



NOVASTONE  
CAPITAL  
ADVISORS

# NCA OPERATOR- LED BUYOUT PROGRAM



**Prepared for:** Prospective Searchers

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# DISCLAIMER

*Novastone Capital Advisors GmbH ('NCA') is an international group with main offices in New York and Baar, Switzerland, focused on addressing succession challenges in small to medium-sized businesses across North America and Europe through its Operator-Led Buyout Program. This document describes the Operator-Led Buyout Program and is strictly confidential for the personal use of the addressee only.*

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# EXECUTIVE SUMMARY

Novastone Capital Advisors (NCA) is a global firm headquartered in Switzerland with offices across Europe and North America. NCA was built to address one of the biggest challenges facing small and mid-sized businesses today: **succession**.

Through its Operator-Led Buyout Program, NCA partners with experienced, mid-career professionals to help them **find, acquire, and operate profitable businesses as CEOs**, while providing full institutional support across sourcing, capital, and operations.

Rather than leaving operators to navigate the process alone, NCA provides a structured platform, experienced teams, and long-term investor backing designed to improve outcomes for business owners, operators, and investors alike.

## HOW THE OPERATOR-LED BUYOUT MODEL WORKS

The Operator-Led Buyout model allows a single dedicated operator (the “Searcher”) to:

- Raise capital with institutional and family office investors
- Acquire a controlling stake in a privately held business
- Step into the CEO role post-acquisition
- Lead growth and value creation over a multi-year period

This model has existed for decades and has historically generated strong investor returns, while also creating meaningful ownership opportunities for operators and long-term continuity for business owners. NCA’s program modernizes and scales this model by combining professionalized infrastructure, deeper capital access, and ongoing operational support.

## VALUE-ADD PROGRAM

A key objective of NCA’s Program is to deliver optimal support to Searchers to ensure their success and provide all stakeholders with rewarding results. Unlike traditional search funds, NCA’s Operator-Led Buyout Program provides Searchers with the following training, systems, data, processes, services, and expertise:

- CRM, marketing, and financial tools to accelerate search and deal flow
- Market data and analysis across countries, sectors, and targets
- Proprietary database of vetted acquisition opportunities
- End-to-end deal execution support from search through close
- Dedicated teams supporting sourcing, diligence, and growth
- Executive training from top global business schools
- Mandatory courses by university professors from top business schools

# THE NCA OPERATOR-LED BUYOUT PROGRAM HAS 6 MAIN STEPS

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**STEP 1**      **SEARCHER SELECTION**

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**STEP 2**      **ONBOARDING**

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**STEP 3**      **SEARCH**

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**STEP 4**      **ACQUISITION**

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**STEP 5**      **GROWTH**

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**STEP 6**      **LIQUIDITY EVENT**

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# STEP 1 – SEARCHER SELECTION

NCA recruits experienced operators with strong leadership backgrounds, sector knowledge, and entrepreneurial drive. Candidates typically have:

- 10+ years of professional and management experience
- Proven leadership and execution skills
- Market or industry familiarity
- Full-time commitment to the program

Candidates go through a multi-step assessment process including interviews, case studies, thesis development, and evaluation panels.

## SELECTION PROCESS

Month	Step	Action
1	<b>1 Application &amp; Initial Engagement</b>	NCA receives applications from prospective candidates. Q&A sessions are available to help candidates understand the program.
	<b>2 Profile Completion &amp; One-Way Video</b>	Candidates receive reading materials and an invitation to complete their profile, including a one-way video recording.
	<b>3 Orientation Call</b>	Selected candidates join a 30-minute orientation call to discuss their investment thesis and review key program details.
2	<b>4 Assessment Team Discussion</b>	Qualified candidates join a 1-hour assessment call to review background, experience, and search strategy, with a short thesis deck submitted in advance.
	<b>5 Open House Webinar</b>	Candidates are invited to a 60-minute open house webinar with NCA leaders and anonymous Q&A; attendance is optional.
	<b>6 Legal &amp; Program Documentation Review</b>	Candidates review program documentation and recorded materials, with questions submitted in advance to the Legal Team.
3	<b>7 Partner Conversation</b>	Candidates join a 45-minute discussion with an NCA Partner focused on program fit and investment thesis.
	<b>8 Thesis Preparation &amp; Online Assessment</b>	Candidates complete an online assessment and training review, followed by a thesis preparation call.
	<b>9 NCA Assessment Center Panel</b>	Candidates prepare an investment memo and panel presentation based on a CIM, followed by final evaluation and admission decision.

