

Deals done here: Hyde Park Capital ramps up growth

Tampa Bay Business Journal - October 13, 2006
by Margie Manning, Senior staff writer

TAMPA -- Hyde Park Capital Partners' appetite for deals is growing and, with it, Tampa Bay's standing as a viable locale for high-end investment banking.

The company, which helps middle-market companies find buyers or raise capital, expects to ramp up the number of deals it does next year, said co-founders and senior managing partners John Hill Jr. and John McDonald III. They've beefed up staff to provide investment banking services to the financial services industry and expect to hire three more investment bankers by the end of the year.

The company also has begun a brand awareness campaign, rejecting the traditional "tombstone" ads that Hill said are boring in favor of full pages in Florida Trend that feature sailboats and race horses, showing business owners what they can do with the money they make after Hyde Park sells their companies.

Although Hyde Park doesn't disclose its revenue, McDonald said there's been a nearly 50 percent compounded annual revenue growth from 2003 to 2006, as its deals get bigger.

Florida opportunities

The investment banking industry is on track to achieve outstanding results for 2006, according to The Boston Consulting Group, which said the quarter that ended June 30 was the strongest second quarter since 2003 for the 10 leading investment banks in the United States.

Tampa Bay area firms that provide investment banking, such as St. Petersburg-based Raymond James Financial (NYSE: RJF) and GunnAllen Financial in Tampa, also are growing and doing well, but there aren't enough such firms in the area, said Marty Traber, a partner at Foley & Lardner and a member of the law firm's private equity and venture capital practice. "It's always amazed me how few true investment bankers we have here, maybe because the economy is just now maturing," Traber said.



Kathleen Cabbie
John McDonald III and John Hill Jr. are senior managing directors of Hyde Park Capital Partners LLC.

Hill and McDonald founded Hyde Park in 2000 after building investment banking groups at Raymond James & Associates.

They saw a need for investment banking services at firms with \$500 million or less in revenue, firms Hill said are too small to rate the attention of senior managers at big investment banks. Hyde Park concentrates primarily on companies in Florida and in the Southeastern U.S.

Strategy shifted as the company grew. The firm dropped a plan to create an investment fund after the technology bubble burst in 2001. In 2004, the company experimented with an office in Charlotte, N.C., but closed it after a year to concentrate on the growing Florida practice.

Although the firm continues to do deals in the Carolinas, with three engagements under way now, Charlotte was more competitive and Hyde Park lacked brand name recognition, McDonald said. "We concluded Florida is wide open with huge opportunity," he said.

A deal a month

Three of every four deals Hyde Park handles are mergers and acquisitions, generally representing owners of private companies who want to sell their firms. The company also raises institutional capital from private equity groups for established companies that need funding to go to the next level.

With a lot of cash-rich companies looking to grow by acquisition and low interest rates that allow private equity groups to leverage their own equity with debt, the number of deals Hyde Park handles is growing.

"Our goal for 2007 is 10 to 12 deals, about one a month," Hill said, compared to the six to eight deals it does annually now.

In order to begin "banking the banks," Hyde Park hired John Valentine and Steve Kemmerling, both veterans of Keefe Bruyette and Woods, a New York-based investment bank that specializes in the financial services sector. The company plans to hire a head of a new group that would raise capital for large real estate projects.

Hill and McDonald are counting on an advisory board, established in 2005, to work with the firm on strategic planning and business development. The board -- headed by Bill McBride, senior partner at Barnett Bolt Kirkwood Long & McBride in Tampa, and with an "A" list of corporate business leaders -- enhances Hyde Park's stature and credibility, Hill said.

NAME: Hyde Park Capital

ADDRESS: 701 N. Franklin St., Tampa 33602

PHONE: 813.383.0202 WEB: hydeparkcapital.com

mmmmanning@bizjournals.com | 813.342.2473