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Fall 2018 / Winter 2019

INSIDE

HOT M&A MARKET IS ON PACE FOR RECORD

By Dana Cimilluca and Dana Mattioli

Walt Disney in June agreed to pay $71.3 billion to purchase entertainment assets from 21st Century Fox, topping earlier offers from Comcast.
PHOTO: LANE/EPA/SHUTTERSTOCK

This M&A market is zooming into record territory, helped along by factors not normally seen as big catalysts for deals: technological disruption and a court decision.

There have been $2.35 trillion of deals announced globally so far in 2018, up 57% from the same period a year earlier, according to Dealogic. Should that pace continue, there would be a total of $4.8 trillion worth of mergers and acquisitions for the full year, beating the prior record of $4.3 trillion set in 2007.

Like in 2007 and 2015, the second-busiest year by a hair, big deals abound. So far in 2018, there have been 25 mergers valued at $10 billion or more, according to Dealogic. That is a record for the first half of the year, surpassing the prior high-water mark of 20 set in 2007.

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GENERATIONAL
EQUITY

Sampling of recently closed transactions

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About Generational Group

Generational Group is a global mergers and acquisitions firm focusing on the middle market assisting clients in mergers, acquisitions and strategic growth. With over 200 professionals, Generational Group brings a strategic domestic and international buying community to the middle market.

About Dow Jones

Dow Jones is a global provider of news and business information, delivering content to consumers and organizations around the world across multiple formats, including print, digital, mobile and live events. Dow Jones has produced unrivaled quality content for more than 125 years and today has one of the world's largest news gathering operations globally. It produces leading publications and products including the flagship Wall Street Journal, America's largest newspaper by paid circulation; Factiva, Barron's, MarketWatch, Financial News, DJX, Dow Jones Risk & Compliance, Dow Jones Newswires, and Dow Jones VentureSource.Dow Jones is a division of News Corp (NASDAQ: NWS, NWSA; ASX: NWS, NWSLV).

GENERATIONAL GROUP NEWS & NOTES

From the Desk of Ryan Binkley, President and CEO, Generational Group

Dear Friends,

Welcome to the Fall 2018/Winter 2019 issue of ***Generational Group Legacy***, our newsletter comprising articles selected by us from The Wall Street Journal. At the Generational Group of companies we understand that selling a business is often the most important financial event that occurs in the life of a business owner. Our goal with each issue of the Legacy is to provide you with key information about M&A trends. We also look at current issues and emerging business developments that are important to you. You will also find some general human interest stories that we hope you find enjoyable to read.

Most analysts are projecting that this year will be another terrific year for M&A activity. Both strategic and financial buyers simply have too much capital looking for good companies to invest in. Barring some economic or geopolitical event that may impact buyer confidence, we fully expect the current seller's market to continue into the next year. You will learn more about current and predicted M&A market conditions in our conference today.

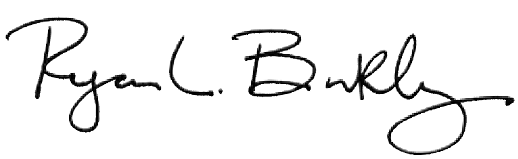
Most entrepreneurs that we work with have a significant portion of their net worth tied up in their companies. And nearly all hope to create a financial legacy that they can leave to their children and grandchildren. Attending a Generational Group exit planning conference is an important first step in understanding the process involved to eventually exit your company for maximum value.

The Generational Group is one of the leading M&A advisory firms in North America with the experience and knowledge to guide you through one of the most challenging and important decisions you will ever make. While a successful transaction is the ultimate goal, rest assured our team is dedicated to a rewarding and personalized client experience in your journey.

This is the Generational Way.

I'm sure you'll enjoy our conference and find this edition of ***Generational Group Legacy*** to be informative and helpful as you run your business.
I wish you continued success in all your endeavors.

Sincerely,



Ryan Binkley
President and CEO
Generational Group

PRIVATE EQUITY CONTINUES TO PAY UP FOR ASSETS DESPITE HIGH PRICES

By Jaewon Kang

Private-equity firms are getting fatigued with rising valuations and competition, but they aren't shying away from bidding just yet.

This year is on track to set a record for deal activity, fueled by the availability of cheap debt and an appetite for growth. Deal makers believe many of the highest-quality assets have already traded, prompting private-equity firms to move quickly and pay up when they find the right opportunities to pursue.

Sponsors agreed to 868 deals valued at $192.23 billion in the U.S. as of June 11, according to data provider Dealogic Ltd. The numbers are nearly in line with the deal flow from last year, when they agreed to 2,020 transactions valued at $415.58 billion. Globally, sponsors agreed to 1,843 transactions totaling $425.08 billion as of June 11, compared with 4,432 deals valued at $842.03 billion for all of last year.

