



# CASE STUDY: SOLVE ACQUIRES MASTERDRIVE

## CHALLENGE:

Solve Industrial Motion Group, a holding company of strategically aligned industrial component distribution brands, was looking to bring into their capabilities **new product categories** that would give them the ability to **cross-sell**.

## SOLUTION:

Solve engaged **Blue River's M&A Advisory Services** in March 2020. Blue River identified and pursued **MasterDrive**, who offered a strategic, new product mix, and opened up the opportunity to cross-sell.

## HIGHLIGHTS:

- Blue River identified a strategic fit in **MasterDrive**, but the owner was not thinking about selling. **42 touchpoints** and **5 months** later, the owner finally became interested, and the transaction process initiated.
- Blue River provided negotiation support, reviewed due diligence materials, set reasonable valuation expectations, and arrived at a market clearing valuation.
- Solve Industrial Motion Group successfully acquired MasterDrive in **May 2022**. The former owner has a consulting agreement in place, and strategic plans are under way.

## Solve Industrial Motion Group, portfolio company of Audax Private Equity, acquires MasterDrive



Headquartered in Charlotte, NC, **Solve Industrial Motion Group** manufactures and sells bearings and power transmission component parts to multiple industrial markets. Solve's portfolio includes P.T. International, IPTCI Bearings, LMS Bearings, Tritan Precision Power Transmission Components, SST Bearing Corporation and MasterDrive, Inc. Solve offers over 50,000 product SKUs from 10 regional distribution centers.

## Audax Private Equity

**Audax Private Equity** is a leading middle market private equity firm with offices in Boston and San Francisco. Since its founding in 1999, the firm has raised over \$32 billion in capital across its Private Equity and Private Debt businesses. Audax Private Equity has invested over \$9 billion in more than 150 platforms and over 1,100 add-on companies.



Founded in 1998, **MasterDrive, Inc.** is a major supplier and manufacturer of sheaves, belts, timing pulleys, and couplings that benefit a broad range of industrial applications. Based in Fort Atkinson, WI, the group has strategically expanded its portfolio to more than 9,000 SKUs, and distributes to domestic and international customers from 12 stocking locations.

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## Background & Strategy

The *MasterDrive* acquisition - a key *Audax Private Equity* growth initiative - has opened up new strategic adjacencies for *Solve Industrial Motion Group* by expanding its product offering and availability of power transmission drive components.

Blue River's ability to see the strategic fit in *MasterDrive*, submit the rationale to *Solve*, and pursue the target with a total of 42 touchpoints via calls, emails, LinkedIn messages, and written letters until the owner finally considered a sale, speaks to the buy-side advisory team's commitment to always find the perfect match for both parties involved in a transaction.

*"For Solve, this partnership represents a meaningful expansion into product categories that will further complement customer offerings in the power transmission space. For Masterdrive, an opportunity to benefit from Solve's industry-leading reach, and tremendous growth opportunity for their employees and leadership."* said Sara Clevenger, Principal of Blue River.

MasterDrive brought a very strategic, new product mix, with bonus on-shore manufacturing capabilities. Terry Schroeder, President of MasterDrive, maintained a consultant role after the acquisition. The MasterDrive team stayed in their corresponding corporate locations, and the company maintained an independent brand, with no loss in brand equity.

*"We have proudly served our industrial distribution partners and customers in the power transmission market. By joining Solve, we'll be able to offer more products, resources and services to our customers. It's a win-win for everyone."* said Terry Schroeder, President of MasterDrive.

Lisa Mitchell, CEO of Solve Industrial Motion Group, said *"MasterDrive shares our passion for solving customers' challenges. Whether it's finding the right part for an application or finding the right part in-stock, this furthers our quest to be the go-to resource for power transmission products."*

*"Sometimes the right transaction requires patience, perseverance, and creativity. I'm so proud of our team for embracing our client's vision and not only looking for quick wins but driving for transformational M&A."* said Sara.



## About Blue River

Founded in 2002, Blue River has built its practice around delivering experienced, systematic transactional guidance. We help bring outstanding capital partners together with businesses to collectively reach new heights. As a long established and leading middle market investment banking firm, Blue River places a premium on relationship-centered transaction counsel and client support. We provide a suite of services including corporate development, private equity support, confidential sell-side representation, valuations and transaction consulting.

