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Dallas' newest private investment firm will hold onto companies longer than traditional funds

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A new private investment firm has been spun out of Dallas' Progress Equity and is amassing capital from local family offices to buy mid-sized companies and hold them longer than traditional funds usually can.

The company, The Coltala Group, is aiming to acquire two companies per year in Texas, Louisiana and the Northeast, co-founder Edward Crawford said in an interview with the Dallas Business Journal. Coltala is focusing on healthcare companies like dentist, dermatology and hospice care centers, along with branded consumer companies, manufacturing and industrial firms.

Crawford, a Goldman Sachs alum, and the firm's CEO Ralph Manning, who helped found Progress Equity, have discussed creating a longer-hold investment company for years. Former Dr. Pepper President and Procter & Gamble executive Chuck Jarvie is an adviser for Coltala.

The firm is being formed as more wealthy family offices and private equity funds are preparing to hold the companies they buy now through a potential downturn in the U.S. economy. Many firms typically must sell their investments within three to five years, complicating long-term plans.

"A lot of families are looking to invest in real companies you can hold for the long term," Crawford said. "I've seen a trend of family offices more interested in owning directly instead of funds."

Coltala is aiming to acquire companies valued between \$30 million and \$100 million in markets with more than \$1 billion in annual sales. They're targeting companies that are owned by families wary of investors who are pressured to boost margins in order to flip them in a short time.

"We want to be good stewards of the companies and hold them for a long term," Crawford said. "We care about these companies and not having the pressure to sell while we're still building is great."

Pitching business owners with the promise of a longer hold or allowing them to retain more equity in their shop is an increasingly popular strategy among newer firms that are competing with bigger investors with a lot of capital to spend.

"We hold mission and margin in equal regard," Crawford said. "We won't be buying any cigarette companies."



Edward Crawford, a Goldman Sachs alum, is co-founder of The Coltala Group.