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## **Ensure a Quick and Confidential Sale of Your Business and a Bright Future for Your Employees and Customers**



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# ADIRONDACK OVERVIEW

# Our Objective

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- Adirondack is an investment firm focused on acquiring and growing owner-operated, privately-held businesses
  - We are investors and operators
- Many companies lack a leadership succession plan; this can present a major hurdle when a business owner is ready to sell his or her company
  - Facilitating management transition as part of a sale is our specialty

# Who Are We?

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- Entrepreneurs who love to operate and grow businesses
  - All members are current or former business owners – we are operators first and foremost
  
- Driven, smart business people
  - MBAs from Stanford, Harvard, & Columbia
  
- Growth oriented, long-term investors
  - We offer patient capital

# What We Look For

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- Owners that care about the future of their company and its employees
- Profitable, well run companies with \$5 to \$25 million of revenue
- \$750K to \$3 million of annual EBITDA (profitability)
- Revenue growth
- Consistent cash flow with limited capital expenditures
- Strong chemistry and cultural fit

# We Avoid

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- Project based businesses or highly seasonal businesses
- Heavy manufacturing businesses
- Start-ups or turn-around situations

# Our Approach & Values

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- Entrepreneurial, long-term approach to business ownership
- Sustainable value: we manage companies with operational discipline and focus
- High integrity and character: our reputation is our greatest asset
  - **Please ask for our references as part of your due diligence**

# A TRANSACTION WITH ADIRONDACK

# Advantages of a Deal with Adirondack



- Ensures business will thrive and culture is maintained
- Provides opportunities and upside for employees
- Access to capital for organic growth initiatives and strategic acquisitions
- Positive reputation of owner stays intact or is enhanced
- Keep name of business and promote brand in market

# Transaction Structure – Example



- Our merger and acquisition structures are highly flexible and creative; however, we require a controlling interest: we are not minority investors
  
- Adirondack buys between 80% to 100% of the business
  - Owner may decide to reinvest a portion of their proceeds as equity to benefit from future growth (on the same terms as Adirondack)
  
- Source of funds:
  - 50% to 60% equity from Adirondack
  - Remaining 40% to 50% would be debt or other securities (low leverage, manageable covenants)

# Owner Involvement Post Sale

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- Many business owners are attracted by Adirondack's ability to help owners transition out of the business in as little as 30 days after closing
  
- Ongoing involvement by the owner can include, depending on his or her objectives:
  - Complete exit, board seat, consulting projects, adviser, and/or an ongoing operating role
  
- We expect owners to provide some seller financing or retain equity to minimize transition risk to the company as well as to maintain a relationship with the business

# Transaction Timeline – Example



- Transaction usually takes 60 to 75 days after signing a Letter of Intent
  
- Day 1 to 30: Due Diligence
  - Accounting, Customer, Vendor, Market, Insurance, Legal, etc.
  
- Day 31 to 60: Finalize Purchase Agreement
  - Lawyers finish legal agreement
  - Obtain necessary consents (e.g., landlord, vendors, customers)
  - Enter into a new lease if necessary
  - Confirm bank account / wire instructions
  - Transfer funds
  
- Goal: Swift and confidential transaction to minimize disruption to the business

# MEMBER BIOS & TRACK RECORD

# Member Bio – Managing Partner



**DAVID KIDD**

**Managing Partner & Founder**

David Kidd is the Managing Partner and Founder of Adirondack Growth Capital. He is responsible for all investment decisions. He is deeply involved in the leadership and day-to-day operations of Adirondack's companies.

David is currently President of Adirondack owned Nova Flex, a rapidly growing LED lighting company that serves the specification, commercial and residential markets. Since its acquisition, Nova Flex nearly tripled in size. David was previously CEO of Midwest Supplies, the largest ecommerce supplier of homebrewing and winemaking products in America and an Adirondack company. During David's tenure at Midwest Supplies the company experienced annual revenue growth of greater than 30%, employee count grew from 55 to over 100 and the company achieved record profitability. After doubling revenue in two years, David led the sale of Midwest Supplies to Northern Brewer, its largest competitor, creating a clear industry leader.

