

CATCHFIRE M&A: A UNIQUE APPROACH TO MID-MARKET MERGERS & ACQUISITIONS



With **Gary Brownstone**
and **Derek Penner**

Founded in 2015, Catchfire M&A has quickly emerged as a leading full-service advisory firm dedicated to guiding mid-market companies through the intricate landscape of mergers, acquisitions, and business sales.

In under a decade, Catchfire has established itself as a trusted advisor, offering a unique blend of deep industry knowledge, practical expertise, and a personalized approach to every client relationship. This approach positions Catchfire as a highly effective M&A partner for both buyers and sellers, ensuring each transaction achieves optimal value.

A Unique Position in the M&A Landscape

Catchfire is not just another M&A advisory firm; it fills an important gap in the market, specifically targeting companies with revenues between \$5 million and \$50 million. These mid-market businesses often fall between the high-stakes corporate deals handled by major investment banks and the smaller, less complex transactions often managed by online platforms or self-service brokers.

For instance, a recent study conducted by Catchfire M&A revealed that over 60% of mid-market businesses find themselves underserved by traditional M&A service providers. Mid-market businesses, which are frequently underserved by larger firms, often face either inflated service costs or a lack of comprehensive advisory support. With trillions of dollars in ownership transitioning as baby boomers move into retirement and execute succession plans, Catchfire M&A is strategically positioned to deliver exceptional value to both buyers and sellers in this critical market.

At the heart of Catchfire's mission is a commitment to providing a pricing structure that's tailored to the specific needs of mid-market clients. For example, a mid-sized manufacturing firm seeking to sell its business might benefit from Catchfire's flexible fee model, which adjusts based on transaction complexity and outcomes. This ensures that businesses get the personalized, high-caliber service they deserve without paying a premium for unnecessary overhead or features that aren't relevant to their unique situations.



A Buyer's Journey

The client was a small company, owned by professional buyers – portfolio builders – with access to capital and a strong operational track record. Their firm had two partners and no staff beyond those employed in their one portfolio company, which had been acquired as the base for a roll-up in a business services sector. Given their resource constraints, their search efforts were slow and intermittent when they retained Catchfire.

The client was onboarded, and their criteria were clearly defined. This clarity enabled Catchfire's research team to create lists of suitable companies, research them thoroughly, and initiate contact with suitable prospects. Summaries of those who met 80 percent or more of the client's criteria were provided, the field was narrowed, and negotiations began. Of the seven companies Catchfire presented, the buyer acquired three, and a fourth remains under discussion.



