



Merriam-Graves Acquires Welding Equipment & Supply Company

by **Matthew L. Caras**

On January 23, 2006, Merriam-Graves Corporation, headquartered in Charlestown, New Hampshire, acquired the business of Welding Equipment & Supply Company (WESCO) and All-State Medical Gases of Greenwich, Connecticut. It is the largest purchase and sale transaction between two New England-based, independent gas distributors in recent history, and, as a sale of one independent distributor to a contiguous independent competitor, is representative of a trend that must continue in order for the U.S. independent distributor base to remain strong.

WESCO's owner, John Barry III, began working for WESCO in 1974, when his father, Jack Barry, owned it. Jack Barry had purchased WESCO in 1952, and operated it in Valhalla, New York, until 1962, when he relocated WESCO's single facility business to its current headquarters in Greenwich, Connecticut. John Barry bought WESCO from his father and his uncle, Frank Barry, who was also an owner of the business, in the early 1980s. During John's twenty-year ownership of the business, WESCO established branches in Meriden, Manchester and Bethel, Connecticut, and developed the Company's business in Connecticut and central New York to be one of Connecticut's leading independent distributors of industrial and medical gases.

Merriam-Graves Corporation was founded in 1925 as a gas and welding equipment supplier, R.S. Graves, in Springfield, Massachusetts. R.S. Graves acquired G.L. Merriam Company of Greenfield Massachusetts in 1962, thereby creating Merriam-Graves. Henry K. Wakeman bought Merriam-Graves in 1966. Since that time Merriam-Graves has grown from two locations to more than twenty locations. Merriam-Graves is currently owned by Mr. Wakeman's three sons, and operated by two of them, Scott and Kit Wakeman, who serve as Chairman/CEO and President, respectively.

Strategically, the acquisition of WESCO by Merriam-Graves makes tremendous sense, principally due to the two Companies' contiguous and overlapping footprints. Merriam-Graves' markets, served by its twenty-six branches, stretch from Northern New Hampshire, Vermont and upstate New York, south through the Connecticut River Valley through Massachusetts and into Connecticut. Prior to the acquisition of WESCO's four locations, Merriam-Graves had three branches of its own in Connecticut, with most of its Connecticut business concentrated in the northern part of the state. With the acquisition of WESCO, Merriam-Graves immediately becomes one of the largest independent distributors in the Connecticut marketplace, and one of the larger independent distributors in the nation. Pleased to have completed the acquisition, Scott Wakeman commented that, "Through the acquisition of WESCO, we have acquired significant market share in Connecticut, as well as the benefit of WESCO's outstanding reputation for high quality, reliable service. Moreover, the WESCO acquisition will allow Merriam-Graves to better utilize our high volume fill plant, which has had capacity since we sold our homecare business to Lincare." The purchase of WESCO confirms Merriam-Graves significant commitment to its historically strong business in industrial and medical gases.

Conventional wisdom has long held in this industry that one gas distributor should not approach a contiguous distributor about buying its business. This wisdom evolved as a result of concerns that a contiguous competitor armed with knowledge that its competitor is for sale could be the death knell of the seller's business. Also, conventional wisdom has held that a contiguous, independent distributor will not pay fair value, let alone have the resources to do so. The acquisition of WESCO by Merriam-Graves dispels this conventional wisdom and emphasizes the extent to which such transactions can be extremely successful from the point of view of the buyer and the seller.

From John Barry's perspective, Merriam-Graves was a logical and attractive buyer. "WESCO and Merriam-Graves are both second generation family-owned businesses; and we are both committed to our employees and customers, as well as to providing the highest quality service in the industry."

Leaders LLC acted as exclusive merger and acquisition advisor to WESCO and its owner, John Barry, and initiated on behalf of WESCO the sale to Merriam-Graves. The Chief Financial Officers of WESCO and Merriam-Graves, John Ell and Mark Beliveau, respectively, were instrumental in structuring and completing the sale. Rick Stein, Esq. of Richard H. Stein LLC Law Offices in Stamford, Connecticut represented WESCO, and Jeff Roberts, Esq. and Tony Dos Santos, Esq. of Robinson Donovan P.C. in Springfield, Massachusetts represented Merriam-Graves.

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