



CASE STUDY: RONNOCO ACQUIRES 4 COMPANIES

CHALLENGE:

Huron Capital, an operationally oriented investment firm, strove to achieve their investors' goal of obtaining above-market rates of return through an acquisitive growth strategy for platform coffee roasting company, Ronnoco.

SOLUTION:

M&A advisory and buy-side services of Blue River Financial Group, Inc.

RESULTS:

- Out of 800 targets contacted, Blue River connected with 550 targets, and achieved a 17% response rate with an interest to engage.
- Blue River facilitated 18 site visits, 7 LOIs, and the completion of 4 deals.
- Ronnoco's footprint grew from 14 to over 40 states, now distributing more than 35 private blends and over 300 coffee offerings and beverage solutions.

Huron Capital Achieves Optimal ROI Through Acquisitive Growth Strategy for Platform Company Ronnoco

Huron Capital is an operationally oriented investment firm based in Detroit, Michigan, dedicated to growing lower middle-market companies through a differentiated buy-and-build investment model. In 2012, Huron Capital invested a control position in St. Louis, Missouri-based Ronnoco, a coffee roasting company established in 1904 by brothers J.P and James O'Connor (Ronnoco spelled backward) – inspired by the roasted coffee served at the St. Louis World's Fair. The Guyol family acquired Ronnoco in 1919, and the majority investment by Huron Capital made it only the third owner of the company in more than a century.

Ronnoco roasts, grinds and distributes premium Arabica coffees, teas, cappuccino, and hot chocolate, as well as allied products to its convenience store, foodservice and office customers through direct and third-party channels throughout the Midwestern U.S.

At the time Huron Capital acquired Ronnoco, the company had 1,200+ SKUs, employed over 175 people, and served more than 7,000 customers across 14 Midwest states.

“Blue River is well versed in the style, cadence and urgency of the private equity industry and we have successfully worked with their team over the years. The best way to determine if the relationship is working, from Huron's perspective, is to have closed deals as the result. Blue River has delivered that multiple times for us. One of the top benefits of working with them was their ability to help us grow this business faster than we ever could have on our own.”

Gretchen Perkins
Huron Capital, Partner, Business Development

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The Challenge:

Achieve Above Market Rates of Return Through an Acquisitive Strategy

Huron Capital has a record of helping niche companies achieve revenue and profit growth that exceeds 50% on average. The company sought to invest in the coffee roasting space because they believed it to be fragmented and regional, offering strong growth opportunities.

"We thought Ronnoco was a good candidate that would allow us to achieve our investors' goal of obtaining above-market rates of return for this asset class," said Gretchen Perkins, Partner, Business Development.

To achieve an optimal ROI, Huron Capital needed help to accelerate Ronnoco's growth through add-on acquisitions.

Blue River Delivers Optimal Targets in Buy-Side Search

Huron Capital engaged the M&A advisory and buy side services of Blue River Financial Group, Inc. From March 2013 to November 2015, the company worked with Ronnoco's management team and Huron Capital to pursue strategic add-on transactions, seeking targets ranging from \$500K to \$120M in annual revenue. Their acquisitive strategy included add-ons within existing markets; product, customer and channel expansion within the existing region; and geographic expansion.

"We chose Blue River over other buy side search firms because their employees are seasoned business people, with personnel that match up nicely with our target audience in terms of general business experience, level of professionalism and enthusiasm," said Perkins. *"They identified with rigor, numerous add-on acquisition candidates for Ronnoco."*

Through a refined search process and proprietary contact system, Blue River built a customized list of targets and generated an extraordinary response rate from business owners. They also continuously maintained open channels of communication.

"They were incredibly responsive and proactive. They did an excellent job of reporting back to us on what they were doing in terms of the number of outreach, number of targets with interest, every step of the winnowing down," said Perkins.

In addition, Blue River educated prospects specifically about the goals of Huron Capital and Ronnoco, and articulated why each would be a good fit.

"They made a logical case for each business owner so that they could clearly see it made sense to have a phone call. Because Blue River handled all this in advance, we were able to get the introductions and speak directly to business owners," said Perkins.



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Blue River Facilitated Four Acquisitions to Grow Ronnoco in Record Time

Blue River contacted approximately 800 targets, connected with approximately 550 targets, and achieved a 17% response rate with an interest to engage. The firm facilitated the completion of 32 Nondisclosure Agreements, 18 site visits, and seven Letters of Intent. Ultimately, Blue River helped Huron Capital successfully complete four acquisitions in less than three years. Ronnoco's footprint grew significantly from servicing 14 to 40 states, and they now distribute more than 35 private blends, and over 300 coffee offerings and beverage solutions.

"Blue River is well versed in the style, cadence and urgency of the private equity industry. They understood what we were looking for, and were very helpful and easy to deal with. One of the top benefits of working with them on this transaction, was their ability to help us grow this business faster than we ever could have on our own," said Perkins.

RONNOCO
Handcrafted Coffee

has acquired the assets of:

Blue River acted as exclusive M&A Advisor to Ronnoco Coffee and Huron Capital Partners Private Equity

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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.



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