

## Investment partners form private equity firm in Dallas

Robert Francis - April 03, 2006

Four investment partners, three with local ties, recently formed Progress Equity Partners, a private equity firm focusing on leveraged recapitalizations and management buyouts.

Mike Bailey, Ralph Manning, and Paul Yeoham, previously with Transition Capital Partners of Dallas, and Steve Sangalis, a co-founder of Rocky Mountain Capital Planners in Denver, founded the firm in January.

Manning, a Fort Worth resident, said the four decided to form Progress Equity when two partners decided to leave Transition Capital.

"We basically decided to make a fresh start since two members of the firm decided to transition out when we sold one of our investments," he said.

Bailey, Manning and Yeoham will maintain their board positions at Transition Capital and continue to work with the assets managed by that firm, Manning said.

Progress Equity, like Transition Capital, seeks out well-managed, entrepreneurial middle-market service businesses, recapitalizes the businesses and provides management resources before selling them for further growth and expansion. That was what happened with Texas Home Health, a home health care business that Transition Capital sold last year.

"We bought the firm, a small home health care company based in Silsbee in June 2000, put in a solid management team, and built it up to be the largest home health firm in the state with \$125 million in revenue and \$18 million in income. We then sold it to a firm that will expand it further," Manning said.

While Progress Equity plans about two to three acquisitions annually, Manning said the group will also participate in start-ups if the opportunity is right. For instance, Transition Capital founded Oncology Molecular Imaging in 2005, which provides Positron Electron Tomography (PET) scanning services for medical groups.

"If we have the right market niche, we'll be happy to fund a start-up," said Manning.

Manning said that though the firm will be based in Dallas, it plans to maintain a presence in Fort Worth.

"We want to do deals anywhere it makes sense, but if it's a local company, so much the better," he said.

Most of Transition Capital's investments were in Texas, though the company also invested in Cambridge Home Health Care, a home health care provider in Ohio. Among other investments made by Transition Capital were Baskin's Group, a department store chain based in Livingston, and Proxy Communications, a call center operator based in Dallas.

"The hardest part of this business is matching the buyer and the seller. I'm sure there are businesses in Fort Worth where the entrepreneur who started the firm is looking for a way to build the company up. Most of the companies we look at are companies where the founder has built the company up as much as they can and are looking for a way to grow the business. That's what we look for," he said.

Progress Equity's partners each have more than 10 years of investment experience in leveraged transactions as well as management experience in businesses ranging from small local firms to Fortune 500 companies, Manning said.

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