The second half of 2018 is expected to experience robust activity driven by conditions such as the record level of capital raised, a widening pool of buyers and an expanding U.S. economy. Although private-equity firms and advisers started the year with a sense of caution, they are witnessing a remarkable continuation of deal flow and rich prices.

"The impossible happened last quarter, which is that activity levels increased and valuations have continued to leg up," said Justin Abelow, a managing director at Houlihan Lokey Inc., who co-heads the investment bank's private-equity practice.

Across all industries, valuations of companies in first-round bids at auctions have increased by 20% in 2018 compared with last year, according to data from Houlihan Lokey, which tracks transactions.

At the core of rising valuations is a fundamental shift that has occurred at the supply and demand level: a scarcity of high-quality companies following a multiyear sellers' market. Although quality assets have always garnered attention, there is "a higher bar for quality right now, given where we are in the cycle," said Christopher McMahon, who leads global mergers-and-acquisitions activities at Robert W. Baird & Co. Historically, the

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SOME INVESTORS BEND TO MINORITY STAKES

By Laura Cooper

Huron Capital Partners is betting it can gain a lot by giving up a little control.

The Detroit firm has long focused on majority stakes in lower mid-market companies. But as high valuations force larger mid-market firms downstream, Huron is finding a willingness to acquire minority stakes can give it an edge. Partner Douglas Sutton said Huron often came across founders who were open to working with the firm but didn't want to give up control of their companies.

To address those issues, the private-equity firm raised its first fund focused on minority stakes in lower mid-market companies. Huron Flex Equity Fund LP, which closed with $142 million in April, allows the private-equity firm to capitalize on what Mr. Sutton calls "an underserved segment of the market."

The vehicle focuses on investments of $5 million to $20 million, slightly smaller than the $15 million to $75 million Huron targets through its core buyout funds.

Many buyout firms have avoided minority deals, often for fear that they won't be able to make necessary changes to protect their investments should they disagree with management on critical business decisions. In some cases, their fund documents don't allow them to pursue such deals or limit the amount of money they can invest in them.

More recently, however, a small but increasing number of firms are embracing minority investments. Some, such as Huron, are even raising dedicated funds focused on the strategy. Mr. Sutton said a less crowded field for minority stakes gives his firm "a lot of white space to build a brand and create proprietary deal flow."

So far, Huron seems to be finding places to put its capital to work. The flex equity team has backed two deals, including a March investment in B&B Roadway Security Solutions, a McKinney, Texas, company that designs and makes roadway safety equipment.

But the true test for these transactions may not come until the firm is ready to exit its investments, especially if a company's majority owners disagree over terms or timing of that exit.

Mr. Sutton said although owners still ultimately have control over end decisions, the goal of its minority strategy doesn't differ much, if at all, with that of its core buyout funds: growth.

"We are attempting to execute on the same strategy to help these businesses become more successful: adding resources, capital and growing revenues," he said.

EMPLOYERS SWEETEN RELOCATION PACKAGES

By Joanne Lublin

ILLUSTRATION: ADAM NIKLEWICZ

A lot of executives don't relish the idea of disrupting their lives to take a distant job, but they don't have to in the current strong economy. That is why more companies are offering rich relocation packages to lure top talent to another city.

Senior managers are winning flexible schedules that allow them to commute long distances, landing extended temporary-housing contracts and receiving bigger sums to cover money lost on home sales, say recruiters and compensation specialists.

"Talented executives asked to relocate now have the power to get what they need from an employer," said Hayes Reilly, a managing partner at Preston & Partners Talent Solutions, an executive-search firm.

Some businesses have gone so far as to shell out millions to move key players from miles away. LendingClub Corp. spent nearly $6.4 million to bring two new top officers and their families to the San Francisco Bay Area in 2017, according to an analysis of data from company proxies by research firm Equilar Inc. That sum largely reflects $3 million in relocation bonuses for Steve Allocca, the new president, and Thomas Casey, LendingClub's chief financial officer. Both men moved from less-costly cities in Texas.

"We rebuilt our executive team after the departure of the then CEO in May 2016," a spokesman for the online lender said. "Finding the best talent for these positions was important to show company stability and reassure shareholders."

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see RELOCATION

IN THE RETAIL SECTOR, BORING IS BECOMING MORE BEAUTIFUL

By Laura Cooper

Is boring the new sexy?

The home-services franchise category—a subsector of the retail industry that doesn't have a particularly sexy reputation among investors—increasingly is getting a second look from private-equity firms.

