

After the Sale: Part 3 of a 3 Part Series

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CALTRONICS



Caltronics' Upward Mobility

President Dan Reilly and team excel while upping their MPS game after joining Flex Technology Group.

By Scott Cullen

When describing business today at Caltronics, Reilly likes to use the term “new normal,” which is centered on financial reporting and mapping to track company performance.

In 2017, Dan Reilly, president of Caltronics Business Systems, made a decision that would forever change his 45-year-old dealership.

He took his independent \$60-million dealership, headquartered in Sacramento, California, and joined Flex Technology Group (FTG).

It's not every day a \$60 million dealership is acquired. And it's not every day a dealer that size would even consider selling as an option. But as the industry has changed, with dealers larger than Caltronics being acquired in recent years, it appears no dealership, regardless of size, is off the table anymore.

Shared Vision Seals the Deal

“I was seeing things beginning to change in our industry and started wondering if it made sense to partner with someone that would help take our company to another level as part of a bigger organization,” said Reilly.



Dan Reilly

After concluding a partnership would be the best way to grow his company, Reilly did his due diligence and spoke with peers

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in the dealer community that had done the same thing. One company interested in Caltronics was private-equity firm Oval Partners, the organization that owns Flex Technology Group. After meeting with the Oval team, as well as Frank Gaspari, CEO of Flex Technology Group, and learning more about their business model, Reilly decided a partnership with FTG was the right decision for Caltronics and FTG was the right partner.

“I got a very comfortable feeling that these were like-minded guys,” recalled Reilly. “To me, the most important thing was, can I work with these people? As a long-time business owner, you get to choose who you work with. That was the impetus for me to move forward with them.”

Unlike the owners of some of the other dealerships acquired by Oval Partners and FTG, Reilly did not know Gaspari beforehand other than by reputation.

“I knew guys who always spoke highly [of Gaspari],” said Reilly. “He’s exceeded my expectations, and his value system and mine and the cultures of our companies are very much the same.”

The deal went down in late 2017, around the same time Tom Callinan joined FTG and FlexPrint as president. That’s been a plus for Reilly.

“I think our personalities complement each other,” said Reilly. “Tom’s a bright guy with a ton of knowledge about our industry. He’s worked on this kind of scale where I had not.”

When describing business today at Caltronics, Reilly likes to use the term “new normal,” which is centered on financial reporting and mapping to track company performance.

“I had an income statement and balance sheet I looked at monthly that had things mapped the way I wanted to see them,” explained Reilly. “After joining Flex Technology Group, we were asked

to change the way we looked at certain things so we could benchmark properly. It all made sense, but it was a change and took some time and effort. The important thing for us is that we share a common baseline.”

It took about six months to complete the integration between the two organizations. Sales and service have benefited greatly from this new partnership. Much of this synergy has to do with FlexPrint’s history as a national provider of MPS. Caltronics had a regional version of MPS that according to Reilly, did a pretty good job. However, the addition of a proven, nationwide MPS offering has made a notable difference, and FTG’s resources have enabled Caltronics to capture new customers the company might not have been able to attract without that expertise behind it.

Now with the potent combination of FTG’s MPS expertise and back-end MPS support, Caltronics’ sales reps are more comfortable calling on large enterprise accounts.

“That’s been a huge positive for us,” said Reilly. “Our sales team sees it as a net new opportunity on a large scale. Legacy Caltronics had been successful with MPS on a regional basis, but by leveraging FTG’s support and expertise, we can now compete on a national level.

He also appreciates the opportunity to confer with like-minded business owners who are part of the FTG family. They meet quarterly to share financial results and discuss their businesses, including best practices. Caltronics has been successful selling production print systems and software solutions, and that expertise is willingly shared with the owners of other FTG companies.

“A lot of good comes out of having a cup of coffee with a business owner,” said Reilly. “You’re chatting about something they do well in their business or they’re picking your brain. It’s the old cliché: if you come away from

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something like that with one new good idea, it’s a win.”

The Caltronics service department has also benefited from the change, which directly impacts the company’s customers.

“We’re a better service organization today than before we joined, and I thought we were damn good before,” said Reilly. “FTG shares our commitment to high-quality service. For 45 years, we’ve built our business on that thought process. I’ve always looked at us as a service company first.”

What FTG brings to the service side of the business is the analytics that enables Caltronics to better understand what is happening and why. Reilly said this data helps the company’s management make better decisions.

Internal and External Communications

When companies merge, the acquired company must deftly address the news to employees. Reilly chose to be straightforward, explaining how the market was changing and how this was an opportunity for every employee to further their careers, learn more, grow, and do better financially.

“This partnership would open up opportunities that as an independent businessman I felt I couldn’t necessarily give them,” observed Reilly. “I came into this company when it was doing \$2 million a year annually and helped build it to \$60-plus million. That growth created opportunities for employees a \$2 or \$5 million company never could.”

Like his peers at FTG, Reilly regularly fields calls or responds to dealers who want to know more about his experience after selling to FTG. He always begins by talking about his reasons for deciding to sell.

“You have to be able to work with them,” he opined. “That’s proven to me every day because it’s a tough business, a lot is going on, and you’d better

be in business with guys you trust and respect.”

That’s also true of the other leaders around the country that are part of the FTG family.

“They are a great group of people and we complement each other,” said Reilly. “Legacy Caltronics and legacy FlexPrint are not identical businesses. They are similar but not the same. Their focus is on managed print services on a nationwide scale. They are the best at what they do. We are primarily a transactional business that focuses on local and regional companies’ copier and workflow needs. We share our expertise. It makes both companies better. That same concept is true with all the Flex Technology Group companies.”

A New Challenge

From a personal perspective, it’s been a good move for Reilly. He said it has challenged him like he hasn’t been in the past.

“Being part of a larger organization opens you up to many different ideas and points of view,” said Reilly. “We’d been successful and done a good job as an independent, but there’s a different vibe when you surround yourself at a senior management level with other really smart guys. We question each other and it’s good. It’s made me better for sure.”

Reilly is fully aware that the dealer landscape is changing and other industry competitors are expanding their footprints too. However, he’s not concerned.

“I believe we are the winning team,” said Reilly. “We have the best formula for success. We have a great go-to-market strategy. FTG is the best solution for an owner interested in taking their company to new heights.”



Questions About This Story?

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