

SEQUOIA PARTNERS

Sale of a Company

Client: Incentive Dimensions, Inc.

The Client: Incentive Dimensions (ID) was formed in 1987 to deliver world-wide incentive travel and marketing services. In fact, ID has grown to be the largest, independent, full-service incentive marketing company on the West Coast. With over 65% of its business in the high-tech industries, and with over 40% per year revenue growth, ID has a superior reputation among many of our clients in Silicon Valley. In addition, ID was growing faster and had better net and gross margins than others in its business.

Sequoia's Challenge: The largest national players in the incentive travel business tend to view acquisitions from a commodity perspective. Valuations paid for acquired companies are generally low and quality M&A representation is scarce. As such, these industry players were unlikely to give ID a valuation commensurate with its unique assets. Our challenge was to expose this opportunity more broadly; thus making the market to deliver the premium result our client deserved.

Sequoia's Results: We argued for ID's unique characteristics, their great management team, their extraordinary performance and their strategic combination of assets. We saw this as the key to delivering premium results to our clients. In addition, in ID's case, we refused to make a deal using the traditional valuation models and structures for this industry. We exposed the opportunity to parties both inside and outside this specific niche. We sought acquirers that had a strategic link to ID's business, as well as the most likely industry consolidators. As a result, we were able to complete a deal 50% above the initial indications of interest, with twice the up-front cash and a very reasonable shot at blowing away the earn-up, which is not capped. ID will be a great addition to the Carlson Companies.

"We could not have completed this deal at anywhere near the ultimate result without Sequoia Partners -- plain and simple. We are thrilled with the outcome".

Bill Lazzaretti, CEO
Incentive Dimensions, Inc.