Prior to founding Adirondack David was a Vice President at Lincoln International, a middle-market investment bank based in Chicago. While at Lincoln, David provided M&A advisory services to private business owners, private equity firms, and Fortune 1000 companies. Before joining Lincoln, David was a consultant at A.T. Kearney based in Alexandria, Virginia. As a member of A.T. Kearney's strategy practice, David worked with companies to improve sales force effectiveness, operations and productivity, performance measurement, and customer retention.

David earned an MBA from Stanford University where he was an Arjay Miller Scholar. He holds a BS in Accountancy and a certificate in Technology Management from the University of Illinois, graduating with Highest Honors and Bronze Tablet distinction. David is an Eagle Scout and avid supporter of the Boy Scouts of America. He currently resides in the southwest suburbs of Minneapolis with his wife, son and daughter. In his spare time he enjoys playing and coaching hockey, as well as being involved with Scouting.

# Member Bios – Advisory Board



Member	Experience	Education
<b>John Barrow</b>	<ul style="list-style-type: none"> <li>• Former Board Member of Midwest Supplies</li> <li>• Founder, Chairman &amp; President of Coolibar</li> <li>• Co-Founder of J3 Learning Corporation</li> <li>• Former Consultant at McKinsey &amp; Company</li> </ul>	<ul style="list-style-type: none"> <li>• MBA Harvard Business School</li> <li>• BS University of New South Wales</li> </ul>
<b>Chuck Grant</b>	<ul style="list-style-type: none"> <li>• Former investor in, and adviser to, Midwest Supplies</li> <li>• Former Chairman, President and CEO of SP Industries</li> <li>• Former Chairman of O’Currence Teleservices, Inc.</li> <li>• Former Segment President for SPX Corporation</li> <li>• Previously served in Executive roles at Continuum Workflow Technology, Inc.; Photon Technology International; and Capital Cities/ABC</li> </ul>	<ul style="list-style-type: none"> <li>• MBA Columbia University</li> <li>• BS/BA Northeastern University</li> </ul>

# Case Study: Midwest Supplies



- Adirondack purchased Midwest Supplies, America's largest ecommerce provider of homebrewing and winemaking supplies; after a period of record revenue and profitability growth, Midwest Supplies merged with Northern Brewer, its largest competitor, to the clear industry leader
- During our involvement:
  - The founder and owner, Dave Turbenson, was able to exit the business in 45 days post closing, but the relationship we developed with Dave continues to this day; our principal took over as CEO of the company, running day-to-day operations
  - Dave used a seller note to help finance the transaction; and while he enjoyed getting monthly updates on the performance of the business, as well as the cash flow, we paid off his note in full nearly three years early
  - Revenue grew 30% per year, as a result of more targeted and specific marketing programs
  - Employee count grew from 55 to over 100, providing greater opportunities for existing and new employees
  - All employees grew professionally and many were offered greater responsibilities and new roles that became available as part of the company's growth



Company: **Midwest Homebrewing & Winemaking Supplies**

Purchased: **2010**

Location: **Minneapolis, MN**

# Case Study: Nova Flex LED



- Adirondack purchased Nova Flex LED, a leading provider of customized LEDs solutions serving the residential and commercial markets; the company has achieved record revenue and profitability under Adirondack’s ownership, and is well positioned for future expansion
- During our involvement:
  - The founder and owner, Jim Steckman, was able to exit the business 30 days post closing, but the relationship we developed with Jim continues to this day; our principal took over as President of the company, running day-to-day operations
  - Revenue has grown at a healthy, double-digit rate while significant investments have been made in personnel, systems, operations, and sales
  - All employees have grown professionally and many were offered greater responsibilities and new roles that became available as part of the company’s growth



Company: **Nova Flex LED**

Purchased: **2015**

Location: **St. Cloud, MN**

## NEXT STEPS

# Next Steps

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1. Determine if there is serious interest in completing a transaction
2. Execute Mutual Non-Disclosure Agreement
3. Clearly understand owner's goals
4. Determine cultural fit
5. Share financial information to make an assessment of business, value, and structure
6. Decide whether mutual goals can be achieved by a sale to Adirondack

# CONTACT INFORMATION

# Contact Information

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**Adirondack Growth Capital**

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