

# Earl Takefman

## CASE STUDIES

*"When all think alike, no one is thinking"*



# CASE STUDY



## A TURN-AROUND CASE STUDY

- ✓ In the late 1990s CCM, one of the largest and the oldest hockey companies from the early 1920s, was owned by a Montreal, Quebec family whose main business was real estate.
- ✓ As a result of a bankruptcy, the Company was forced to purchase their skate blade manufacturer in order to continue to manufacture skates.
- ✓ CCM was in financial trouble having lost \$4.2 million in their last fiscal year.
- ✓ CCM's bankers had placed CCM with their 'special loans' group, for companies that were seen to be on the verge of a loan default.
- ✓ CCM was unable to raise any new working capital
- ✓ Earlier in the year, CCM's owners had purchased the children's pool division of bankrupt Coleco Industries to offset their dependence on winter-related sales.



## New Direction

The owners of CCM hired Earl Takefman to engineer a turn-around and build their toy division to offset their dependence on winter-related hockey products.



## The Problem

*"You can save your way to solvency; however, you must market your way to prosperity".* CCM sorely needed additional non-hockey sales to justify its large overhead.



## The Solution

Earl's first strategic move was to purchase another almost-bankrupt toy company, Buddy L toys, an old toy truck manufacturer that started business in 1910 and merged its operation with the Coleco pool division. Earl totally revamped both toy programs by signing multiple licenses with Disney, Sesame Street, Marvel and others.



## The Result

Earl turned the \$4.2 million loss into a \$6.2 million profit within 18-months and then successfully completed a NASDAQ IPO at \$11.25 per share. The shares soared to \$46.00 in the following years.



# CASE STUDY



## SELLING A CONTROLLING INTEREST ON BEHALF OF THE FOUNDERS

- ✓ In late 2020, one of the founders of Max Home Inspections contacted Earl about helping him expand their territory footprint.
- ✓ Max Home only operated in Florida, with an emphasis on Southeast Florida, and wanted to expand to Texas which has a population of 29 million vs. the 21 million in Florida.
- ✓ Max Home had a banner year in Covid 2020, having achieved sales of \$5.2 million. The founders received total distributions of \$2 million in 2020.
- ✓ Earl had contacts in Texas as a result of his previous employment with a home inspection company.
- ✓ Earl accepted the mandate to attempt to help Max Home expand to Texas by hiring key personnel from Earl's previous employer.



## New Direction

After successfully convincing the key Texas managers from Earl's previous employer to join Max Home and start Max Home Texas, Earl reached out to the founders to see if they might consider selling their company to a PE firm.



## The Problem

Max Home was in hyper-growth mode and expected sales to double in 2021, so any sale would have to value the future, in addition to the past.



## The Solution

Earl reached out to his network of middle and lower market PE firms, developed a 40-slide PowerPoint for Max Home and pitched the Company and its unique business model to over 30-potential candidates. He received 5 'indication of interest' letters and started meeting with each to introduce them to the founders and company.



## The Result

On February 6<sup>th</sup>, 2022, one of the PE firms agreed to a LOI and started due diligence. On May 26<sup>th</sup>, 2022, the deal closed. The terms received were for a potential valuation of \$25 million, including the earn-out for 2022. The deal was lowered prior to closing because of poor initial 2022 performance due to low home inventories and higher mortgage rates.



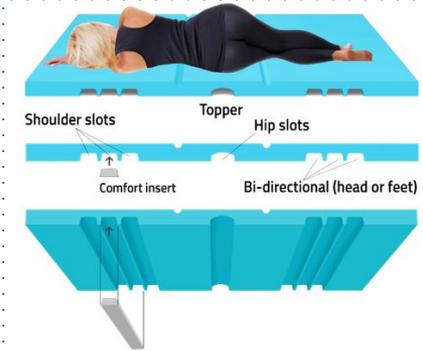
# CASE STUDY



It's your mattress. Take control.



All bodies are different. So why are mattresses one firmness for everyone?