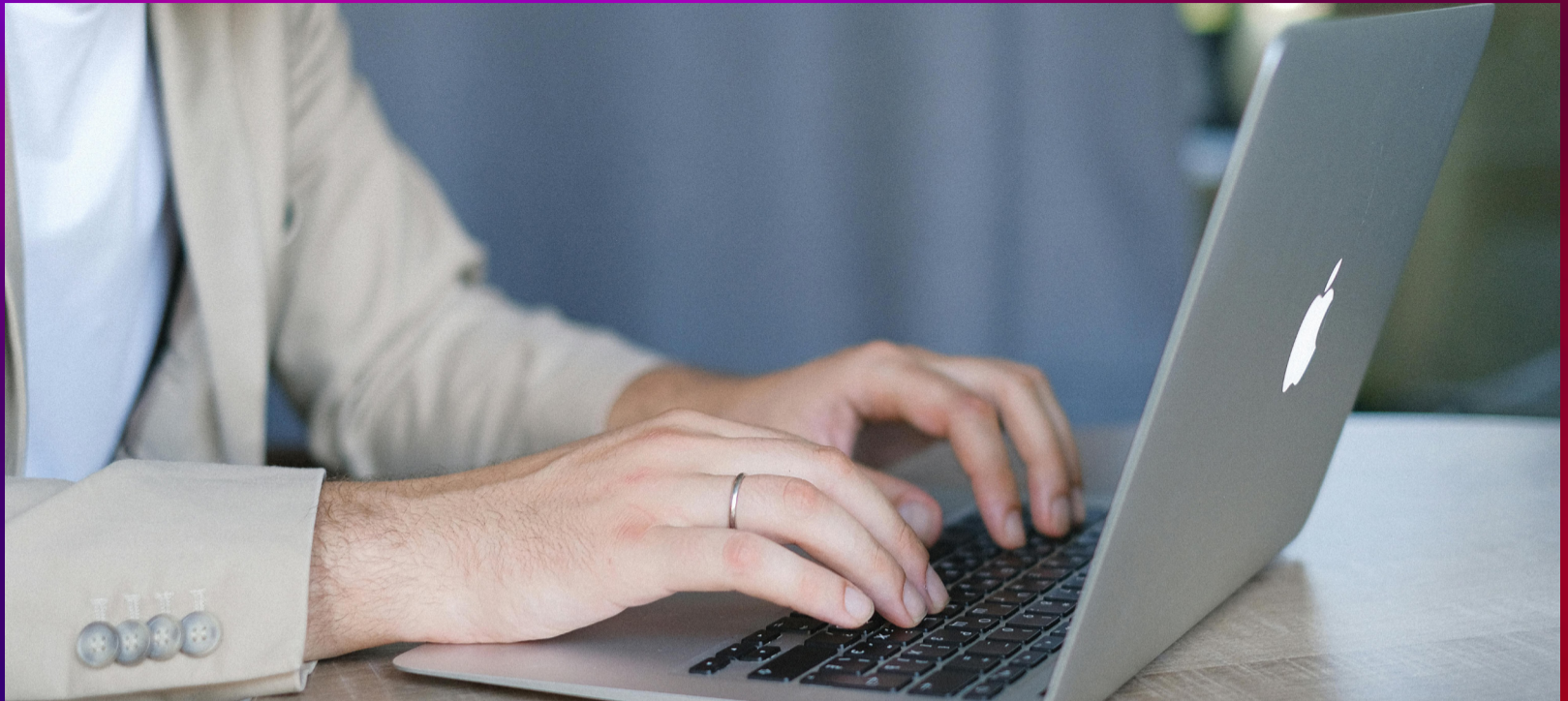
A Seller's Journey

The seller, an owner-operator, had a value he wanted to receive for his business but when the Catchfire team conducted an analysis, it felt that the market would only pay about one-third of that price. The vendor retained Catchfire to prepare the business for sale, and Catchfire delivered. Over the next two and one-half years, our team helped prepare the vendor for personal tax efficiency, improved the company's systems and processes, increased EBITDA, and positioned the company well for a 6x valuation. The vendor remained involved post-transaction, as did Catchfire. As part of the Catchfire services, the team negotiated a lease agreement, a non-compete, and a consulting contract for the vendor, and stayed involved for one year post-transaction while the operational succession plan was implemented.

Why Catchfire Stands Out in the M&A Space

Catchfire's ability to deliver exceptional outcomes is rooted in its unique team and tailored approach. The team combines extensive transactional expertise with a proven methodology that ensures every client receives customized, strategic support aligned with their specific goals. The firm stands apart from the competition due to three key differentiators:

- 1. Real-World Experience That Guides Strategic Decisions:** The Catchfire team is composed of professionals who have not only advised on transactions but have themselves owned, operated, bought, and sold businesses. This firsthand experience gives Catchfire a distinct perspective, enabling them to offer actionable insights and strategies that go beyond traditional advisory services. This real-world knowledge makes them an invaluable resource for businesses navigating the complexities of M&A.
- 2. Global Expertise with a Local Touch:** While Catchfire has experience spanning multiple industries and international markets, it prides itself on delivering a local approach. Clients benefit from Catchfire's ability to offer nuanced insights into both local market conditions and global trends, ensuring that each deal is executed with a well-rounded perspective.
- 3. Aligned Interests and Success-Based Fees:** Catchfire's fee structure is designed to align its incentives with those of its clients. With an emphasis on success-based fees—where compensation is largely contingent upon successful transaction completion—Catchfire ensures that their interests are firmly tied to achieving the best possible outcome for every client. This transparent, results-driven model gives clients peace of mind that their advisor is truly invested in the success of the deal.



Comprehensive, Tailored M&A Support

Catchfire's full-service approach to M&A goes beyond the basics. A key component of this approach is the Catchfire 3D service, which offers both buyers and sellers a "light" version of due diligence to assess transaction readiness. For buyers, this ensures a clearer understanding of target businesses transaction readiness, while for sellers, it provides critical insights into how their business will be perceived and valued by the market. Whether you're a buyer or a seller, Catchfire offers a comprehensive range of services that guide clients through every stage of the transaction, ensuring they are fully supported throughout the process. Here's a deeper look at how Catchfire brings value:

For Buyers: Unlocking Strategic Opportunities

- **Anonymous Search:** To protect the buyer's interests, Catchfire conducts an anonymous search for acquisition targets. This keeps the buyer's identity concealed during the initial stages, preventing inflated asking prices by sellers who may assume they are dealing with a strategic buyer.
- **A Broader Reach:** Catchfire's vast network and innovative search methods allow the firm to uncover acquisition targets that may not yet be publicly listed. Much like executive search firms unearth untapped talent, Catchfire identifies acquisition opportunities early, presenting clients with high-potential prospects before competitors even know they're available.
- **Efficiency in Selection:** Catchfire's team is skilled at managing the detailed, time-consuming process of identifying, contacting, and pre-qualifying acquisition targets. This allows buyers to focus on high-value opportunities while Catchfire takes care of the legwork.
- **Professionalism in Negotiations:** Catchfire understands that the best deals emerge when both sides work from a position of professionalism and respect. Their experience with facilitating successful buy-side transactions ensures smooth negotiations and prevents the pitfalls that often arise when parties are poorly matched.

For Sellers: Expertise in Navigating Complex Transactions

One of the cornerstone services Catchfire offers to sellers is the Catchfire 3D Due Diligence Diagnostic. This proprietary readiness assessment provides sellers with a detailed report on their business's current market value range, strengths and weaknesses, and actionable steps to improve salability and valuation. Selling a business is one of the most significant financial decisions a business owner will make. Catchfire provides specialized support for sellers at every stage of the process to ensure a successful exit strategy.

- **Experienced Negotiators:** The emotional and psychological challenges of selling a business are not to be underestimated. Catchfire's experienced negotiators provide invaluable support during the highs and lows of the process, helping clients stay focused and make informed decisions.
- **Managing the Emotional Journey:** Acknowledging that selling a business is as much an emotional process as a financial one, Catchfire's advisors draw from their own personal experiences to help clients navigate the emotional ups and downs of a sale. This empathetic approach ensures the deal remains on track, even when tensions rise.
- **Preparing for a Successful Sale:** Catchfire's full-service offerings include pre-sale planning, financial optimization, and operational improvements to maximize the business's value. Catchfire works closely with sellers to ensure that the business is in prime condition for a sale, enhancing its appeal to potential buyers and boosting the overall sale price. The Catchfire 3D service analyzes financial performance, operations, systems, processes, sales, marketing, and the owner's personal tax preparedness. It provides a roadmap for improvement, including estimated value ranges before and after suggested enhancements.



The Catchfire Advantage: A Tailored, Full-Service M&A Partner

Catchfire's core strength lies in its ability to serve mid-market companies with revenues between \$5 million and \$50 million and EBITDA greater than \$1 million. These businesses are often overlooked by both low-end brokers and large advisory firms, yet they require sophisticated support and guidance throughout the M&A process. Catchfire steps in early, working closely with clients to optimize their business for maximum value before launching a sale process. Once the sale begins, Catchfire identifies high-quality buyers, narrows the field, and handles all negotiations with professionalism and expertise. Even after the deal is completed, Catchfire remains involved to ensure a seamless post-sale transition, making sure that the buyer and seller can smoothly integrate the deal and move forward.

Catchfire's Commitment to Your Success

In the world of mergers and acquisitions, having a dedicated, experienced partner is crucial. Catchfire M&A offers mid-market businesses the full-service, results-driven support needed to navigate the complexities of M&A transactions. With a unique blend of real-world experience, global reach, and a success-based fee structure, Catchfire is uniquely positioned to help businesses achieve

their goals, whether they are buying, selling, or navigating the intricacies of business succession. Whether you're a buyer seeking strategic acquisitions or a seller looking to maximize your exit value, Catchfire's deep industry knowledge, hands-on approach, and client-first mentality ensure that you'll receive the tailored guidance necessary to achieve success in your M&A journey.