The acquisition of Mosquito Joe by Harvest Partners-backed Dwyer Group Inc. underscores the rising level of interest in the space. The provider of mosquito-treatment services is the first add-on deal for Dwyer, which Riverside Co. sold to Harvest in June following a four-year hold.

Franchised home-services businesses have been popping up on the radar of investors lately as more private-equity firms look beyond breakout brands for potential hits. More than ever, investors are seeking growth opportunities that are resilient against the effects of competition from Amazon.com Inc. Many are approaching the space with the view that home services will be required by consumers always, regardless of how much the retail atmosphere changes. In addition to the attractive growth profile, home-services companies also generate steady cash flow.

Recent transactions in the space include the recapitalization of Home Brands Group Holdings Inc., a franchiser of residential bathroom remodeling services

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see Retail

SELLERS GAIN LEVERAGE WITH REP AND WARRANTY INSURANCE

By Laura Kreutzer

Private-equity firms increasingly have turned to a once obscure form of insurance to gain an edge in deal negotiations.

As the use of the insurance has grown, however, sellers often are able to negotiate favorable terms around representations in a deal, according to a new study of buy-side representations and warranties insurance conducted by transactions services provider SRS Acquiom Inc.

SRS Acquiom analyzed the use of representation and warranties insurance among buyers in 588 deals with a total value of $108 billion. The study analyzed transactions involving private companies that closed between 2015 and 2017 and that the company serviced or advised.

Representations and warranties insurance protects against certain risks associated with statements that buyers and sellers make when negotiating and signing a deal. Its use has exploded in recent years, as competition for deals has heated up and the number of providers offering the insurance has grown. A separate report released earlier this year by

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THE BOSS EMAILS OK INSTEAD OF OK! DOES THAT MEAN YOU'RE IN TROUBLE?

By Katherine Bindley

John Witkowski was trying to make some progress on a work project one day this summer when he fired off more than two dozen emails. The 30-year-old tax accountant from Cleveland ended each message with: "Thanks in advance for your help with this project."

The notes caught the attention of his manager, who instant-messaged him:

"She was like, 'You're not your normal, cheery, bubbly self,' " Mr. Witkowski said. " 'You're not using exclamation points.' " She told him she felt his emails came off as more demanding than usual.

"I didn't really know how to react," he said.

Exclamation points are stressing people out. Years of rampant use have both diluted the punctuation mark's meaning and inflated its significance. It's especially bad in the workplace, where an exclamation point can suggest anything from actual excitement or gratitude, to general friendliness, to reassurance that 2 p.m. works for a meeting, to...I'm not mad about the other day. I swear, it's fine!

There are various types of exclamation-point anxiety. Using the punctuation mark when other people don't can lead to self-consciousness. The absence of an exclamation point can send some recipients into a tizzy. Others have had enough and would like things to go back to the way they used to be when there wasn't so much hinging on this tiny little torture device. It's just too much!

After being called out by his manager, Mr. Witkowski decided he would no longer mimic the exclamation-point use of others in his emails—which he previously did to not seem rude.

"I was like, maybe I should be more standardized in what I use and just stick with periods and commas," he said. His long-term strategy is to "give people that baseline expectation of no exclamation points."

Mel DeCandia, 24, is a summer associate at a law firm who lives in Westfield, N.J. Early on, she wanted everyone to be aware of her excitement about working there. When emailing a higher-up about her first assignment, the note was long and full of exclamation points.

"I definitely never used more than one per sentence, but I probably used three or four," she said. "It was really overzealous."

She came to regret them after the response she got, which was, "Thx."

While everyone seems to be emoting more these days, previous research has shown that women used exclamation points more than men. One 2006 study published in the Journal of Computer-Mediated Communication said they often used them to convey friendliness. In a 1993 "Seinfeld" episode, Elaine argued with a boyfriend when he failed to use an exclamation point in a note.

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INNOVATION AS A TEAM WINS, STUDY FINDS

By Janaki Chadha

A new study found that companies where more people said they felt their ideas were sought out and valued tended to yield more revenue growth and employee productivity.
PHOTO: ANDREW HARRER/BLOOMBERG NEWS

Companies that welcome ideas from all employees have better growth prospects than those with a less-inclusive approach to innovation, a new study finds.

The finding comes from research and consulting firm Great Place to Work, which surveyed about 500,000 U.S. employees at nearly 800 public and privately owned companies, most of them based in the U.S. Employees were asked how often they were included in larger, strategic decisions, whether they felt management was interested in their ideas and whether they were encouraged to try new approaches to their work.

