

Cover story

11.5x

Gross multiple of
invested capital

644%

Gross IRR

\$1.2bn

Radwell management and
employee proceeds at exit

Large Market Greenbriar

*Greenbriar put a shine on Radwell,
a refurbisher of industrial automation
components. By Iris Dorbian*

Maybe it was Radwell International's desire to be known as the "Amazon of the plant floor" that first hooked Greenbriar.

Founded in 1979, the New Jersey-based distributor of industrial automation components had a very clever business model that was trouncing the competition. Instead of selling premium parts to manufacturers at exorbitant prices, Radwell was buying surplus used parts, refurbishing them and then selling them at a discount.

Yet there was a problem. Although Radwell was growing leaps and bounds – clients included top brands such as Coca Cola and FedEx – it wasn't enough. Enter the Greenwich, Connecticut-based buyout shop.

Hit the ground running

Following talks with Radwell's eponymous leader and founder, Brian Radwell, Greenbriar made an equity investment of about \$200 million in the company in 2020. Immediately, Greenbriar hit the ground running

with a series of initiatives that not only met Radwell's goals and then some, but generated the highest return for the PE firm in its 20-plus-year history when it exited a mere 15 months later.

Greenbriar's April 2022 sale of Radwell to CVC Capital yielded a more than 11.5x gross MOIC and a 644 percent gross IRR.

Radwell also reaped a lion's share of the spoils, snagging \$1.2 billion of proceeds for 275 employees as a result of an employee equity ownership incentive program launched by Greenbriar. How's that for a quick and lucrative turnaround?

Of Greenbriar's strategic moves in overhauling Radwell, arguably its most pivotal was expanding and redesigning the company's e-commerce channel. In addition to the revamp, Greenbriar helped increase the listings of online products and amplified the SEO components, driving more traffic to the site. The cumulative effort paid off in Radwell seeing its online sales jump from 20 percent to 40 percent.

Greenbriar also invested in a new, highly automated, 100,000 square foot facility in Phoenix that would better serve Radwell's West Coast

manufacturing presence while ramping up international business sales in Canada, the UK and Germany.

Greenbriar's initiatives more than tripled Radwell's earnings organically in under two years. Plus, Greenbriar was able to return 100 percent of its invested capital in a dividend recap just over six months from the time of the firm's initial investment.

Quick exit

It's an astonishing outcome underscored by the fact that Greenbriar's 2020 investment in Radwell was the first time the latter company secured outside capital. Although Radwell was fielding offers from various investors, the company ultimately went with Greenbriar, a PE firm that's one of the few among its peers that specializes in the industrial manufacturing space.

"Tech-enabled distribution is a core focus sector for Greenbriar," explains managing partner Niall McComiskey when discussing why Radwell chose



"We saw tremendous potential where others may not have"

NIALL MCCOMISKEY
Greenbriar

Greenbriar as its PE sponsor. "From our very first conversation, Brian recognized that we saw tremendous potential where others may not have, and that a partnership with Greenbriar could elevate his business to the next level in an accelerated way."

This leads to the next question: with Radwell achieving such profitability and growth within a brief timespan, why would Greenbriar exit after only 15 months?

McComiskey, who led the Radwell investment, cited several reasons, key among them the sizable savings that Radwell employees, many of whom were first-time equity owners, had accrued from investing in the business. Also, the timing was right.

"It was our judgment, with Brian's trust and support, that it would be prudent to test the market and only transact if we achieved our collective return and new partner objectives, which we were fortunate to be able to do," says McComiskey.

For Greenbriar and Radwell, the stage was set for Luxembourg-based PE firm CVC Capital Partners to take over. CVC would continue Radwell's expansion and vision, adding to what Greenbriar started.

"At the end of the day, we wanted to make sure the initiatives we implemented were positioning the business for continued long-term success and would be highly valued by future owners," McComiskey says. "At exit, many prospective investors recognized the potential of the Radwell platform, and credit to the CVC team for recognizing it early on in our process and moving quickly to shut it down." ■

Factory floor: Radwell's customer facility, where automation components are refurbished