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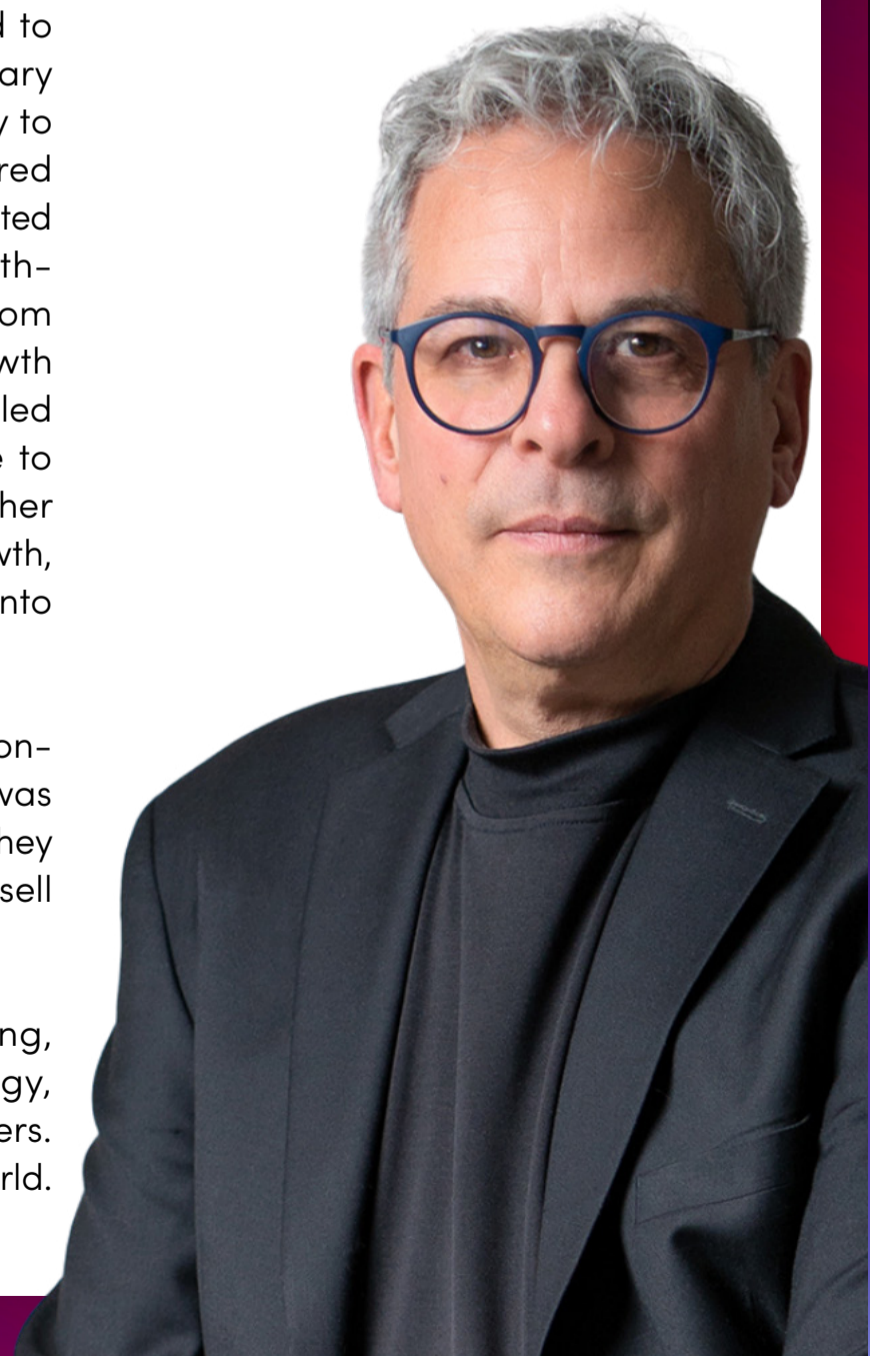
About Gary Brownstone



Gary's entrepreneurial career started at eleven years old when his mom refused to pay for a pair of designer jeans, and Gary set out to find a way to make the money to get them. Years later, Gary was sponsored through his MBA by a company that attempted to implement a very aggressive growth-through-acquisition plan that failed. From that experience Gary realized that growth was complicated, and many firms struggled with it. He used his unique experience to start helping other businesspeople – either those who were planning aggressive growth, or those who had attempted it and ran into some challenges along the way.

Often, the growth plans were acquisition-driven, and in most cases the end game was to get those companies to a point where they would be attractive to a buyer, and then sell them.

Gary has experience in manufacturing, foodservice and hospitality, technology, business services, import/export, and others. He has worked in countries around the world.





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About Derek Penner

Derek embarked on his entrepreneurial journey at a young age to finance his university education, where he majored in Finance and Accounting. Upon graduation, he began his career in accounting, completing his articles and earning his CPA (CA) designation in both Canada and the US. Derek then transitioned into industry, initially serving as CFO and later ascending to the role of CEO of an \$800 million enterprise, where he managed global transactions and business operations.

Despite his corporate success, Derek's entrepreneurial spirit remained strong. In 2011, he left the corporate world to dedicate himself to supporting entrepreneurs during periods of business growth. His extensive experience as a business owner and in high-level financial and executive roles uniquely positions him to guide and advise business owners through complex transitions and expansions.