## A VC START-UP CASE STUDY

- ✓ The US mattress industry is approximately \$18 billion and is dominated by numerous legacy brands that have been in business for over 100 years, and hundreds of new start-ups offering mattresses compressed into a shippable box.
- ✓ Every single mattress company promises the most comfortable night's sleep with their mattress, whether it is a low-priced import or a premium brand such as Temper-Pedic. The industry is fraught with puffery and exaggeration.
- ✓ In 2015, Earl was approached by an inventor who claimed that he had proof that his mattress caused less tossing and turning each night, resulting in a more restful night's sleep.
- ✓ Earl enlisted the former medical director of Stanford University's Sleep Sciences Clinic to conduct a double blind test for tossing and turning against 6 other national brands.
- ✓ The Stanford test confirmed that the inventor's mattress construction was superior to the national brands in lessening pressure points that caused tossing and turning..



## New Direction

Despite the Stanford University results the company required a more visible selling feature that would set it apart from the hundreds of other companies that sold mattresses and had significantly larger advertising budgets.



## The Problem

According to industry stats, 86% of all sleepers could not agree on the firmness of the mattress on their side of the bed, yet 90% of mattress companies offered a single mattress where both sleepers had to agree on the firmness.



## The Solution

The new Morphiis mattress, which Earl created, allowed the purchaser to customize the firmness of each side of the bed by 'morphing' the mattress to each sleeper's desired firmness.

Earl also developed a customizable mattress topper, that was issued a patent, that offered each sleeper a firmness they desired.

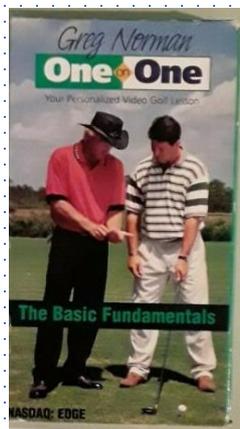


## The Result

As a result, Earl successfully raised \$1.7 million and succeeded in obtaining listings at Walmart, Sam's Club, HSN, QVC, Bed Bath & Beyond and Wayfair.



# CASE STUDY



## A VC START-UP CASE STUDY

- ✓ In the late 1990s, Earl was approached with an idea to allow golfers to receive a personalized video golf lesson from a PGA Tour professional at a driving range or on their golf course.
- ✓ Video golf lessons are instrumental in helping golfers gain a visual image of what they are doing.
- ✓ Earl invested \$350,000 personally to design, develop and create the software required to offer this one-of-a-kind experience.
- ✓ Earl successfully enlisted the world's #1 golfer at the time, Greg Norman (prior to Tiger Woods), to endorse the product and offer the personalized golf lesson using the proprietary software developed.
- ✓ The product was called *'One-on-One with Greg Norman'* and allowed each golfer to receive a one-hour personalized golf lesson from Greg Norman. No two lessons were alike.
- ✓ The Company had no funding, no offices and no employees once the software was developed and tested.



## New Direction

While the original concept was intended for golf driving ranges, it soon became obvious that the software had to be 'mobile' so that new users could receive personalized golf lessons each time. As such the Company pivoted to building 40-ft vans and trailers to offer the product to more golfers at various golf tournaments. See photo on the left.

## The Problem

Besides the requirement for the software to be able to 'move' from location to location, the number of lessons that could be sold increased significantly if the golfer received their video for free as part of a 'loot bag' offered by a tournament organizer. Additionally, there was the problem of what to do with the trailers and trained staff during the winter.

## The Solution

Earl successfully initiated an IPO and raised \$5 million, followed by a private placement of another \$5 million. He also concluded a deal with Cadillac where the trailers would service their customers indoors with a personalized golf lesson during the winter months. At its peak there were 20 trailers traveling the country.

## The Result

The stock was issued at \$5 per share and within a year had climbed to \$11 per share. All tournament organizers and Cadillac dealers loved the product for their participants.

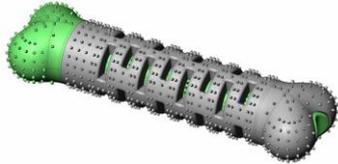


# CASE STUDY



## NEW PRODUCT DEVELOPMENT CASE STUDY

- ✓ Dental disease is one of the most common medical conditions seen by veterinarians. Over 80% of dogs over the age of three have active dental disease.
- ✓ The best way to prevent tarter build-up is by daily brushing, however, most dog owners DO NOT brush their dogs teeth regularly.
- ✓ While at his dentist's office for a cleaning, Earl's dentist showed him a patent-pending dog bone that would brush a dog's teeth while the dog chewed on the bone, that was superior to other chew toys that made the same claims.
- ✓ The dentist had no ability to properly launch the product throughout USA , Canada and internationally, nor did he have the funding and distribution to build the product he had created.