It found that companies where more people said they felt their ideas were sought out and valued tended to yield more revenue growth and employee productivity. Companies that scored in the top quartile on those metrics generated, on average, more than five times the revenue growth of companies in the bottom quartile.

The analysis—which split companies into three tiers based on how many employees said they got opportunities to innovate—found workers at firms in the most inclusive group were 14% more likely to say they want to stay at their company long term than those in the least inclusive group. Those employees were also 32% more likely to describe themselves as willing to put extra effort into work, compared with the least-inclusive group.

High-scoring companies ranged from small startups to large multinationals and came from an array of industries, from finance to health care. Researchers found many had set up special structures or practices to encourage employees to brainstorm and contribute business ideas.

At Quicken Loans Inc., for instance, employees are given four hours each week of focused “bullet time.” During those hours, they are able to step away from day-to-day responsibilities and explore new skills and parts of the company’s business not directly related to their own work,

continued on page 12. see INNOVATION

Miniature buildings provided by KLM.
Photo: Joshua Scott for The Wall Street Journal, styling by Anne Cardenas

THE MOST COVETABLE AIRLINE FREEBEES FOR BUSINESS TRAVELERS

By Rachel Feintzeig and Lauren Weber

DESIGNER DUVETS, fluffy pillows, elegant tableware—premium-class passengers these days might feel like they've just stumbled into a White Sale at Bloomingdale's. A fully flat bed is now de rigeur in international first and business cabins, and airlines are piling on perks to help you sleep better, feel better—and even smell better when disembarking from an overnight flight. "The trend is for high-quality items from well-known companies," said Henry Harteveldt, a travel industry analyst at Atmosphere Research Group. Whether the goodies are a gift—most airlines let you keep the p.j.s—or simply on loan during the flight, like British Airway's White Company blankets, the swag is yet another bid for the loyalty of the expense-account crowd. Here, a sampling of amenities showing up in the front of the plane.

It-Bags

Air France partnered with skin-care line Clarins for their business-class kits packed with itty-bitty moisturizers and lip balms. Not to be outdone, Qatar Airways offers hard-shell Brics kits, while Emirates' bags hold a cluster of Bulgari fragrances and creams.

Home Brew

The prize booty for KLM's premium-class passengers are pocket-size, hand-painted replicas of classic Dutch buildings. They're a genuine collectors' item (the airline lets aficionados swap duplicates at its Amsterdam lounge). A bonus: They come filled with Bols Genever, a Dutch gin. Since KLM has been passing them out since the 1950s, regularly adding new models, the variations now number nearly 100.

Slumber Style

Hong Kong-based Cathay Pacific flies some of the world's longest routes, so it's natural it would offer covetable in-flight pajamas. Alas, they're only for first-class passengers. The sleep sets, slippers and all, are made by PYE, a top Hong Kong label.

EUROPEAN BARGE CRUISES THAT ARE ANYTHING BUT BORING

By Sara Tucker

SMALL, flat-bottomed and slow-moving, hotel barges can access some of Europe's most beautiful rural areas, navigating 19th-century canals that are off-limits to larger boats. Carrying a handful of passengers, six to 12 at the most, they have a high crew-to-guest ratio: The captain picks you up at the train station; the chef pops out of the kitchen to chat about cheese platters. With free-flowing wine included in the price, you won't go hungry or thirsty on a barge cruise, nor lonely or seasick. You might, however, get bored.

BARGE AND IN CHARGE The charter-only Belmond Fleur de Lys, a luxury French barge, can customize itineraries for cyclists in Burgundy.

The scenery rolls by glacially at 3 to 4 miles per hour, walking speed. You can read an entire page of your book and not miss a thing. For recreation, you'll find bicycles for onshore exploration, a towpath, maybe a hot tub; a game of Scrabble in case of rain. Once a day, everyone piles into a minibus and goes to a castle, a winery or a medieval monastery. Then it's time to eat again.

This laid-back regimen, for all its charms, tends to turn off restless travelers. The solution: barges with itineraries that let sporty types exert themselves enough to fend off tedium. Some programs are available only to groups that charter a barge. Other outings, such as a bicycle excursion to a wine château or a day of golf, can be arranged on certain barges even if you reserve a single cabin. To book a cruise, contact the boat captain (check the website for email addresses) or an agent who knows all the operators (some 70 hotel barges ply the waterways in Europe) like Barge Lady Cruises, based in Chicago. Either way: Specify your desired diversions. Here, a few ideas of where and how to beef up a barge cruise.

Angling in Ireland

The Shannon Waterway, a series of lakes connected by rivers and still-water canals, takes you through one of Ireland's most memorably lovely areas (with the Cliffs of Moher a particular draw). At its summit is Lough Scur, a freshwater lake that anglers often angle to visit.

