

A Success at Succession

AEROSPACE: When her father died, she had to run the business. But preparation paid off.

By **MARK R. MADLER** Staff Reporter

When **Jennifer Gamon's** father unexpectedly died from a heart attack, she suddenly found herself running his company, **Caps Aviation** in Van Nuys.

Her father, Neil Looy, had groomed her for the job starting in 2003, when she started answering phones and then worked stints in all the different departments – shipping, sales, customer service and the shop floor. It was all part of a strategy because Looy believed that if you are going to run a business it's best you know it from the bottom up.

"Any situation that comes across my desk I am not fearful of it because I can see the big picture," Gamon said.

Generational transition

Looy was all but retired in February when he passed at age 66. That left the 30-year-old business in a position Gamon described as both exciting and scary. The death last month of the company's long-time accountant Moshe Litman was another blow that left the young

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BILL BLACK, Exit Consultant

executive with one less person to talk to about big decisions and truly marked the passing of the torch from one generation to the next.

Litman, 64, of Simi Valley passed away July 3 from complications from heart bypass surgery.

"He was there for business advice, financial advice, tax advice," Gamon said. "In terms

of a grand scale, I went from calling my dad with those really important questions to calling Moshe."

Founded in 1982 as Corporate Air Parts Inc., the company sells parts and supplies for business jets; distributes, repairs and maintains cabin safety equipment such as life vests and life rafts; runs a calibration lab for equipment used by aircraft mechanics including torque wrenches, micrometers, calipers and pressure gauges; and teaches classes with up to 700 people a year in emergency crew training, first aid, hypoxia recognition and cabin flight services. Currently the company has 20 employees.

"We basically train many of the crews for some of the world's largest air taxi operations," said **Earl Marchesi**, the recently promoted vice president at Caps.

Bill Black, a certified exit planner and consultant based in Orange County, credited Looy for preparing Gamon with knowledge of the business. As a rule, if children are going to be involved in a family business, making sure they know all the aspects of that business is a great strategy, Black said.

"It's really hard to take over as the child of the founder," he added, because there might be long-time employees at the company who thought they could take over. Plus, seeing a child who grew up in front of them become their boss can be difficult, Black continued.

"It is important that the child has had a chance to really work with all the departments and all of the employees so they can at least earn some respect," he explained. "Without that respect employees could drift off once the child comes into power."

Differing perspectives

While father and daughter may not have had polarizing disagreements about the best way forward for the company, there were times when opinions differed.

Gamon said that as her father got older he



Chief Executive: Jennifer Gamon has worked in every department at Caps Aviation.

was less willing to take risks. His attitude was one of "if it isn't broken, don't fix it." She, on the other hand, had interest in new product lines, expanding current ones and aggressively pursuing new customers.

"We've always been a business where we waited for people to call us because we have a good reputation by word of mouth only," Gamon said.

One project she and her father did not see eye to eye on was expanding the calibration operation. What started as a single bench no bigger than the desk in Gamon's office is now a separate room in the rear of the 14,000-square-foot building on Densmore Avenue. In the coming months, the lab will be expanded to nearly triple its size. The two full-time employees will be joined by another two within 12 months.

If there is an overall theme to how she runs Caps Aviation, it can be summed up in a single word, Gamon said – reinvestment.

"I am not taking any kind of pay raise; I am reinvesting every penny I can back into this

business," she said. "I hope in five years we'll be able to go buy our own building."

Still, it has been a rough six months for Gamon, with first her father's death and then Litman's.

"Had it not been for him after my dad's passing, I don't know if I would have been as successful as I have been," Gamon said, adding she has a replacement in mind for Litman as the company's accountant – a husband and wife team based in Woodland Hills.

The last thing that Looy did was buy a new projector for the training room. Gamon said the last conversation with her father was about painting the wall in that room. That was on a Friday and the following Monday, she was telling the 20 employees that her father had passed away.

"I really wanted to instill confidence in the employees that as tragic as the situation is for me personally as well as everybody who knew my dad and worked here, that nothing would change," Gamon said.

Does MRV Buyout Benefit Its Shareholders?

TELECOM: Companies will combine strengths, but price yields a small premium.

By **MARK R. MADLER** Staff Reporter

A German telecommunications supplier has agreed to acquire **MRV Communications Inc.** in a deal valued at \$69 million.

Adva Optical Networking will buy all outstanding shares of MRV, in Chatsworth, for \$10 a share. The transaction has been approved by the boards of both companies.

MRV supplies equipment and software to manage large computer networks operated by telecom service providers, cable television operators, manufacturers and other large public and private entities. It has about 235 employees.

For the fiscal first quarter ending March 31,

the most recent quarter available, MRV reported a net loss of \$1 million (-15 cents a share) on revenue of \$21.2 million. That compares to a net loss of \$3.9 million (-56 cents) in the same period a year earlier.

Attempts to reach a representative of MRV were not successful.

But in a prepared statement, Chief Executive **Mark Bonney** said that in the competitive network equipment market, it was best for MRV's shareholders to review strategic alternatives for its future.

At the end of the review it was determined that an offer to be acquired by Adva was the best option because both companies are long-time suppliers to the carrier ethernet and optical transport markets, Bonney said.

"With so much in common technically and culturally but with relatively little overlap among customers, the combined company will be in a stronger position to support the evolving needs of its target markets," he added

in a statement.

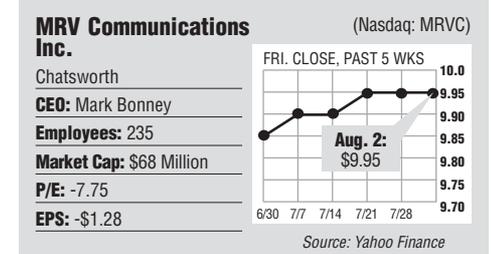
Adva Chief Executive **Brian Protiva** agreed there were strong similarities between the two companies.

"MRV Communications' technology and talent will strengthen our own product set and help us to deliver even more value to our customers," Protiva said in a statement. "Our combined teams present the marketplace with an incredibly compelling skill set and technology base."

Greg Waters, a vice president with **Investors Asset Management**, a privately owned investment advisory firm in Atlanta, said the sale of the company to Adva did come as a surprise. It happened just as the company was hitting its stride, had turned itself around and was going to be cash flow positive, he said.

Personally, however, Waters did not think the sale of MRV was a good move for shareholders although it is a great deal for Adva.

"It is very questionable, the timing of this



acquisition given the valuation," Waters said.

The market cap for MRV at the time the deal was announced was about \$67.8 million.

The largest institutional shareholder in the company is **Raging Capital Management LLC**, in Rocky Hill, N.J., which owns about 31 percent of the stock.

In 2011, Raging Capital founder **William Martin** sent a letter to the MRV board expressing disappointment that the board hadn't maximized shareholder value.