## STEP 2 – ONBOARDING

Once selected, Searchers work closely with NCA’s Success Management and Legal Teams to:

- Finalize their investment thesis
- Prepare fundraising and outreach materials
- Establish their search fund legal structure
- Complete onboarding and training requirements

This phase ensures Searchers are fully equipped before launching their search.

STEP 2 – ONBOARDING		
4-5 Weeks	11	With support from Success Management and NCA teams, Searchers prepare a business case and thesis teaser, execute the MOU, and attend a quarterly in-person cohort event in Boston or Milan.

*\* All Candidates selected during a particular AC will be invited to participate in a live event. This live event will be attended by NCA team members as well as other Candidates selected in the same AC*

## STEP 3 – SEARCH

Searchers actively source acquisition opportunities through:

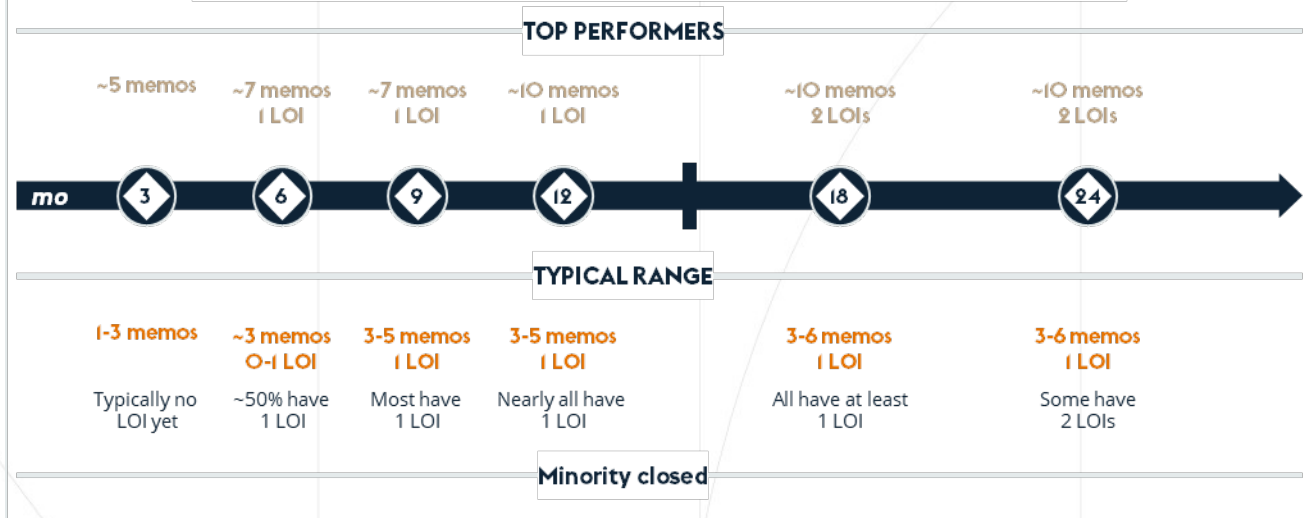
- Broker and intermediary relationships
- Proprietary databases
- Industry outreach and personal networks

NCA provides CRM systems, sourcing tools, and performance benchmarks to help guide progress. Key metrics such as NDAs signed, opportunities screened, and LOIs submitted are tracked to ensure consistent deal flow development.

Additionally, NCA strives to provide best practices and data-driven metrics to ensure success for each Searcher. Based on historical data from successful searches, the following key performance indicators (KPIs) have been generated as guidelines:

## SEARCH SUCCESS MILESTONES

What 26 Successful Searchers achieved at each Stage



These KPIs are used throughout the search to ensure active progression toward an acquisition.

## STEP 4 – ACQUISITION

When a target company is identified, NCA's Investment, Legal, and Investor Relations Teams work alongside the Searcher on:

- Financial modeling and valuation
- Commercial and financial due diligence
- Deal structuring and negotiations
- Equity and debt financing

Transactions must pass multiple Investment Committee reviews before closing. Upon completion, the Searcher becomes CEO of the acquired company.