BARGE TO BOOK Beyond its standard itinerary, the 10-passenger Shannon Princess also offers a charter-only cruise for families with kids (age 12 and up) that can involve horseback riding, fishing, kayaking and zorbing. Golfers who book a charter have access to championship courses designed by Robert Trent Jones, Sr., and Arnold Palmer. From $4,390 per person for a six-night cruise; bargeladycruises.com.

Tennis on the Thames

The Thames Path, a 184-mile national trail, follows England's second longest river as it winds from its source in the Cotswolds to the sea, passing through meadows, historic towns such as Runnymede (where the Magna Carta was signed) and small villages ideal for a tea break. On a cruise from Hampton Court Palace to Henley, you can climb to an Iron Age fort with panoramic views or play tennis on a different riverside court every day.

BARGE TO BOOK The captain of the eight-passenger Magna Carta will arrange, whenever possible, golf, tennis and hiking excursions whether you book a cabin or the whole barge. From $4,550 per person for a six-night cruise; magna-carta.co.uk.

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MARKET

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The burst of activity comes against the backdrop of an increasingly robust economy, which gives CEOs confidence, the key ingredient for deal making.

It also helps that interest rates remain low—and may not stay that way for much longer—and stock prices are hovering near records.

But there is another factor that has become crucial: the rising threat Amazon.com Inc., Netflix Inc. and Silicon Valley giants pose for the biggest companies in industries ranging from media to health care. The rising popularity of streaming-video services from Amazon and Netflix has prompted traditional media companies like Walt Disney Co. to seek combinations that will help them meet the competitive threat. Meanwhile, Amazon has been pushing deeper into health care, helping trigger a scramble for consolidation in that industry.

Disney in June agreed to pay $71.3 billion to purchase entertainment assets from 21st Century Fox, topping earlier offers from Comcast Corp., while Cigna Corp. in March agreed to buy pharmacy-benefit manager Express Scripts Holding Co. for $54 billion. Fox and Wall Street Journal parent News Corp share common ownership.

In another deal with similar overtones, CVS Health Corp. is seeking to complete the acquisition of Aetna Inc. for nearly $70 billion.

"There are a lot of rapidly evolving industries that are being transformed by technology, and that is forcing these companies to look to M&A to improve their competitive and strategic positions," said Kurt Simon, the global chairman of M&A at JPMorgan Chase & Co. who recently advised on AT&T Inc.'s blockbuster purchase of Time Warner Inc.

Such efforts got a shot in the arm when a judge ruled in June that AT&T could proceed with the $80 billion-plus purchase. The U.S. had moved to block the deal on grounds that it would reduce competition in the pay-TV market. AT&T countered that the deal would help it compete more effectively against the technology giants.

The ruling is expected to encourage companies that have been considering big, transformative deals to move forward.

Whether that deal, which would bring together the nation's third- and fourth-largest wireless carriers, will pass regulatory muster is far from certain. The companies abandoned an earlier round of talks amid signals from Washington that it wouldn't approve the merger, fearing it would unduly curtail competition in the mobile-phone market.

Of course, the M&A market is notoriously unpredictable and any number of factors could derail the record run. High valuations, for example, can be a double-edged sword. Elevated stock prices often embolden CEOs to make deals, but they also make transactions more expensive, and that can stifle activity. And if market volatility persists—or worsens, as a result of trade tension or other political instability, for example—that could also slow the pace. At this point in 2007, there was a bit more activity than there is now and, indeed, some deal makers expect a slowdown in the second half like there was that year.

But even conflict over trade could have a silver lining if it prompts companies to strike deals to rebalance their geographic exposure and bulk up in foreign markets.

"When you talk about trade wars and tariffs, companies deal with that by having as much capability as possible in the markets they serve," said Sullivan's Mr. Aquila.

Deal making in Europe certainly doesn't appear to have taken a hit from recent tension with the U.S. over trade. European merger volume stands at $730 billion so far for the year, up 79% from the comparable period in 2017, according to Dealogic.

PRIVATE EQUITY

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Photo: Istock.com/Siraananawong

benchmark for a healthy deal market is roughly three years. The current cycle is entering year five.

Rising valuations also illustrate investors' willingness to pay up for assets, even though they may consider them too expensive. "The sentiment I hear from sponsors and their [actual] behavior are very different from each other," Mr. Abelow said.

"There continues to be frustration. No one likes paying these valuations," said Mr. McMahon.

Some investors also are making faster bets, using it as a tool to get a leg up on rivals.

