

# SBM Case Study: CBT Nuggets, Inc.



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Dan Charbonneau, president and owner of CBT Nuggets, Inc., didn't found his Company in 1999 with the intention to sell it. Business was good. CBT's extensive product line of video courses were sold and delivered by internet to customers worldwide and the Company was growing 15 to 20% each year. All of this success attracted the attention of larger firms on the prowl for strategic acquisitions. Dan retained SealedBid to respond to an unsolicited expression of interest from a national training company. That deal fell through by mutual agreement and was soon followed by a Fortune 500 media company offer. "We came very close to closing, but I was somewhat uncomfortable with the company and management. I chose not to continue," said Charbonneau.

With Jerry Clark's help, Dan decided to test the market. SealedBid created and executed marketing efforts directed to selected potential buyers. Based on the increasing value of the business, Jerry advised Dan to consider a recapitalization that would inject new capital from an equity investor, allowing him to take some money off the table and still share in CBT's future growth.

SealedBid helped Dan analyze the four bids received and Charbonneau chose to proceed with Main Street Capital Partners, LLC - a \$250 million Houston-based firm. "Main Street's bid wasn't the highest," Dan explains, "but I was impressed with Dwayne Hyzak. He was straightforward and direct, qualities that were important since I could end up working with him and his fund for years to come."

*“great skill, tact and diligence”* In his role as a private equity fund manager, Hyzak looks at about 100 offerings each month. Dwayne described SealedBid's offering memorandum on CBT Nuggets as “among the very best, very different from what we usually get. Some will try to tell us absolutely everything. SealedBid's package was a well-documented quick read, hitting on only the important stuff.”

James Coons (Hutchinson, Cox, Coons, DuPriest, Orr & Sherlock, P.C., Eugene, Oregon), legal counsel for the seller explained, “The structure and documentation involved in this transaction were quite complicated,” he explained, “involving the additional layer of acquiring an interest in the business with a specified period in which the seller could reacquire a portion of that interest.” Coons said Clark served his client with “great skill, tact and diligence, guiding him through a series of lengthy negotiations.”

Under final terms of the recap, Main Street acquired a 60% interest in the firm. Charbonneau retains a 40% interest, with the option of reverting to majority control within a specified period.

*“His (Jerry's) effort on CBT Nuggets' behalf was just incredible - his negotiating skills, his counsel, his ability to set boundaries on what could or could not be done...”*

Charbonneau credits Clark and SealedBid for making it happen. “I found Jerry to be an extremely good, honest person, and a very hard worker. His effort on CBT Nuggets' behalf was just incredible – his negotiating skills, his counsel, his ability to set boundaries on what could or could not be done – were helpful and made all of the difference.”

SealedBid is an M&A firm focused on lower mid-market companies with revenues ranging from \$2 million to over \$50 million.

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