



Winning Deals the Sentinel Way

Luke Johnson: I'm one of the primary interfaces between Sentinel and perspective sellers of companies, and obviously I spend a lot of time with intermediaries. As it relates to sellers, a lot of what we do is try to position Sentinel as very partnership-focused or partnership-centric, where we come alongside the management team and we really try to impress upon them our ability to help them scale their companies.

What kinds of deals appeal to Sentinel?

Luke Johnson: We tend to gravitate value and to look towards complex situations where we're not just being a capital provider. Those types of dynamics and situations get us excited at Sentinel, where we really can be more than just capital, we can bring value-added expertise through our operating partner model and our deep domain of having consummated a number of acquisitions and transactions in similar sectors or industries.

If you think about it, many of these entrepreneurs have grown these businesses from scratch. They get to a point where they've grown it as much as they can or as best as they can and, as they try to select an investment partner like a private equity firm, that's a big decision. So, we always focus on the cultural fit. We bring it back to—this is a human capital business. It's all about people and it's really making sure that we feel comfortable with their ability to continue to grow and operate a business. But it's also much about them feeling comfortable with us.

With your appetite for complexity, what kinds of deal structures do you favor?

Luke Johnson: We do a lot of buy and builds, a lot of roll-ups and a lot of add-on acquisitions—that's a capability that these owners don't have in-house. When we come along, they see that as a great opportunity to further scale.

We also conduct and have consummated a number of corporate carve-outs. Those tend to be complex as well—where, in some cases, the business might not be coming with a full management team. We've had situations where the management is really

excited to partner with a Sentinel because they've been somewhat hamstrung as part of a larger corporation.

How do you help transform the businesses in which you invest? For example, how do you help businesses digitally transform?

Luke Johnson: We're very comfortable and we have a lot of know-how and domain around the transition to digital. Today, it's not even a question of if there's a digital story or a digital platform—there really needs to be. So, through our operating-partner model—again, these are individuals who have a lot of expertise around functional disciplines inside organizations. We have a network through that operating-partner model of CMOs, CTOS, and CIOs who really can be brought to bear and help a business owner or a management team being carved out of a large corporation to think about how to implement a digital platform.

On the IT side, we have an in-house IT team that understands the backbone of IT infrastructure: the right systems, the right processes today, the best and latest technologies. That's a value-add that often times these management teams or these owners of businesses don't have exposure to or don't necessarily have at their disposal.

Can you help leverage all the data you capture to the benefit of your portfolio companies?

Luke Johnson: We certainly use data, we look at various analysis, KPIs and sales data to help drive and implement new strategies for sales and new strategies for growth.

One of our businesses is a manufacturing business, which sells consumer-facing equipment. In that business, we're currently helping our clients really think about how to drive sales growth and we're using big data and analytics to help them think through how to site-select. This happens to be a business that is multi-unit, so it helps them to figure out real estate and site selection and ultimately how to drive more thru-port into their units to drive sales. That is done through a lot of data.

Optimizing the salesforce is often an important value-add tactic. What is Sentinel's approach?

Luke Johnson: We have a lot of experience in understanding how to optimize salesforce organizations. It's not as simple as slapping one and two together. Through our operating partner model, we have

CMOs and sales experts who have led sales organizations around the world, who we bring into those situations and through working with the management team, we will construct and come up with the right salesforce optimization strategy.

How would you summarize the culture of Sentinel?

Luke Johnson: We do definitely pride ourselves on having humility and integrity and being good stewards of businesses. That's one of the ways we try to mock it and sell Sentinel to sellers of businesses. There's a lot of competition out there and it ultimately comes down to people. We truly pride ourselves on trying to be good guys that want to come alongside and partner with owners of businesses. Through that very simplistic way of doing business, we tend to find ourselves in winning opportunities and deals.