"The private-equity community is making quicker decisions on whether they want to play or not play," Mr. McMahon said, adding that investors are putting in their time only if they know they have an angle that differentiates them.

For many private-equity firms, 2017 was one of their busiest years in terms of deployment and realization.

Great Hill Partners, for instance, invested roughly $750 million and realized about $1.1 billion last year. Among Great Hill's transactions last year were its investment in confection brand Sugarfina Inc. and the initial public offering of fitness studio operator YogaWorks Inc.

"A lot of the best assets traded in 2016 and 2017," said Michael Kumin, a managing partner at Great Hill who leads investment efforts across the media, internet and business- and consumer-services sectors.

The scarcity of assets left to be traded is making investors more willing to write bigger checks for companies they believe in. Investors also are becoming selective about what they are focusing their time on and the investment theses they are coming up with. Some are searching for turnaround opportunities, while others are bringing their industry and management expertise to accelerate growth.

Private-equity investors are spending more time on add-on acquisitions to bring down multiples as well.

"Let's say a fund has $100 in it. Ten years ago, $90 would have been new acquisitions and $10 would've been spent on incremental M&A," said an industry investment banker. "That ratio has shifted to $65 to $35."

Once firms find a right angle and a plan for growth, they would much rather follow that path and pay down multiples via add-on acquisitions than hold on to capital, added Mr. McMahon of Robert W. Baird.

As private equity navigates through an unprecedented territory of high prices, investors and industry advisers expect there to be many more blockbuster deals in both the public and private markets. Indeed, AT&T Inc.'s $81 billion purchase of Time Warner Inc. already has set off a deal frenzy among media and telecommunications companies. Walt Disney Co. recently raised its bid to acquire most of 21st Century Fox Inc. to more than $71.3 billion, surpassing a roughly $65 billion offer from Comcast Corp.

More corporate carve-out opportunities are expected to emerge, particularly for private-equity investors, as large companies look to divest underperforming assets and activist investors launch more campaigns to capture value. Newell Brands Inc., for instance, is in the process of exploring options for noncore brands following pressure from activist investors, recently selling baseball-equipment maker Rawlings to Seidler Equity Partners and Major League Baseball. Newell expects to generate about $10 billion in after-tax proceeds from various divestitures.

Increasingly, divestments and deals are drawing a wider range of potential buyers.

Limited partners are competing more aggressively for direct deals, while strategic acquirers remain hungry for growth and innovation. As business models undergo an era of rapid change and evolution, companies are acknowledging advantages in private ownership that allow operators to be more nimble. And private equity will remain on the hunt for the top of the barrel.

"It's a flight to quality," Great Hill's Mr. Kumin said.

RETAIL

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that does business as Re-Bath, by Sorenson Capital and Webster Capital; and Baird Capital-backed HRI Holdings Inc.'s acquisition of Delta Disaster Services, a provider of restoration services to commercial and residential properties.

On the heels of the successful sale of Dwyer Group, which Riverside said was its largest exit by enterprise value, more franchise services businesses are making moves to test the market. Still, valuations are starting to rise, sometimes reaching midteen multiples of earnings before interest, taxes, depreciation and amortization for high-quality assets, according to industry advisers. Certainly, firms will want to start spending time around the sector before the segment becomes too frothy.

Investing in the segment comes with its own challenges. The space is fragmented, largely consisting of mom-and-pop stores that will need to be institutionalized and upgraded. Also, as a services-focused sector, maintaining consistent quality across franchisees will require attention to detail.

The popularity of the home services category serves as a useful reminder for private equity: As one shouldn't judge a book by its cover, one shouldn't judge the potential success of a business by its lack of flash. Indeed, nonsexy investments can often pave the road for steady growth and performance.

INNOVATION

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said Quicken Loans CEO Jay Farner.

In one case, Mr. Farner said, an employee used his weekly bullet time to improve his new app-building skills and helped develop an Alexa-based app for Quicken Loans' online lending platform Rocket Mortgage.

"I try to encourage our team to think outside of the real estate and finance industry—there are good ideas everywhere," he said.

Companies need to "open up their mindset" about what employees can offer in the way of new ideas and improvements, said Marcus Erb, vice president of innovation & development at Great Place to Work. "Leaders that don't see that are going to miss out."

Wegmans Food Markets Inc., a family-owned regional grocery chain with 48,000 employees, says it has "innovation teams" made up of frontline workers in Wegmans grocery stores and employees in the company's main office. These teams come up with new programs and improvements that are tested at select stores with the prospect of being applied companywide.