## New Direction

The second version of the ChewBrush, which Earl developed, dealt with the problem of non-engagement by the dog. It was called the BrushBone.



## The Problem

Many dogs, especially the smaller dogs, refused to engage with the chew toy as it was too large or unappealing to them, so they never received the brushing benefits.



## The Solution

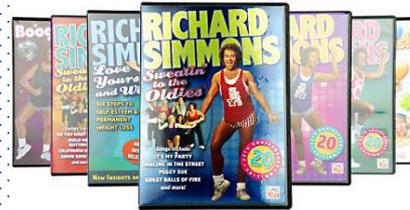
Earl added two 'food chambers' to the lime green insert where the dog owner could add peanut butter or cheese or toothpaste to the bone to get the dog to engage.



## The Result

Earl successfully negotiated a deal with the largest infomercial company in the USA. The product was listed in 50,000 stores nationwide in addition to Canada and Europe. The inventor received over \$1 million in royalties.

# CASE STUDY



## THINKING OUTSIDE-THE-BOX CASE STUDY

- ✓ Richard Simmons is one of the most famous proponents and marketers of fitness products for decades.
- ✓ His videos called 'Sweatin to the Oldies' and his 'Deal-a-Meal' were significant 'hits' for many years.
- ✓ The largest trade show for fitness products was the Chicago Housewares show in the first quarter of each year, where all of the fitness companies exhibited their wares to consumers and fitness buyers.
- ✓ The fitness section of the housewares show was the most popular section of the show because of the amazing male and female 'hard-bodies' that each exhibitor used to demonstrate their fitness products.
- ✓ There was no way any company could garner added attention simply by using 'beautiful people' clad in workout clothing, given that this was what everyone had expected.



## New Direction

While Richard Simmons himself was a major 'draw' to the trade show booth, his time was limited to just 2 short visits where he signed photos and mingled with long lines of fans



## The Problem

*"The difficulty lies not so much in developing new ideas as in escaping from old ones."* The 'old idea' was using hard bodies to attract buyers.



## The Solution

Earl had his 65 salesmen, most of whom were overweight, wear Richard Simmons' pink-striped shorts with their suits and sports jackets. No one who passed the booth could refrain from laughing. See photo on the left. I am the guy second from the left.

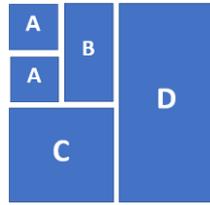


## The Result

We were the 'talk' of the show and covered by every morning show and news organization that came to cover the Housewares show.



# CASE STUDY



## RETAIL SPACE OPTIMIZATION CASE STUDIES

- ✓ Maximizing the use of retail space to garner a maximum return on the space being used, with minimal freight costs is more important than ever in today's times.
- ✓ At Walmart, they were able to merchandise 12 boxes on various sized mattress toppers in one standard 4-foot retail section, per the small photo on the left.
- ✓ At most pharmacies, including Canada's largest pharmacy Shopper's Drug Mart, much of the pegboard space remains unused as can be seen by the photo on the left.
- ✓ At Costco, the more merchandise you can fit on a pallet the more the store can sell.
- ✓ Optimizing the size of retail products can result in lower freight costs to the store, less out-of-stocks, less use of warehouse space and less labor to stock shelves.



## The Mattress Topper

Earl designed his topper box with a 12" x 12" footprint so he could get 8-boxes on each shelf. He varied the height of the box to accomplish this. As a result, the retail store could get 24 toppers in a 4-ft section instead of 12, and Costco got an extra 6 toppers on each pallet Photo on the left.



## The SDM Problem

Shopper's Drug Mart had a 16-ft section of pegged infant product including squeeze toys, teething, bibs and feeding accessories. They were not maximizing the space.



## The SDM Solution

Earl developed the MODUPLAN. A system of carded products that used specific sized blister-cards for each product, to maximize space usage.



## The SDM Result

As a result of Earl's MODUPLAN, SDM was able to merchandise their 16-ft of products in just 12-ft, saving 25% of their space. As a result, they awarded Earl with their entire infant program under their private label LIFE BRAND™

