

SBM Where Are They Now?: Dan Charbonneau



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Fourteen years ago, Dan Charbonneau sold a majority interest of his company as part of a recapitalization, or “recap” sale. In a recap, a Private Equity Group or Financial Buyer acquires a majority interest of the Company from the owner(s), while partnering with them to continue the growth of the Company. This allows an owner or ownership groups to take some chips off the table while continuing to operate and maintaining partial ownership in their Company.

Charbonneau's goal was straightforward: he wanted to realize some of his profits, but still wanted to stay on as CEO of his company, the Eugene, Oregon-based CBT Nuggets (“CBT”).

CBT is an information technology (IT) training company. The Company provides online videos to help its corporate clients pass certification exams for industry vendors like Microsoft, Linux and Cisco, among others. CBT is a well-respected name in its sector.

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Charbonneau had met and was receiving succession planning advice from SealedBid founder Jerry Clark years before the recap. Like many business owners planning for the future, Charbonneau wanted to “diversify my net worth. (I wanted to) have some that was liquid and some that was wrapped up in the business,” he explains.

When the time came for the recap sale, Charbonneau engaged SealedBid to help him find the right buyer. Clark introduced Charbonneau to Main Street Capital, a Houston-based, publicly-traded investment firm.

CBT was attractive to Main Street because of its excellent reputation in the IT industry and its strong growth opportunities. Conversely, Main Street offered CBT both capital and debt resources, additional expertise and a long-term outlook. Unlike private equity firms, Main Street didn't have to return its investors' capital by any certain time, and so could offer CBT a true long-term partnership.

After liquidating his majority interest in CBT, Charbonneau chose to stay on as CEO to guide the company and capitalize on its continued growth. That's the standard arrangement for many recap sales; but in CBT's case, Main Street Capital offered Charbonneau an unusual plus: the option to buy back a majority interest in his company.

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“(Main Street Capital) gave me the ability to buy back to a majority,” Charbonneau explains. “I did that a few years later. So now I'm the (majority) owner.”

“It worked out very nicely. The recap was...really just to get the money...not to have everything wrapped up in the business,” Charbonneau says. “I didn't really change anything about the business before or after. I...found a partner.”

“continuing to build...”

it's a collaboration that has worked out well for Charbonneau and CBT.

As for the present, Charbonneau says that “I'm still fully engaged, still running (the business) full-time the same as I did before.”

While external circumstances may change — Charbonneau allows his employees to telecommute in response to the Covid-19 pandemic, for example — the focus of his business remains the same. CBT will continue to provide high-quality IT training to its corporate clients.

“We're not interested in diversifying because...it's become a very specialized economy where you have to have a very narrow niche and you have to be the best at it. That's what I'm trying to continue to do with CBT Nuggets, to be the best at providing IT training. Just continuing to build the share that we had in that market.”

Charbonneau says that his personal plans for the future are simple. “I plan to be a caddy for my son when he takes the PGA tour...other than that, I'm going to travel with my wife when I retire.

“I have a big windshield and a tiny rear-view mirror,” Charbonneau adds. “I try to stay in the moment, and I have a very fulfilling life. I'm still very much enjoying being involved in CBT Nuggets, growing that business and running that. Trying to change lives with the learning opportunities that we provide for people around the world.

“We've been around for 21 years and I hope we'll still be going strong years from now.”

It's unusual for the parties in a recap to still be in partnership 14 years after the initial sale, but

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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