

Distressed to 4x new growth in 1.5 years



11x / 312%
Investment Return



294%
Revenue Growth



353
Google Reviews

KEY ACHIEVEMENTS

- Exited the investment for greater than 11x invested capital **achieving 312% in under 18 mo.**
- Invested in marketing, expanded fleet to 7 vehicles **increasing revenue 4x from \$431k to \$1,700k in 18 months**
- Executed a Value Creation Plan (VCP) to create a fun, enthusiastic, team environment with high quality employees. **Improved the online reputation from 4.4 stars to 4.8 stars on Google.**

INVESTMENT PHILOSOPHY

- Identify opportunities of **asymmetric risk** to maximize returns and mitigate risks
- Pursue opportunities with **clear pathways to growth** aligned with Katalyst's operating expertise, and
- Deploy into each company to **drive value and execute** the Katalyst VCP.

SITUATION

Distressed company on the verge of default

Despite being in a \$20bn industry and in a strong local market, CHHJ Denver faced termination due to poor leadership and a lack of reinvesting in people, equipment and marketing. Katalyst, through a relationship, identified the opportunity to acquire the business at a significant discount to territory value resulting in an asymmetric risk investment profile with a clear path to growth developed through a Value Creation Plan (VCP).

TRANSFORMATION

Success through the VCP

Katalyst executed the VCP based on his analysis of best practices from other CHHJ high performing locations. The VCP was focused on leveraging core values to create an empowering culture, accelerating growth through adding trucks and expanding the schedule, implementing employee incentives to increase Google reviews, investing in on and off line marketing, and overhauling the operating system incentivizing team members to maintain low labor costs ensuring a higher gross margin.

OUTCOME

Failing business to \$1.7MM in revenues in 18 mo.

- Establishing core values created a positive work environment attracting higher caliber employees driven to grow the business.
- Implemented new systems which allowed for leadership opportunities and helped establish a semi-absentee business.
- Focusing on digital marketing efforts increased Google reviews from 37 with a 4.4 rating to 353 reviews with a 4.8 rating.

Takeaways

- Identify mispriced asset with clear path to turnaround, identify levers and leverage systems to achieve results.
- Education in the hourly-worker segment and aversion to unmitigated risk of accidents and insurance in the industry.
- Exit when dynamics not favorable