with trusted advisors and distributes its investment products to other institutional investors.

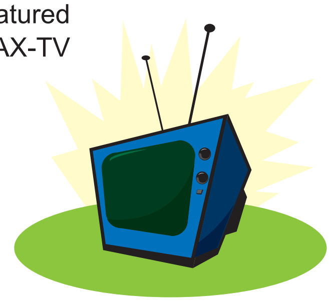
The company reflects the unique legacy of John Pitcairn, the Scottish immigrant who co-founded Pittsburgh Plate Glass Company (currently, PPG Industries). Pitcairn believed that true success was measured over generations. His commitment to wise stewardship guides the comprehensive financial services company that bears his name today.

The Pitcairn family financial office was established in 1923 by John's three sons to preserve the wealth and resources of the family, which is enjoyed today by six generations of Pitcairns. In 1989, Pitcairn Financial Group began offering its wealth management and investment services to clients in addition to the Pitcairn family. Today, the firm serves over 300 client relationships across the United States and internationally and has over $2 billion assets under management. For more information on Pitcairn Financial Group, visit www.pitcairn.com.

de Visscher & Co: A Feature Presentation

de Visscher & Co. is proud to announce that we will be featured on "Close-Up On America's Business" airing on the PAX-TV NETWORK on the following dates:

Wednesday	Oct. 19, 2005	at 7:00 am
Tuesday	Oct. 25, 2005	at 7:00 am
Monday	Jan. 16, 2006	at 7:30 am



To find your local PAX-TV channel simply log onto www.ionline.tv/stations/list.cfm

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banker to lighten the load. I could not run the business and simultaneously do all the prospecting and upfront negotiating. Real value came from de Visscher's ability to educate us on what to look for, what to watch out for, where to draw the line, where to compromise. You can only have expertise in that if it's your daily job.

Amy: I was interested in finding investment bankers, who I felt were "straight shooters" with strong personal integrity and who could communicate with a person like me who didn't do transactions everyday. I recognized that I was very inexperienced in these matters and would really be relying on the judgment of my advisor. I felt very confident in my abilities to run our audiovisual business, but thought we needed a firm that would tell us to walk away from the deal if it wasn't appropriate for us.

Geoffrey: I would advise business owners to not focus exclusively on the cost comparison, but rather on the fit –both firm and personal. A large number of deals or even industry specific deals are less important than the quality of those deals in the end, it's too long a process to not have the fit. We did check references also. I think that the value-added was significant, especially since this was a process that we'd never been through. Having an intermediary with experience helped us package the company properly, relieved the load on us, allowed us to avoid being the negotiating "heavies" in order to build a good relationship with the prospective buyer during certain stages and provided us with a coach who was able to say, "this is normal, this is not normal etc."

de Visscher: You chose to pursue a transaction with a strategic partner. What benefits did you see that bringing to you? the employees? the customers?

Amy: There were many compelling strategic and personal reasons to pursue a transaction, especially since all of us are still involved with the company. Specifically, the buyer served the same markets we did with fifty sales people knocking on doors, which would give us tremendous exposure that we wouldn't otherwise have. In addition, as our competitors were bundling more and more services, aligning with a partner provides us with the ability to offer a more comprehensive solution such as architectural products. The opportunities for growth made the value of this transaction easy to communicate to our employees. For me personally, some of the pressure is off. I feel that I've gained not just a boss but knowledgeable mentors and I have a larger playing field professionally.

Geoffrey: To me personally the transaction brought several benefits: financial security, the possibility to allow for a transition and certain reductions in responsibility. To the employees, I think the transaction brought and will bring more opportunity professionally. Our customers will benefit from more support and bench depth.

Karen: One of the things that I'm looking forward to is having more colleagues with whom I can interact socially. For most employees nothing has really changed at this point, especially since the key family members are all still actively involved in the business. From the sales perspective, I think we'll eventually have more tools and support, but the buyer's alignment with one furniture supplier has narrowed my product lines at the moment.

Paul: I saw the transaction achieving several important personal goals: financial security, improved lifestyle and the ability to stay involved if I want to do so. While the transaction was stressful for some employees, I think that it also relieved some concern on their part as it's not just Paul and Amy running the company anymore. There's been a successful succession and the new owners bring substantial resources for growth.

BEKAERT

Bekaert NV, celebrates its 125th Anniversary in 2005. Headquartered in Belgium, Bekaert was founded by François de Visscher's great grandfather in 1880. Evolving from its origins as a hardware store, the Bekaert Group has sales of $3.0 Billion in over 120 countries manufacturing and marketing a wide variety of steel wire and related products. Mr. de Visscher is a family director and fourth generation shareholder of this family global enterprise. Congratulations to all the stakeholders of Bekaert and best wishes for another 125 years of family business success.

Trust Companies Family Business Initiative

de Visscher & Co. is pleased to announce the creation of its Trust Advisory Services designed to assist trustees of family-owned and closely-held businesses in fulfilling their fiduciary duties. The growing trend towards the inclusion of operating entities within trusts (typically Delaware) has resulted in an increasing level of responsibility for trustees to monitor and benchmark operating performance and resulting shareholder value.

Family-owned and closely-held businesses present a distinct array of issues and challenges, particularly to a trustee:

- Balancing liquidity needs of shareholders with capital needs of the business
- Family shareholder communication, education and involvement
- Governance of the family business
- Shareholder liquidity issues
- Generational/ownership transition issues

Trustees of closely-held businesses need to manage the patient capital of the shareholders to drive value creation. de Visscher & Co.'s Trust Advisory Services are a natural extension of our Financial Consulting and Investment Banking Services.

We would be pleased to discuss this initiative and its advantages for trustees and family business owners more specifically with you.

Family Business Issues	de Visscher & Co.'s Family Business Services	Trust Advisory Services
• Balancing liquidity needs of shareholders with capital needs of the business • Shareholder communication and education • Family business governance • Ownership transitions	Financial Consulting Services	Trust Audit Services
• Implementing shareholder liquidity programs • Sourcing business capital • Mergers and acquisitions	Investment Banking Services	Implementation Services
• Fulfilling capital needs	Private Equity	

News This Fall

Employee News

We would like to welcome **Michael Blue** who joined us in September as an Associate. In May of 2005, Michael graduated with an MBA from the Yale School of Management. Prior to attending business school, Michael was an Associate with Herrington, Inc., a private equity and business advisory firm, in Little Rock, Arkansas.

We will be speaking or participating at the following conferences:

Save the Date...

Family Business Network
October 6-7, 2005 – Belgium
For more information contact FBN at www.fbn-i.org

Family Firm Institute Conference
October 19-22, 2005 – Chicago, IL
For more information contact FFI at www.ffi.org

European Family Office Conference
November 15-16, 2005 – London, UK
For more information contact Campden Publishing at www.campdenconferences.com

de Visscher & Co.

is an independent financial advisor to business owning families and closely held businesses worldwide. Through a unique combination of financial advisory, capital raising and investment banking services the team at de Visscher & Co. creates high value-added solutions to the liquidity needs of shareholders and the capital needs of their businesses. Family Capital Growth Partners (www.fcgplp.com), a private equity fund affiliated with de Visscher & Co., also provides equity and subordinated debt capital to growth-oriented closely held and family-owned businesses.

104 Field Point Road
Greenwich, CT 06830
Tel: 203-629-6500 Fax: 203-629-6547
Website: www.devisscher.com e-mail: worldhq@devisscher.com