At Genentech Inc., drug researchers can elect to hold a forum with the company's senior leadership whenever they'd like to nominate a new medicine to be developed. Genentech scientist Ciara Metcalfe says the practice enabled her to pursue research into estrogen receptors that ended up questioning a long-standing scientific hypothesis related to a particular type of breast-cancer medication.

At one of the forums, Ms. Metcalfe said she and a team of colleagues got feedback on the proposal, which eventually led to the creation of a new molecule that continued to later-stage testing.

"Having a mechanism like that to ensure that very senior leaders are in the rooms with the people doing the everyday science is really critical," she said.

RELOCATION

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LendingClub was the biggest spender among the Russell 3000 companies giving relocation benefits to 772 senior executives last year, Equilar's analysis for The Wall Street Journal showed. Other big spenders included General Electric Co., with $4.24 million going to move four executives, and Caterpillar Inc. spending $2.66 million to relocate five.

The average relocation package for the biggest 3,000 publicly traded companies in the U.S. totaled $144,633, Equilar said.

"A company that doesn't accommodate an incoming executive's honest relocation needs is signaling that those aren't important and risks losing that recruit," said Stephen Zweig, who heads the executive-compensation practice at law firm Ford & Harrison LLP.

A generous relocation package helped Preston & Partners woo a Long Island executive this year for a midsize retailer in Bucks County, Pa. The first-rung vice president received a $100,000 relocation allowance plus a $50,000 signing bonus, according to Mr. Reilly of Preston & Partners.

The recruiter sees similar arrangements in about half of his firm's searches at that executive level, or roughly double the proportion he saw five years ago. "Employers have had to be more flexible with relocation times and terms," he said.

That proved true for Jon Achenbaum, after he got a job in 2015 running Freeman Beauty LLC, a marketer and distributor of beauty-care products based in Los Angeles. His wife didn't want to leave New Canaan, Conn., where she runs a nonprofit group, so Mr. Achenbaum rented a condo near Freeman's California headquarters and paid for personal trips back to the East Coast.

The CEO struck a better deal in August 2017 after Yellow Wood Partners bought the company. The new private-equity owner extended to Mr. Achenbaum an annual allowance for his long-distance commute and granted him three days a month to work from home in Connecticut. Yellow Wood declined to comment regarding the arrangement.

Mr. Achenbaum said he quit Freeman in May anyway, mostly because of his wife's refusal to relocate.

Certain companies move headquarters, bringing the office to the new CEO. Consider Brian Niccol, hired in March from Taco Bell to run Chipotle Mexican Grill Inc.

Mr. Niccol's wife changed her mind about uprooting their three school-age children just before the restaurant chain announced his appointment, and so Chipotle directors allowed him to shift the company's Denver headquarters to Newport Beach, Calif., where he resides, according to a person familiar with the matter.

A Chipotle spokeswoman said the idea that Mr. Niccol's family considerations prompted the shift in headquarters was "speculative and inaccurate." Moving the main office to California makes it easier to fill tech-related positions, she said.

Chipotle previously said the move affected about 400 people in its Denver and New York offices.

Some big companies will cover certain executives' losses when they sell their homes. Walmart Inc. spends up to a capped amount for U.S.-based executives transferred within the country, a spokeswoman confirmed, but wouldn't divulge the loss limit.

Such buyouts don't always please investors. Institutional Shareholder Services, a proxy adviser, considers them "excessive perquisites," without links to performance. ISS questioned General Electric for spending $1.7 million—including buyouts—to relocate CEO John Flannery twice since 2016.

He lost money selling Connecticut and Chicago homes last year despite GE reimbursing 75% of his losses, according to a spokeswoman. "The company understands the concerns ISS highlighted and continues to review costs," she said.

BOSS EMAIL

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Ms. DeCandia said she was probably more worried about how she comes off in written communications as a young woman in a male-dominated field. After the “Thx” email, she went cold turkey on exclamation points at work. She said it has been freeing.

“When I stopped using exclamation points, I somehow also stopped worrying about what people thought I was saying in my emails,” she said.

An absent exclamation point once caused Hannah Wagle, 24, to fear she was getting fired. She had texted her boss one day to say she was sick and working from home. Her boss replied with, “That’s fine.”

“The period kind of stared me in the face and told me that my career had just ended,” said Ms. Wagle, who writes for a veterinarian trade publication. “I called my boyfriend and I was like, ‘This is it. I just lost my job.’ “

Her boyfriend wasn’t much help in calming her down, so she reached out to a co-worker to gauge their boss’s mood. The co-worker said everything seemed OK, but she used a period. More worry!

Ms. Wagle’s boss, Portia Stewart, understands how her message may have been misinterpreted: She normally includes exclamation points and thinks they create “a safer place.” But in the response to Ms. Wagle, she was heading to a meeting and was brief.