*All investors are expected to provide meaningful value to the Searchers throughout the search process, due diligence in the acquisition, value creation, and exit. The existing cohort of investors has diverse regionalized networks across North America and Europe that are otherwise not accessible to Searchers.*

## STEP 5 – GROWTH

Post-acquisition, the Searcher leads the business as CEO with support from:

- A professional Board of Directors
- NCA's Portfolio Management Team
- Investor and industry advisors

Value creation focuses on:

- Operational improvements
- Revenue growth initiatives
- Financial optimization
- Strategic expansion opportunities

Together, these efforts aim to increase profitability, resilience, and long-term enterprise value.

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## STEP 6 – LIQUIDITY EVENT

After an average hold period of approximately five years, companies typically pursue a liquidity event such as:

- Sale to a strategic buyer
- Sale to a financial sponsor
- Recapitalization or other partial liquidity options

The objective is to deliver attractive returns to investors while rewarding operators and preserving the long-term health of the business.

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## WHY TOP OPERATORS JOIN NCA

### FULL-PLATFORM SUPPORT

Searchers benefit from professional teams covering sourcing, investment, legal, fundraising, and post-acquisition strategy.

### FASTER, MORE EFFECTIVE DEAL EXECUTION

NCA's infrastructure and investor access significantly reduces friction in both search and acquisition.

### **INSTITUTIONAL CAPITAL ACCESS**

Searchers are supported by a global network of family offices and funds actively investing in operator-led acquisitions.

### **CEO OWNERSHIP OPPORTUNITY**

Operators step directly into leadership with meaningful long-term equity participation.

### **SIGNIFICANT FINANCIAL UPSIDE**

Searchers participate in carried interest that can generate life-changing outcomes at exit, based on performance.

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## **5. TARGET COMPANY INVESTMENT CRITERIA**

NCA Search Funds typically target companies with:

- EBITDA of approximately \$2M–\$7.5M
- Enterprise value of \$10M–\$50M (core focus: \$10M–\$30M)
- EBITDA margins above 15%
- Strong and stable cash flows
- Limited customer or supplier concentration
- Low capital expenditure requirements
- Clear succession or ownership transition needs

The program does not pursue startups, distressed turnarounds, or speculative growth equity investments.

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## **6. SEARCH BUDGET & FINANCING STRUCTURE**

Unlike traditional search funds, NCA directly finances the Search Phase, allowing operators to commit full time.

The Search Budget is distributed monthly over up to 24 months and covers:

- Living expenses (typically \$120K–\$165K annually, depending on location)
- Operating and travel costs
- M&A training and education
- Due diligence and advisory services
- Access to NCA systems, data, and vendor network
- Searchers make an initial capital contribution (typically ~USD \$60,000, adjusted by country), which converts into equity upon acquisition.

## 7. POST-ACQUISITION COMPENSATION & GOVERNANCE

### CEO COMPENSATION

After acquisition, the Searcher (now CEO) earns:

- Base salary equal to approximately 1.5x Search Phase compensation
- Performance-based annual bonuses

### BOARD STRUCTURE

The Board typically consists of:

- 2 investor representatives
- 1 NCA-appointed director
- 1 independent advisor
- 1 CEO (the Searcher)

The Board oversees strategy, governance, and major capital decisions while supporting management execution.

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## 8. OWNERSHIP, WATERFALL & RETURNS

### AT ACQUISITION

- Searcher earns 10% carried interest
- NCA earns 4% carried interest
- Investors hold participating preferred equity

## AT EXIT (PERFORMANCE-BASED)

If return thresholds are met:

- Searcher may earn up to an additional 10%
- NCA may earn up to an additional 4%
- Performance carry vests linearly from 20% to 35% net IRR

## INVESTOR WATERFALL STRUCTURE

1. Return of invested capital
2. 8% preferred return
3. Catch-up to Searcher and NCA
4. Remaining profits distributed pro-rata

Target investor outcomes typically aim for **3-5x cash-on-cash returns** over the holding period.

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## 9. SUMMARY

The NCA Operator-Led Buyout Program provides a structured path for experienced operators to become business owners and CEOs, while delivering continuity for business sellers and strong risk-adjusted returns for investors.

By combining institutional capital, professional infrastructure, and hands-on operational support, NCA reduces the risks traditionally associated with search funds and improves execution across the full lifecycle of small business acquisitions.

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## 10. CONTACT & NEXT STEPS

To learn more, prospective candidates are encouraged to attend a live Q&A session hosted by NCA.

- Register at: <https://webinar.novastone-ca.com/>
- Visit the NCA website at: <https://novastone-ca.com/>