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**IT'S COMPLICATED:
EARNOUTS AND
THEIR IMPACT
ON A DEAL
—P.8**

Data, data

EVERYWHERE

Despite its low profile, **Management Science Associates** makes a big impact across many industries

SARA CLEVINGER
WHY IT'S HARD FOR SOME OWNERS TO CONSIDER SELLING THEIR BUSINESS

PATRICK COLLETTI
SOMETIMES THE KEY TO GREAT GAINS IS WHAT YOU DON'T DO



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Data, data EVERYWHERE

Despite its low profile,
Management Science Associates makes
a big impact across many industries

BY ANTHONY CASTROVINCE

Data is all around us, driving decision-making processes everywhere from your child's school to your favorite sports team's locker room. The number of bytes of data produced every day is estimated to be in the quintillions, and this information is used by companies to make informed decisions around growth, optimization and performance. ¶ While this might seem like a recent phenomenon, encouraged by the ever-growing accessibility of the internet, it's old hat for the analytical, creative people behind Management Science Associates Inc.



Founded by the visionary Dr. Alfred A. Kuehn and run by President Joe Reddy and Executive Vice President of Business Development Stephen Gongaware, this innovative Pittsburgh company has been gathering, crunching and disseminating data for more than 70 years. With an intrapreneurial spirit, MSA is a premier data and market analysis research firm that has turned a multitude of projects into flourishing businesses. So, how does a company stay on the cutting edge for so long?

“It’s from constantly innovating and developing new things,” Reddy says. “Our business analysis division is like an incubator to find new innovations, and then those innovations are sold across other verticals.”

MSA’s relatively low profile locally belies the big impact it makes globally, helping some of the largest corporations in the world solve problems and achieve their goals. The company was a leader in “marketing science” before such a term even existed.



“It’s very different than your typical entrepreneur today who creates a company and always has an exit strategy.”

—JOE REDDY, PRESIDENT, MANAGEMENT SCIENCE ASSOCIATES INC.

“It’s truly amazing,” says Reddy, “how MSA has grown over the years.”

And it all stems from a thesis paper that was ahead of its time.

RESEARCH AND DISCOVERY

The son of Austrian and German immigrants, Kuehn, a native of North Braddock, Pa., delivered newspapers at a young age and saved his money to eventually attend the Carnegie Institute of Technology (now known as Carnegie Mellon).

Kuehn had entered college with an intent to study chemical engineering. Over time, business education — and, particularly, consumer behavior analysis — intrigued him.

When pursuing his Ph.D. at Carnegie’s Graduate School of Industrial Administration (now known as the

Tepper School of Business), he developed his thesis on frozen orange juice and how product characteristics, price and advertising would influence customers’ brand switching and repeat buying.

“And then,” says Reddy, “he said, ‘You know what? I’m going to create a company and do exactly what is in my thesis.’”

Kuehn saw the value in using data to inform decision-making, forecast outcomes and automate workflow processes long before the rest of the business world caught on. Though formally incorporated in 1963, Management Science Associates was actually founded in 1953, beginning with small groups of part-time student and graduate assistants crunching numbers in student homes and computer supply shops. The work attracted the interest of

several major consumer packaged goods (CPG) firms and lead to incorporation.

By the late 1960s, MSA’s ad testing system was being utilized by the likes of General Mills, Scott Paper and Proctor & Gamble. By the mid-1970s, the company was reporting data for virtually the entire cigarette industry and developing a store UPC system that enabled the analysis of grocery sales. The 1980s saw big expansion in media and sales data. And in the 1990s and 2000s, MSA branched out into a variety of verticals. Through all that time, MSA stayed relevant because Kuehn and his employees were focused on solving current and coming concerns, rather than last year’s problems. And Kuehn was always interested in building MSA, not selling it.

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company and always has an exit strategy,” Reddy says. “Our owner has always believed in innovation and creating new verticals, getting them up and running, creating additional diversity within MSA, and then moving on to another industry or another area of business.”

VERTICAL LEAPS

The result of this diverse approach is that MSA is now putting its data to work in the following verticals:

- **Business Analysis:** Predictive consumer behavior modeling creates custom analytics for many industries.
- **Information Management Solutions:** Through warehousing analysis, store-level retail scan data insights and other solutions, MSA helps CPG clients outperform competitors.
- **Media:** MSA, which has won an Emmy Award for being a pioneer in information systems to the media industry, automates business operations to help clients during a time of transition in how people consume media.



- **Life Sciences:** As regulations evolve, MSA helps industries focused on advancing human health navigate data management challenges.
- **Information Technology Systems and Services:** MSA provides data-center-based services such as colocation, private and public clouds and 24/7 systems monitoring.
- **Pittsburgh Data Centers:** MSA owns and operates two secure data centers

in the Pittsburgh area, providing technology skills and onsite support for customers ranging from *Fortune* 500 companies to small local firms.

