



leaders in growing small businesses

Evolution Capital Partners

Evolution. Capital. Partners. Three simple words, yet within them is found everything you need to know about our brand, our team, and our passion for growing businesses.

Evolution

Like you, we've launched businesses from scratch – and have the scars to prove it. Like you, we've run businesses and learned the hard way the difference between Boardroom fantasy and Feet-on-the-Street reality. We understand the courage it takes to step out on your own and take a leap of faith, as well as the pressure that comes with calling the shots and facing the consequences. Some say you're a risk taker, but we know better. You're an opportunist, with the confidence in your ability to deliver what you promise, derived from years of experience and a lifetime of hard knocks. You're assertive, not aggressive. Bold, not brash. And all you ask from your employees is that they share your same passion for excellence.

Since you're reading this, chances are you're part of the elite group of small companies that have launched and successfully remained in business for more than three years. That means you're doing something right - actually, a LOT of things right. You've worked unbelievably hard, you've hired great people, you've managed cash flow (even if it means paying yourself last), and you've created, refined, and supported an offering in the marketplace that consumers want to buy. Sure you've made mistakes, but you've corrected them along the way, and have persevered to build a company of approximately 20-50 people all pulling in the same direction and looking to you for leadership.

Your company has gone through a progressive evolution from sole proprietor, to a handful of early hires, to a growing staff, and has now transitioned into an established and profitable organization. You're looking to grow both your top line revenue and bottom line results, but to do that, you realize you're going to need an influx of one important thing – capital.

Capital

With a successful company launch under your belt, a track record of increasing revenue, and years of documented fiscal responsibility, you would think that going to a bank for additional capital would be easy. And you'd be wrong. In the years since the economic collapse, financial institutions have dramatically increased the rigor and requirements for every form of loan and capital investment. Decades of abuse from dubious borrowers and lenient lenders have resulted in an industry-wide over-correction in the standards required to qualify for even the smallest increment of bank investment or even credit line extension. This new risk-averse environment has resulted in many banks abandoning the small business capital markets altogether, creating a state of near gridlock, and paralyzing the growth prospects for firms like yours who ARE qualified, but who are being penalized with overbearing lending terms in response to the irresponsibility of others.

In short, you've already got three strikes against you:

Strike 1: Because of new government regulations, the SIZE of your business is now the largest risk-weighted credit consideration. In this model, small companies are considered high risk (even though the risk is reflective of capitalization structure, not the size of the company), effectively labeling you as potentially "Too small to succeed."

Strike 2: In response to recent Congressional actions, many large banks have been forced to move up-market and abandon small businesses because they can no longer do so profitably due to the added capital requirements and the cost to monitor them. The ones that do remain have implemented stringent criteria and a regimen of strict business metrics and rigid ratios for capital consideration, versus trying to truly understand each business and invest in long-term relationships with the owners.



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Strike 3: If you're fortunate enough to receive bank financing, the contract terms will often require the assumption of a secured personal guarantee against your property and estate, a large discount on asset values, and a very small margin of error in the event of unforeseen circumstances.

But there's one more thing. Sure you need additional capital to grow your company, but thinking of capital as simply dollars is not enough. You need intellectual capital, emotional capital, relationship capital, been-there-done-that capital, best practices capital, and strategic capital. You need advice on how to best scale your company, from key hires to enterprise technology solutions, and from HR policies to insurance policies. You need high-level introductions to key clients that could take your business to the next level, expertise in selecting the right software, hardware, and infrastructure combinations, and the branding and marketing strategy required to leverage all of the emerging digital and social media platforms available to spread your message to new audiences. And finally, you need someone you can trust who will tell it to you straight, be it the shuttering of an underperforming product or division, a reorganization along business lines, or the management support you need to make those tough personnel decisions you've been putting off. In short, you need a partner who can amplify your upside growth while minimizing your downside risk, by applying proven scalable strategies to ensure you get it right the first time.

