CASE STUDY

PCA skin® x NORWEST

2012
INVESTMENT YEAR

> 6X
SHAREHOLDER VALUE CREATION

2017
EXIT YEAR

Personal Care
INDUSTRY

"With Norwest's partnership across recruiting, product, strategy, and operations, PCA SKIN achieved remarkable growth and positioned itself as a leader and pioneer in skincare."

Michael Larrain
CEO

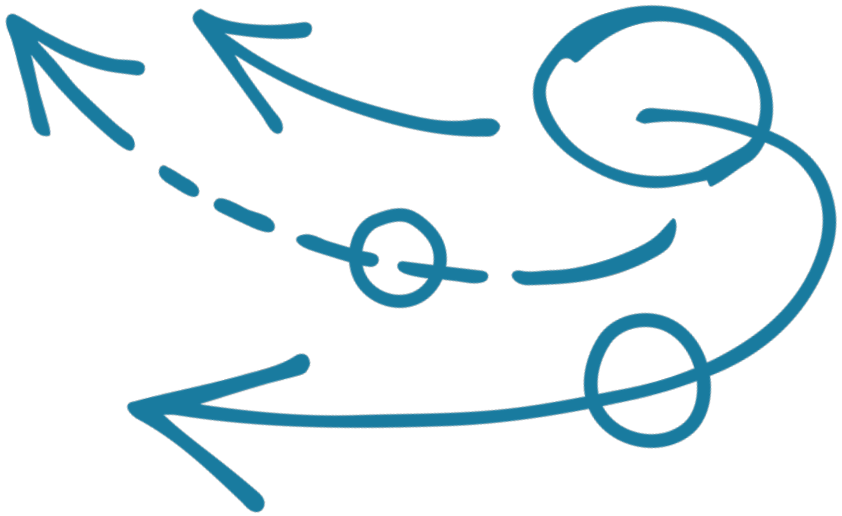
Background

PCA Skin was a **highly profitable, steadily growing skincare brand** that did not require outside capital to maintain its growth trajectory.

In 2012, Co-owner and CEO Richard Linder wanted to step into a chairman role and **sell a majority share while retaining a meaningful equity** stake. Dr. Jennifer Linder, Co-owner and Chief Medical Officer, wanted to spend more time with her family and medical practice.

The owners had multiple avenues to sell the business and were pursued by a strategic party. They elected to move forward with Norwest due to demonstrated value-add, industry knowledge, strategic resources, and a strong working chemistry with our **"invited guest" approach.**

Norwest made a majority investment in the company in December 2013 and **added meaningful value** during the first six months (and beyond), becoming a trusted advisor. The partnership kicked off Norwest's 10+ years of investing in and helping grow personal care brands that are **clinically proven and backed by science**.



Select Value-Add During First 12 Months

PCA skin × NORWEST

STRATEGY

ADVISORY

- Served as a trusted advisor on key strategic decisions such as channel strategy, financing, and recruiting

TALENT

RECRUITING

- Hired Michael Larrain, former President of L'Oreal Active Cosmetics into the CEO role
- Recruited a CFO, CMO, and VP of Sales

BOARD

- Recruited independent board members:
  - Steve Carlson, former CEO of Obagi
  - Christy Taylor, former COO of Dey Pharma (EpiPen)

OPERATIONS

BUSINESS DEVELOPMENT

- Launched e-commerce strategy
- Focused investment on building a field sales team for the doctor channel
- Entered partnerships in multi-unit med spa channel

PRODUCT DEVELOPMENT

- Increased focus on clinical trials and product development
- Encouraged product line rationalization

FINANCIAL REPORTING

- Designed board-level financial reporting packages

Norwest-Supported Growth Phases

PCA skin × NORWEST

PHASE 1

AESTHETICIAN FOCUS

- Focused on aestheticians, providing training, educational seminars and certifications
- Certification viewed within industry as an affirmation of skincare knowledge and creates an even playing field given each state's different regulations for aesthetician licenses
- Dispensed by certified aestheticians nationally

PHASE 2

EXPANSION INTO MEDICAL

- Re-positioned PCA as the ultimate partner and preferred brand for practitioners
- Differentiated core product offering by developing products with meaningful results and developed clinical trials to support efficacy claims
- Hired additional sales reps to develop new relationships

PHASE 3

BUILDING E-COMMERCE PRESENCE

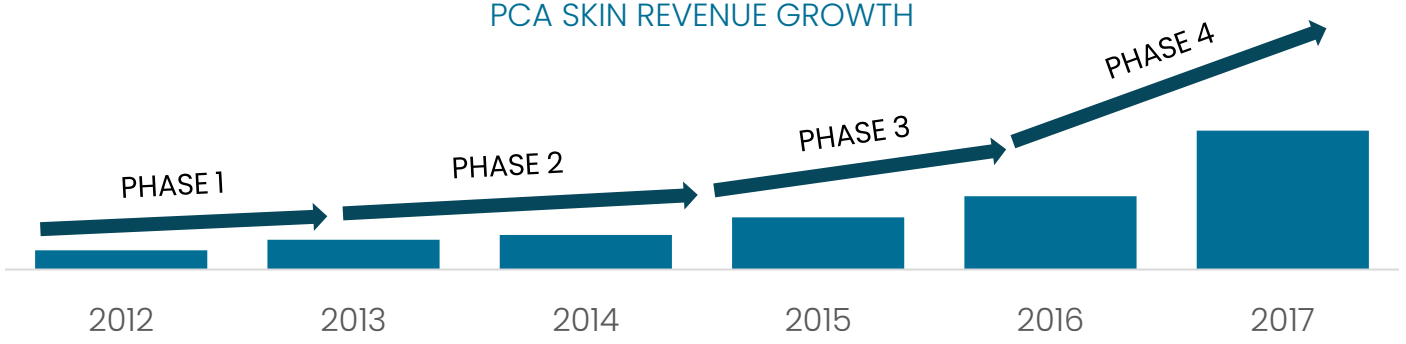
- Redesigned and relaunched PCA website with D2C capabilities
- Revamped presence on Amazon, removing third-party sellers from the marketplace
- Company is exclusive provider of PCA Skin products on Amazon with significant presence in Amazon's Professional Skincare Channel

PHASE 4

MULTI-UNIT ROLLOUT

- Built relationships with multi-unit med spas
- Rolled out all Massage Envy locations in 2017 to train all aestheticians
- Leveraged momentum to land national partnership with Nordstrom Spa

PCA SKIN REVENUE GROWTH



Outcomes

PCA Skin expanded distribution channels and strengthened relations with skin-health professionals.

An accelerated growth rate coincided with Norwest's investment.

PCA Skin sold to Colgate-Palmolive at an industry-leading multiple, using an earn-out structure that fully paid out the owners and other shareholders.

Investors

Sonya Brown

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