



Transitioning Entrepreneurial Businesses into Professionally Managed Institutional Companies

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Introduction: Josh Hall

Senior Partner, Calvert Street Capital Partners

Calvert Street's Industry Focus

Platform Acquisitions

Aviation Services

Lawn & Garden Products

Packaging

Personal Care Products

Building Products

Benefits Administration

Warranty Services

Licensing

Sporting Goods

Parts Manufacturing

Add-Ons

Commercial Printing

Chemical Distribution

Educational Publishing

Pressure Sensitive Tapes

Doors & Frames



Calvert Street's Acquisition Criteria

- Revenues: \$20 - \$100 million
- Operating Profits: \$5 - \$10 million for platforms, no minimum for add-ons
- Geographic location: U.S. and Canada
- Equity per Deal: \$5 - \$40 million

Introduction: Chris Sheeren Partner, Huron Capital Partners

Huron's Industry Focus

Platform Acquisitions

Healthcare services	Consumer products
Education & training	Business services
Printing & packaging	Industrial products
Specialty chemicals	Security products
Municipal infrastructure	Food products
Document processing outsourcing	

Add-Ons

Laboratory testing
Specialty coatings
Healthcare education
Orthopedics / prosthetics
Para transit
Direct marketing services



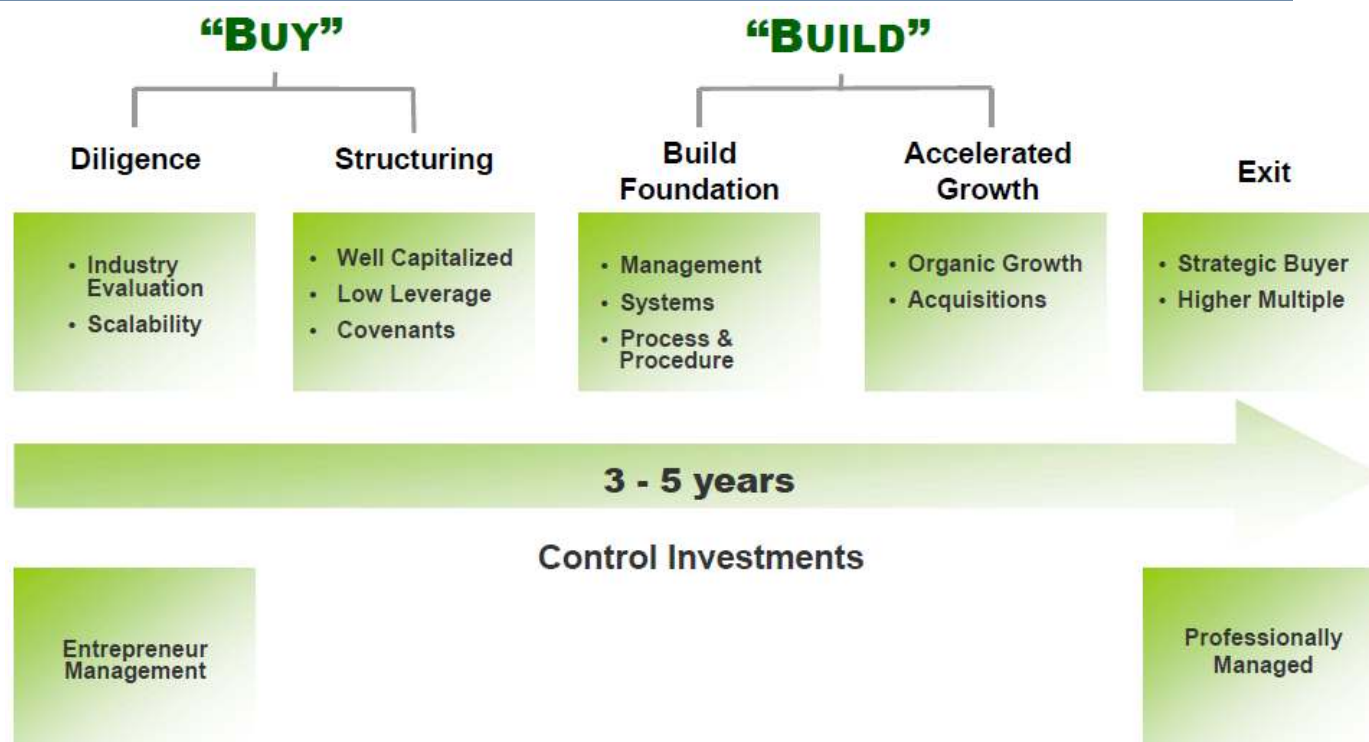
Huron's Acquisition Criteria

- Revenues: \$20 - \$200 million
- EBITDA: \$3 million for platforms, no minimum for add-ons
- Geographic location: U.S. & Canada
- Equity per Deal: \$10 - \$ 70 million