- **Government:** Various federal, state and local government entities rely on MSA for communication and analytic solutions, such as a mobile app (named Savvy Citizen) that local governments can use to send push notifications to citizens.

- **Metals:** MSA has provided steel firms in North America, Asia and Europe with real-time information on prices and availability of scrap to forecast and strategize.
- **Arts, Music and Cultural Organizations:** Analytics-driven marketing solutions help these organizations with subscription acquisition or single-ticket sales for events.
- **Gaming:** MSA provides actionable insights on player demographics and competitive analysis for casinos and gaming manufacturers.
- **Cannabis, CBD and Hemp:** The study of cannabis purchases from dispensaries and their effect on opioid use and the analysis of how new forms of cannabis are shifting usage is receiving considerable attention from medical researchers as more states legalize recreational cannabis use.

To give just one illustration of MSA's impact within this enormous range of fields, consider the dramatic rise in popularity of glucagon-like peptide 1 (GLP-1) drugs that were created to

“Like so many others, I’m always concerned about the isolation of working remote.”

—JOE REDDY, PRESIDENT, MANAGEMENT SCIENCE ASSOCIATES INC.



treat type 2 diabetes but also can lead to weight loss. Understanding the impact these weight loss drugs have on consumer behavior is vital for those in the CPG industries that MSA serves.

“We’re using multiple sources of data to answer the question of how these new weight loss drugs impact consumer purchase behavior,” Reddy says. “What nutrients are individuals not getting by consuming less food? Should products be developed to supplement the lack of people getting their daily nutritional requirements? Should the size and contents of prepared foods change to meet these new consumer needs? And how does this whole thing impact adult beverage consumption?”

This is one of many examples of this adaptive company responding to major trend changes. And just as MSA helps its customers nimbly adapt to changes in their industries, it has also evolved with the changing workplace trends and recently taken formal steps to ensure its innovative continuity.

MAKING MOVES

As part of the evolution to a post-COVID hybrid work environment, MSA, which has remained rooted in Pittsburgh while also operating offices in Wales and Malaysia, downsized its headquarters in 2023. The company moved from a 124,000-square-foot space in Pittsburgh's East End to a 37,000-square-foot space a block away in Bakery Square. Though most of the company's 500-plus local employees work remotely, the modern office with floor-to-ceiling windows and a town hall area encourages collaboration.

"Like so many others, I'm always concerned about the isolation of working remote," Reddy says. "The thing we might be doing a little bit different is we are investing more money to bring our employees together, from new hire orientations to providing all our company-sponsored events throughout the year."

Whether it's a group outing to Kennywood or a March Madness gathering, MSA holds some kind of event that builds socialization roughly every month. The company also encourages office exposure with free lunches one day per week, along with free snacks, coffee and gas gift card giveaways. Each division of the business is also provided a budget for team-building meals and experiences in the Pittsburgh area.

Such perks help MSA maintain an excellent retention rate. Reddy himself has been with the company since 1989, when he started as a data analyst as his first job out of college.

"To this day," says Reddy, "we hire a lot of people without any experience, because we find it beneficial to teach you an area where you don't have a background. We have folks right out of high school or with associate degrees or four-year degrees or master's degrees. It's a full gauntlet. We need people with a variety of educational experiences to fill our roles."

What these people tend to have in common is the same curiosity and problem-solving motivation that led to Kuehn create MSA. And the 93-year-old



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Kuehn, who Reddy says is “the hardest-working person in our company,” has taken steps to maintain that mindset.

In November 2023, Kuehn transferred his ownership of MSA to the MSA Purpose Trust and the Dr. Alfred A. Kuehn Innovation Institute. The MSA Purpose Trust perpetually protects ownership of MSA as an R&D-driven organization, enabling it to continue operating as an innovative for-profit company for the benefit of MSA's clients, employees and partners. The Dr. Alfred A. Kuehn Innovation Institute is a social welfare nonprofit organization whose mission includes research using advanced data analytical techniques, promoting and

influencing public policies to improve health, wellness and education, and exploring ways to improve individuals' meaningful lifespans.

The new ownership structure supports Kuehn's lifelong passion for learning, creativity and innovation, and ensures that MSA and the Innovation Institute have the opportunity to build on his visionary legacy. The directors of the Dr. Alfred A. Kuehn Innovation Institute are Margaret Boright, Gongaware and Patrick Gallagher. “It ensures our longevity,” says Reddy, “for at least another 60-plus years.”

As data continues to drive decisions all around us, MSA will continue to be right there studying it. ●