



Hydrotech Sources their Ideal Buyer With Aligned Goals

Hydrotech has been a leading value-added distributor of fluid power and motion control solutions since 1969, when Peter Jones merged his two-year-old business, Hydrotech Engineering Co., with Lou Wetherill's Pathon Sales Company. With a shared mission to strengthen the US manufacturing industry by functioning as a strategic partner for companies looking to modernize their operational processes, Peter and Lou believed they could make a bigger impact together.

Since then, the Jones and Wetherill families have owned and operated Hydrotech, which distributes hundreds of thousands of hydraulics, pneumatics, linear motion, drives and controls, and lubrication and filtration products from some of the industry's leading suppliers. To provide potentially optimal solutions, they also offer an array of value-added services including engineering, on-site training, preventative maintenance, and emergency service and repair.

A Changing Competitive Landscape

About five years ago, CEO Rex Wetherill saw the industrial distribution

THE GOAL

Source the right buyer to consolidate Hydrotech with another manufacturing business, thus securing the long-term stability of the company for employees.

THE OUTCOME

Hydrotech was acquired by a company with a positive work culture and the capacity to offer improved solutions as well as quickly address changes in the ever-evolving landscape of the industry.



landscape begin an accelerated change in delivering products, services and system solutions to their customers. The biggest changes were in digital sales, e-commerce, online tools and configurators and digital marketing. Hydrotech started the journey of deepening its investment in these digital capabilities with the goal to be the leader in their markets. As a small company, however, Rex thought it made sense to spread these costs over a larger organization where they represent a much smaller part of revenue and allow for significant growth.

Finding the Right Investment Bank

At that point, the Jones and Wetherill families decided to meet with M&A advisors. One of Hydrotech's key differentiators from national big-box industrial distributors is their emphasis on building solid business relationships with customers in order to deeply understand their application and production goals. So when they began meeting with M&A advisors, it was paramount they find a team that operated in the same way.

"Right after we talked to RKCA," says Rex, "We felt comfortable, like they had our best interest in mind. We're a family business; they understood and embraced that."

RKCA, then, went to work not only sourcing potential buyers but preparing Hydrotech to go to market. They laid out a group of good candidates and walked the Jones and Wetherills through the details of each package, coaching them through every step of the due diligence process. "It was painstaking at times," explains Rex. "At several points along the way, we thought maybe we should put off the sale. Both families were ready to walk, but RKCA was able to architect a deal that worked for us and for our buyer. They weren't just advisors for us; they were therapists!"

After working with RKCA over several years to achieve the ideal outcome, Rex raves about their team, their process, and their patience. "If anyone asks—and I do have people ask—I tell them about my outstanding experience with RKCA. They communicated with us whenever we needed them, sometimes seven days a week. They never pressured us into a quick decision," says Rex. "Going with RKCA was absolutely the right decision."

An Ideal Outcome for Hydrotech

In the end, the Jones and Wetherills sold to Fluid Systems Components, a subsidiary of Certified Power Inc, which is a portfolio company of private investors, Brinkmere Capital Partners. This private investment firm's specialization? Developing successful businesses responsibly over the long term. A perfect alignment of goals.

"RKCA understood that our goal was to take care of our people by evolving into a business that could remain relevant for many years to come, and they put it in the time and effort necessary to achieve that. My experience with them was outstanding!"

Rex Wetherill
CEO, Hydrotech



Fluid Systems Components, a fluid manufacturer and distributor with broad expertise across markets, is not only the kind of organization that can address the changes for which Wetherill wanted to prepare, but it also adds capacity to Hydrotech's current offering. The two companies share product lines and have similar company cultures—and as industry leaders, have known each other for a long time. Rex refers to the deal as “friendly.”

In fact, he's going to stick around. He says, “I have a lot of gas left in the tank and this is a work environment I'm proud to be a part of.”

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