“Email communication is so flat,” said Ms. Stewart, 41, who pointed to the lack of body language and voice intonation. “You can tend toward angry accidentally.”

PHOTO ILLUSTRATION: THE WALL STREET JOURNAL; IMAGE: ISTOCK/GETTY IMAGES

A 2016 study of 126 undergraduates by Binghamton University-State University of New York found that ending sentences with periods in a text was interpreted as abrupt and insincere. Since email and texts have become substitutes for spoken conversation, people started using punctuation for emphasis and tone instead of just as a way to mark the end of a sentence, according to Dr. Celia Klin, a professor of psychology who researches psycholinguistics and co-authored the study.

Michael Lawrence, 41, an entertainment lawyer who lives in Brooklyn, N.Y., leads a double life when it comes to his punctuation marks. When communicating with clients in the music industry, he uses lots of exclamation points; with fellow attorneys, he doesn’t. What he would like is something between an exclamation point and a period.

“Sometimes the punctuation mark that I’m using doesn’t really express what I want to convey,” he said. “The exclamation point seems over the top, but at the same time, the period just seems like kind of a curt response, or an unempathetic ending.”

In these instances, he finds there’s no great solution.

“My options are limited,” he said. “You have to spell out in actual words what you were trying to convey.”

BARGE

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Cycling for Sancerre

France, the country where hotel barging was invented (by an Englishman in 1966), has the most active options for barge travelers, many aimed at family groups that include grandparents and teenage children. "It's about keeping the kids occupied," said Penny Liley, a boat owner who introduced family-adventure cruises to the Nivernais Canal, in northern Burgundy, with activities such as trail riding on horseback, rock climbing, and kayaking on the River Yonne. Both the Nivernais and the Canal de Bourgogne, in southern Burgundy, are lined with cycling routes that fan out across the gently rolling countryside. On the Canal du Midi in Provence you can play tennis and visit Roman ruins in one fell swoop, and on the Canal de Briare, you can pedal to the vineyards of Sancerre for winetasting.

BARGE TO BOOK The Meanderer, a six-passenger barge, is captained by an avid cyclist and offers golf and bicycling excursions in the Upper Loire. From $5,875 per person for a six-night cruise; bargemeanderer.com.

Belmond's six-passenger Fleur de Lys, available for charter only, combines high style (canopied four-poster beds, a baby grand) with a six-night customized itinerary on the Burgundy Canal. From $9,845 per passenger; belmond.fr.

Golfing in the Great Glen

Built in the early 1800s, the Caledonian Canal bisects Scotland from northeast to southwest, connecting scenic lochs—including the possibly serpent-harboring Loch Ness—and cutting through the Great Glen. The towpath connects with forest trails for mountain biking and hiking.

BARGE TO BOOK The 12-passenger Spirit of Scotland and the 6-passenger Scottish Highlander offer, beyond standard itineraries, charter-only golf cruises to Royal Dornoch, Castle Stuart and other sacred sites. From $26,500 for two passengers chartering the Highlander for a six nights and from $44,000 for eight passengers on the Spirit of Scotland; europeanwaterways.com.

INSURANCE

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law firm Goodwin Procter LLP estimated there are at least 20 providers of this rep and warranty insurance, compared with only a handful several years ago.

"You rarely see a deal where somebody doesn't propose it," said William Shields, co-chair of the private-equity transactions group at law firm Ropes & Gray LLP. "It takes some of the friction out of the negotiation process."

Typically in the absence of rep and warranty insurance, buyers will require sellers to set aside a portion of a deal's purchase price in escrow for a set period, sometimes up to two years, to cover potential breaches of representations made about the company.

Deals in which private-equity buyers used rep and warranty insurance tended to require sellers to set aside a median escrow of only 1% of a deal's purchase price, compared with 10% of the purchase price in deals that didn't feature the insurance or in which it wasn't clear whether the insurance was used, according to the SRS Acquiom study.

The study found the use of insurance among buyers also correlated with more seller-favorable terms in other areas of deal negotiations. They include terms dictating requirements for sellers to notify buyers of a breach of representations and more favorable terms for sellers regarding the resolution of conflicts when they arise.

The use of such insurance can give buyers more flexibility and speed in their negotiations by transferring a portion of the deal risk to a third-party insurer.

Its use, however, doesn't necessarily mean that buyers won't face some challenging negotiations around certain terms associated with reps and warranties, according to Sara Wilcox, a senior director at SRS Acquiom.

"Sellers are going to focus on limiting risk that is outside that rep and warranty policy," she said.

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