



Darrell Austin,
Austin Capital
Partners L.P.
managing general
partner.

Austin closes latest fund

Firm strategy to stay in its niche - small Midwestern companies

By RYAN CORNELL

Austin Capital Partners L.P. recently closed a private equity fund of more than \$10 million, and it's in the hunt for small private companies in Ohio and surrounding states.

The Cleveland-based investment company closed its fund last month and made its first acquisition, of Westny Building Products Co. of Buffalo, N.Y., on Dec. 18, said managing general partner Darrell Austin in a recent interview with Crain's Cleveland Business. Austin Capital Partners is a subsidiary of Austin Capital Corp.

"Our niche is companies with sales under \$50 million, but we'll refer deals to and from bigger funds," Mr. Austin said. "We feel we serve a niche not served by (many) other local funds."

The purchase price of Westny wasn't disclosed, but Mr. Austin said his firm invested in the neighborhood of \$2.5 million in the exclusive distributor of Pella window and door products in western New York. Westny had revenues of \$13.4 million in 2003.

Austin Capital teamed up with one of its own investors, Michael Schuler, to execute the Westny deal. Mr. Schuler is the former chairman, president and CEO of cigarette lighter manufacturer Zippo Manufacturing Co., and he now will run Westny.

Investing in companies alongside its own

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investors is a cornerstone of Austin Capital's strategy and allows it to do larger deals, Mr. Austin said.

Austin Capital has one institutional investor and about 25 individual investors, most of whom are top executives of private companies in the region, he said.

Ronald Leirvik, an investor, director, and chairman of The C.E. White Co., a maker of bus seats in New Washington, Ohio, in Crawford County northwest of Mansfield, is an Austin Capital investor and advisory board member. Mr. Leirvik said he met Mr. Austin when one of his previous funds invested in a recapitalization of C.E. White.

"I had respect for him and some of the other investors," Mr. Leirvik said. "So for the first time

I put money in a fund" operated by someone other than himself, he said.

"There are opportunities for growth and improving operations of companies that may not be aware of (new) sales opportunities," Mr. Leirvik noted.

Mr. Austin said he and his fellow general partners, William Conway and Charles Emrick, look to invest between \$1 million and \$3 million in a typical deal.

"We and our partners get active at the board level and have oversight of the investment," he said. "And we will only invest in transactions where management is invested with us."

Austin Capital will look at companies across all industries, but it steers clear of turnaround situations.

"We want to get involved in an investment where we can structure a transaction that makes good business sense," Mr. Austin said.

He said he prefers to invest in companies in and around Ohio for a simple reason - smart economics.

"Our goal is to stay in the footprint we've created for ourselves," Mr. Austin said "With small companies, it doesn't make sense to get on airplanes and fly around the country. And we like the profile of Midwest companies.

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