

Monitor Clipper Founder Kevin Macdonald Joins Morgenthaler

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When Kevin Macdonald quit his post as a founder and managing director of Monitor Clipper Partners LLC last March, the market wasn't quite what it is today.

Macdonald said he left his post to spend more time with his family, but also took the past year to sit back and study the marketplace and its changes, feeling out where he saw the most interesting opportunities.

He chose the lower middle market – specifically, Morgenthaler Partners, where he has joined as co-managing partner of the firm's buyout team. Macdonald will work alongside Managing Partner Al Stanley at the firm's Boston office.

"I strongly identified with the firm's strategy of providing both capital and operating assistance," Macdonald said.

Macdonald had been chatting with industry colleagues about his investment thesis, and was approached by two people simultaneously – a search firm representative hired by Morgenthaler, and a mutual friend he and Stanley have known for years.

"And when I talked about my aspirations and criteria, he said, 'Gee, you really should be talking to my friend Al Stanley,'" Macdonald said. "That must've been over six months ago."

After retiring his managing director title at Monitor, Macdonald served as senior adviser to the firm, terminating that post on March 31 of this year.

While there may be greater interest in the lower middle market lately in light of the economic downturn, particularly among limited partners, those effectively investing in the sector continue to be few, Macdonald said.

Morgenthaler's private equity team focuses on manufacturing and business services, targeting companies with enterprise values of \$25 million to \$250 million.

The firm, which also specializes in family and founder-owned transitions, halted its platform acquisitions in 2006, deferring to add-on deals instead of unattractive valuations and leverage multiples, said Stanley.

The firm's eighth fund, which closed at \$450 million in 2005, still has about a year or two left in its investment cycle and nearly 30 portfolio companies, Stanley added.

The firm has yet to start fund-raising for its ninth buyout fund, and will start discussions with LPs when the fund is around 75% or 80% invested, Stanley said.

Reach Morgenthaler at 216-416-7500.

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