

Case Study



Headquarters:

Houston, TX

Sector:

Industrial Services
(Transportation & Logistics)

Transaction Type:

Entrepreneur
Recapitalization

Investment Date:

June 2010

Status:

Exited in November
2013

Company Overview

Leading provider of non-asset based reverse logistics solutions to the beer and beverage industry

Transaction Overview

Satellite's founding entrepreneur was seeking a partner to help accelerate the Company's growth. MPE's Investment Professionals emerged as management's preferred partner due to their company-building approach and value-adding Executive Council relationships

Transaction Outcome

MPE's Investment Professionals worked with management to diversify the company and position it for accelerated growth. In late 2014, Satellite was sold to management's preferred partner, a strategic buyer which could help facilitate the company's international expansion during its next phase of growth

Original Investment Thesis

- Attractive end markets with compelling outsourcing value proposition and high switching barriers
- Market leadership with unmatched route density, well-developed transportation and warehousing networks, and efficient and proprietary IT systems
- Asset-light business model generates significant and stable free cash flow

Company-Building Approach

Human Capital Development

- **Recruited experienced VP of Business Development** to formulate dedicated sales and marketing strategy
- **Leveraged Executive Council expertise**, including a former executive at United Parcel Service and an executive with multiple CEO positions
- **Aligned interests with entrepreneur** through a significant rollover investment and created a management stock option plan

Operational Improvements

- **Recruited experienced Head of Operations** to optimize supply chain and distribution footprint
- **Optimized supply chain** to improve network and distribution costs
- **Invested in IT** to create customer and internal reporting capabilities and upgrade proprietary transportation portal

Strategic Growth

- **Developed formal sales and marketing strategy** as part of Satellite's first strategic planning process
- **Continued revenue diversification** through penetration of growing craft and Mexican import beer segments
- **Expanded product offering** to include keg leasing and enhanced forward logistics services
- **Entered new end markets** including wine-on-tap and handling of mobile assets

Financial Enhancements

- **Prudent financial leverage** allowed for significant debt paydown as well as a dividend recapitalization
- **Improved financial planning and analysis** by refining annual budgeting process and creating KPIs by service offering
- **Developed tracking tools** to monitor opportunity pipeline and sales funnel