

How Advantage Sales & Marketing Expanded Across North America And Generated A 350% ROI

A Roll-Up Consolidation Case Study...

KPI's	Value	People	Offices	Locations	Companies	ROI
Beginning	\$4.0M	200	1	Los Angeles	1	-
Ending	\$1.05B	15,000	110	North America	16	350%

The Situation:

A fragmented industry serving global clients to sell and support Consumer Packaged Goods sales to retailers across North America:

- Limited barriers to entry...
- Local sales management with retailers managing relations for global brands...
- Limited resources to support brand requirements...
- Brands can move easily from one local food broker to another...
- Retailers began to consolidate, risking local revenue...

The Solution:

An industry consolidation from 1,200 competitors to three that managed the majority of the needs of all major brands in the US, those remaining independent faced extinction or serving the needs of lesser brands.

Consolidation Strategies:

Retailer consolidations forced food brokers to merge/partner to survive. A forcing function that created the **Perfect Storm**:

- **Traditional Strategy:** A platform company purchases bolt-on entities using limited cash and seller notes, which are later refinanced once critical mass is obtained.
- **Partnership Roll Up™ (PRU):** Advantage created a “newco” owned by all food broker partners, allowing the individual broker to address local market needs and maintain independence while leveraging the “Newco” critical mass to meet the needs of global brands.

Over time, all partners aligned operational aspects of the business, from back of office to sales and support. 16 partners representing the US footprint merged simultaneously into Newco at a value of \$300M and after implementing a detailed integration plan were sold 21 months later for \$1.05B.

Advantage is a public company today with a market cap of **approximately \$3B**.

Final Thoughts:

The PRU model was wildly successful with limited initial capital requirements as partners continued to operate independently, funding Newco as new services were offered with the national footprint and critical mass.

Private equity helped fund the merger and all parties that retained equity in the transaction had a second bite at the apple in less than two years.