

CALVERT STREET  
CAPITAL PARTNERS



## Building a Platform Company and Integration Best Practices

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# Introduction to Calvert Street

- Founded in 1995, Calvert Street Capital Partners is a lower middle market investment firm based in Baltimore, Maryland
- Partner with owner-operators and management teams to achieve profitable growth
- Provide capital and resources to assist with (i) succession planning, (ii) liquidity & estate diversification, and (iii) growth strategy execution

**CALVERT STREET**  
CAPITAL PARTNERS

**Representatives Investments**



## Industry Focus

## NDT Experience / Credentials



Specialty Manufacturing



Tech-enabled Business Services



Industrial Services

- Partnered with ten independently owned NDT companies across two platforms



**PREMIUM**  
INSPECTION & TESTING GROUP



# What is a “Platform Company”

**Buy and Build Strategy:** Investing in an initial “platform company” with the intent of acquiring and integrating additional complementary businesses

**Ultimate Goal:** To assemble a business that is greater than the sum of its parts

**1 Scalable**

Ability to support significant organic and/or acquisition-related growth

**2 Sustainable**

Enterprise-wide / institutionalized processes, systems, and team

**3 Stable**

Ability to weather business disruptions (customer loss, catastrophic events, end market cycles, etc.) due to diversity of customers, end markets, geographies, service lines, etc.



# Benefits Derived



## People

Enhanced support and career advancement opportunities for key employees



## Process

Ability to leverage best practices, processes, and systems across all business units



## Technology

Opportunities to invest in and share technology across a wider base



## Diversity

Flexibility to shift resources to address changes in end market, customer, or regional demand



## Synergies

- Sharing of people and resources
- Cross-selling
- Increased purchasing power
- Operating leverage

**Improved growth, profitability, and stability = Enhanced Shareholder Value**

# Integration Planning and Preparation

- M&A diligence and contract negotiations can be all-consuming - Finance, operations, customers, legal, tax, environmental, real estate, health and safety, insurance, etc.
- The real, value-added work begins after a deal closes

## Key Considerations / Best Practices



Ensure ample time is taken to plan for operational integration



Spend as much time as possible ensuring the cultural fit



Take time to develop buy-in / shared vision



Understand that mistakes and challenges will arise



Clearly define roles, responsibilities, organizational structure



Develop a detailed, prioritized planner with assigned responsibilities based on critical functional areas



# Illustrative Planner

Milestone	Owner	Date	Timeline														
			Feb		Mar			Apr			May						
			29	07	14	21	28	04	11	18	25	02	09	16	23		
<b>1.0 General Milestones</b>																	
Steering Committee (SC) formation/kickoff		3/1/2016															
Integration Project Team onboarding		3/4/2016															
<b>2.0 Communications Milestones</b>																	
Overall communications plan developed and approved (key messages, audiences, timing, mediums, etc.)		3/4/2016															
Public press release issued		3/4/2016															
<b>3.0 Finance/Accounting</b>																	
General Ledger mapping complete and approved		2/26/2016															
QuickBooks instance		2/26/2016															
<b>4.0 Treasury</b>																	
First Midwest accounts and revolver opened		3/4/2016															
Interim manual cash management process clearly defined and ready to execute		3/4/2016															
<b>5.0 IT</b>																	
Infrastructure and system requirements validated and confirmed for Capstone		3/7/2016															
Employee access and user security in place for all systems		3/7/2016															
<b>6.0 Human Resources</b>																	
Compensation, bonus, and benefits updates communicated with all impacted		3/8/2016															
Capstone ADP setup reviewed, mapped, and ready for conversion to Paylocity		3/25/2016															
<b>7.0 Procurement</b>																	
CAPEX spend activity reviewed and policies updated as needed		3/4/2016															
Plan and conduct analysis to identify any leveraged sourcing opportunities		4/23/2016															
<b>8.0 Facilities / Operations</b>																	
Plan and conduct synergy / performance improvement working sessions on the following areas:		5/23/2016															
HSE		5/3/2016															
Service Lines (Rope Access, Tubular, Surface Eddy, AUT etc.)		5/10/2016															

# Key Takeaways and Lessons Learned

1

Bigger is not always better

2

Don't bite off more than you can chew

3

Get to know your bride (or groom) before you pop the question

4

Real work and value creation begins after the honeymoon

5

Take time to plan and develop trust – the first year is critical

6

Have patience and understand that challenges will arise

7

Communicate, communicate, communicate!