Partners

At Evolution Capital Partners ("ECP"), "partner" means just one thing – everything. "Partner" for us means we're all in. Your success is our success, your challenges - our challenges. We come alongside, hitch ourselves to your wagon, and start pulling. Within the first week, your load will start feeling lighter, as we surround you with the support, systems, and expertise to help carry out those tasks that you alone had shouldered. Our seasoned executive team will customize an internal structure and reporting system that will finally get you in front of the curve, positioning you to make data-driven decisions proactively versus reactively, and we'll help you master that one elusive task that frustrates owners the most – closing the books. With our proven methodology and accounting processes, we'll capture every financial touch-point in your company and integrate it into one master dashboard, providing you with a daily snapshot of exactly how your cash flow is tracking, and enabling you to better allocate resources and make payment decisions most advantageous to your bottom line.

Are You Feeling Trapped?

ECP understands the mind of the entrepreneur, but more importantly, we understand their heart. You decided to start your own business because you were tired of being told what to do, you wanted to build something of lasting value, and most importantly, you wanted the opportunity to control your own destiny. So now you've built your company, and finally have that control you wanted – or do you? Sure you own the shares and legal paper, but are you really in control? Could you retire today, liquidate your position, and get a payout to enjoy the rest of your life? Could you take a year off to just relax? Do you have a legacy that you could hand down to your kids and grandkids? If not, you have to ask the question, "Do you control the company, or does the company control you?"

The ECP business model is to partner with owners of successful established companies like yours, dramatically accelerate your revenue growth in a short period of time, and put you back in control of what really matters – your life! Our influx of cash, intellectual capital, professional introductions, industry best practices, brand and marketing optimization, and advanced reporting and infrastructure systems enable firms to rapidly scale both top line revenue and bottom line profitability. To do this, ECP takes a controlling interest in the company, and becomes a partner and catalyst for driving this growth in collaboration with the owner and existing leadership team.



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800 Pound Gorilla

So here's the "800 pound gorilla" trade off. Right now you might own 100% of a \$10M company (which is basically an illiquid asset). If, by partnering with ECP, you can grow that \$10M to \$50M – and you own 40% - you are now in possession of a \$20M asset, which can be sold, liquidated, vested, or acquired (or any other exit strategy which makes the most sense for you), but the bottom line is that you have the luxury of choosing from a variety of desirable options – and you finally have what you wanted all along – control.

In our model, you're the NASCAR driver, and we're your pit crew. You're still in the drivers seat – because you know the business better than anyone – but we're there on your headset sharing real-time intelligence about traffic, conditions, drafting partners, and determining when to come in for a pit stop so we can give you fuel, change your tires, clean your windshield, and then get you back into the race – because when you win, we win.

Invitation

We understand that you probably look at investors as a scary bunch, and for good reason, as we've all heard the horror stories. While there will always be bad apples out there, our desire is to be one of the good ones. We've built a company predicated on integrity and founded by seasoned, insightful executives who each share a singular passion for partnering with good companies to make them great. Evolution Capital Partners invests exclusively in Second Stage Growth Companies, because there's nothing we find more invigorating than taking a budding firm with raw talent and strong leadership, inserting capital, systems, and expertise, removing any remaining barriers to explosive growth – and then getting out of the way.

As an organization, we have no desire to invest in firms book-ending the opportunity curve, as startups have proven to be too risky, and large mature firms are already set in their ways. It's that sweet spot in-between the two that is our singular focus, and the reason it works is because ECP is a lot like you. ECP's relationship with our portfolio companies is as an equal, a peer, and a confidante, and reflects both our culture and our corporate strategy. Our core competency is helping Second Stage Growth Companies navigate the difficult transition from entrepreneurship to a professionally managed organization by establishing a solid capital foundation, thereby enabling more aggressive acceleration through the growth curve. By ensuring a thorough understanding of your business and culture and a true "meeting of the minds" regarding your vision for growing the company, a mutually beneficial success trajectory for both short and long term wealth is created.

If this description of Evolution Capital Partners strikes a chord with you, and if you're a Second Stage Growth Company generating annual free cash flow of roughly \$500K to \$2M, then let's set up a time to talk. Chances are, you've been going it alone for a long time, and could use a little support. In working with ECP, you'll find a brotherhood of pragmatists just like you - direct, insightful, experienced, and straightforward without apology. Like you, we live in the real world. Where time is money. Where mistakes are money. Where getting it right the first time means the difference between success and failure. Roll up your sleeves. Get the job done. No excuses.

Evolution Capital Partners. Our name says it all.

For more information on how Evolution Capital Partners can accelerate your growth, contact Brendan Anderson or Jeffrey Kadlic at 216-593-0402.