

# CRAIN'S

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### NEW YORK'S RISING STARS

## Raquel Vargas Palmer, 38

Partner

KPS CAPITAL PARTNERS



CRAIN'S NEW YORK BUSINESS

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Photography by Buck Ennis

**L**OTS OF FOLKS APPRECIATE a cold one after work, but cracking open a Genesee Beer means a bit more to Raquel Palmer. After all, she revived the brewery.

In 2009, her private equity firm bought the 154-year-old company and quickly spent \$10 million on new bottling lines and moving out obsolete machinery. It also acquired an experienced marketing team from Canadian brewer Labatt, and the Rochester brewery's 28-foot sign was relit after 40 years of disrepair.

The results are crystal clear: **Sales have already risen by 30%**, and production is expected to soar to 2 million barrels this year from 1.3 million in 2010.

"She saw an opportunity that no one else did," said Paul Markwitz, a Teamster official who works at the brewery. "You can almost say what's happened is too good to be true."

KPS Capital Partners specializes in acquiring distressed manufacturers and working closely with their employees to orchestrate unlikely turnarounds. The firm has \$2.6 billion to invest, and one of its funds has generated a 30% return since its inception in 2007, according to public data.

While she's invested in manufacturers of everything from fine china to diapers, **her favorite deal by far is the brewery.**

"It's a healthy company where employees can think about having their kids work one day," she says. "That feels really good."

Her success in suds is turning Ms. Palmer into a baroness of microbrews. Since acquiring Genesee, her firm has bought such labels as Pyramid and Magic Hat and she's taken the title of chairman of holding company North American Breweries.

Of course, she likes all the beers she owns. But Magic Hat #9 is her favorite.

—AARON ELSTEIN