Overview

- Investment “Blueprint”
- Management
- Systems
- Process and Procedures
- Case Studies

Investment “Blueprint” for the Lower Middle Market



Management

- CEO-Leadership starts at the top
- Senior Management Team
 - Strength in all areas (Operations, Sales & Marketing, Finance)
 - Ability to work as a team
 - Ability to develop resources below (decision – makers)
 - Delegation of responsibility and authority

Systems

- Information is the key to professional management
- Systems must generate the “right” information
 - key operating metrics
- Information must be available to decision-makers
- Information must be “real-time”
 - timeliness is critical

Process and Procedures

How does the company operate?

- Flow of information
- Decision making
- Act as if you will own the company forever
- Meetings

Process and Procedures

Annual budgeting process needs to be put in place

- “Bottom-up” approach
- Detailed, with input from key managers

Process and Procedures

Strategic planning for the long term

- Rolling 3-year plan (CSCP), and/or
- 5 year strategic plan (Huron)

Case Studies

- Ross Education
- ADAPCO
- Quest Specialty Chemicals

Case Study #1 – Ross Education

Revenue at Closing (2005): \$15 million

Revenue Today: \$50 million

- **Upgraded management talent:**
 - New CFO added in year 1, also very involved in growth initiatives
 - Director changes at underperforming schools
- **Revamped marketing and admissions approach:**
 - Admissions training and processes put in place
 - Dramatic lead flow improvement
 - Web leads increased from 0% of total leads to ~60%
 - Utilizing outsourced marketing firms (e.g., Plattform)
- **Upgraded systems (e.g., campus operating systems), reporting capabilities, strategic planning, budgeting process, etc.**
- **Greatly improved operating procedures and controls across all schools**
- **Improved Director management** – launched Director “Training Academy”, use measurable action plans, started bonus plan, etc.
- **Investing in facility upgrades and/or relocations to support growth** – over \$11M invested to date in systems, facilities and expansion

Case Study #2 – ADAPCO

Revenue at Closing (2006): \$42 million

Revenue Today: \$100 million

- Management changes
 - New CEO with direct industry experience (Bayer Chemical)
 - Changes to direct reports
- Renegotiated commercial terms with major suppliers
- Restructured sales force and compensation arrangements
- Upgraded MIS
 - New metrics report (weekly)
 - Important information widely disseminated
- Restructured product and service offering
- Acquisition strategy underway

Case Study #3 – Quest Specialty Chemicals

Revenue at Closing (2004): \$20 million

Revenue Today: \$100 million

- **Rollup Strategy** -- Partnered with 2 executives to acquire and integrate 6 separate businesses in the paint & coatings industry
- **Centralized accounting, purchasing and other administrative functions**
- **Improved pricing strategy** to reduce input costs
- **Implemented lean manufacturing processes** to improve efficiencies and reduce costs in the production system
- **Leveraged initial acquisition's application R&D capabilities to enter additional end-use markets** (industrial MRO and automotive refinish)
- **Strengthened management team** – added 2 divisional GMs, and VPs of purchasing and operations
- **Implemented new systems**



Thank You!

About Calvert Street Capital Partners

Calvert Street Capital Partners is a lower middle market private equity business based in Baltimore, Maryland. We grow companies in partnership with operating management by executing a buy and build strategy to enhance Shareholder value.

We make control investments in scalable niche manufacturing and business service companies. We invest in companies with a minimum of \$5 million of EBITDA. We invest \$10 to \$40 million of equity capital in each platform strategy investment.

We were founded in 1995 and have a consistent, demonstrated track record of developing smaller, entrepreneurially-managed companies into significantly larger and more profitable, professionally-managed enterprises. Since our inception, we have acquired more than 35 companies in a wide variety of industries.



About Huron Capital Partners

Huron Capital is a leading private equity group firm investing in lower middle-market companies. The firm typically invests between \$10 million and \$70 million in equity to sponsor buyout of well positioned companies having revenues up to \$200 million. Through its operational approach, Huron joins forces with strong management teams at niche manufacturing, specialty service, and value added distribution companies that can be built through acquisition and organic growth. Huron manages more than \$600 million in equity through three private equity funds.

