

LFM CAPITAL DEVELOPS  
CUSTOM LEAD SCORING  
MODEL & INCREASES SOURCING  
EFFICIENCY BY 2.5x WITH  
SOURCESCRUB

# ABOUT LFM CAPITAL

LFM Capital is a private equity firm based in Nashville, TN that invests in manufacturing and industrial services companies in the US and Canada. LFM was founded by former operators and engineers who work alongside portfolio companies to help them develop, grow, and continuously improve. The firm has \$295 million in committed capital and 9 active portfolio companies, including Eckhart, Fecon, ShopSabre, DiamaBrush, and PSI Control Solutions.

## LFMcapital

### Case Study Highlights

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**295%**

increase in the number of CRM direct outreach contacts

**143%**

boost in direct contacts with executive-level titles

**200%**

increase in directly sourced opportunities

**109%**

improvement in high-value target rate

**2.5x**

increase in team productivity



# The Challenge:

## Manual Processes, Subjective Lead Scoring & Tedious Market Mapping

Sourcing deals that aligned with LFM's target market and thesis criteria was such a meticulous and time-intensive process that the firm hired up to 10 college interns each semester to do the job. ***"We would do things like download a list of 100,000 companies from Hoovers and have our interns go through it NAICS code by NAICS code,"*** says Jessica Ginsberg, LFM's Director of Business Development.

After researching each company and identifying the right points of contact, the business development (BD) interns would then rank them as high, medium, or low-value opportunities based on thesis fit. "It wasn't a particularly scientific scoring methodology since one person's definition of a 'high-value deal' may be different from someone else's," recalls Jessica. "Sometimes 'lows' would slip through and 'highs' would get overlooked."

This process often included the need to map out industries and end markets for both directly and indirectly sourced deals. "Understanding the total addressable market for specific opportunities and

theses — particularly for those that are more niche — is extremely helpful in determining where to invest our time and money," says Jessica. "But it's a really tedious and time-consuming exercise that requires a ton of research and digging."

The BD team was also spending considerable time uploading and downloading lists to and from the firm's CRM. Sourcers would often jot notes down on Post-its or shoot each other quick emails rather than manually enter contact information. Keeping CRM data complete, accurate, and up to date proved to be a major challenge given the volume of companies and business owners the team was tracking.

LFM was founded by former operators and engineers on the principles of operational excellence and continuous improvement. "We are always looking for ways to do things more efficiently," shares Jessica.

***"When we learned about SourceScrub, it was like a lightbulb went off, and we realized we could manage our deal origination in a much faster, easier, and more effective way."***



# The Solution:

## Data-driven Lead Scoring, A New Tech Stack & Easy Add-on Mapping

Today, SourceScrub is a critical piece of LFM's deal origination technology stack. Rather than manually research companies one at a time, the BD team harnesses SourceScrub's wealth of information on non-transacted companies, intuitive search functionality, and robust filters to surface and understand relevant opportunities.

LFM uses SourceScrub's Custom Scoring to help rank companies based on thesis fit by assigning corresponding weights to various attributes like employee range, ownership, founding year, and location. "SourceScrub is 'the science' behind our scoring methodology," says Katie Mesha, LFM's Business Development Manager. ***"Now we can combine the art of ranking deals based on context and experience with an objective, data-driven model, which results in more accurate and consistent scores."***

These scores and other prospect information are automatically passed from SourceScrub to Altvia, LFM's CRM, using SourceScrub's CRM enrichment functionality. Altvia then

sends this information to LFM's Sales Acceleration tool, Outreach.io, which the BD team uses to personalize and send outreach emails at scale. Data is pushed back the other direction into SourceScrub as well.

SourceScrub also helps LFM refine investment theses and evaluate potential opportunities by sizing add-on markets. ***"When we research indirectly-sourced companies or draft theses, we're now able to see the total addressable investment market in just a few clicks,"*** tells Jessica. "We plan to further incorporate SourceScrub into our add-on strategy in the future by also mapping add-on markets for our existing portfolio companies."

Another way LFM uses SourceScrub is to gain visibility into which conferences their high-priority prospects are planning to attend. "Once we know a top target is attending, we use SourceScrub to zero in on other relevant companies that will be there or are in the same zip code," says Jessica. "This way we can book more meetings and really optimize our travel time and trade show budget."



# The Results:

## Higher Value Opportunities, More Competitive Offers & Agile BD Processes

LFM has seen a continuous improvement in deal quantity and quality since choosing SourceScrub. ***“SourceScrub really opened the door to taking a more data-driven approach to dealmaking,”*** shares Jessica. “It’s a critical piece of our technology stack and has helped us to build a structured, scalable deal origination engine.”

With SourceScrub, LFM is now able to sift through a larger number of companies and pinpoint specific, high-value prospects faster and more accurately than ever before. “We’re not measured on the quantity of deals we generate,” says Jessica. ***“We’re measured on actionable, investable opportunities. And SourceScrub not only expands our ocean of opportunities, it also gives us the ability to fish with spears instead of nets.”***

SourceScrub makes it easier for the BD team to quickly identify potential add-ons and make more informed decisions about which opportunities

**“I honestly can’t think of the last opportunity that didn’t originate in SourceScrub.”**

**Katie Mesha, Business Development Manager, LFM Capital.**

and theses to pursue. “We now have a much clearer picture of add-on opportunities much earlier in the deal flow process,” tells Jessica. “This allows us to develop a clear operating agenda from the get-go and ultimately make our offers more compelling and competitive.”

Since using SourceScrub, LFM has increased the number of overall direct outreach contacts in its CRM by 295%, with a 143% boost in direct contacts with president, owner, and CEO-level titles. Directly sourced opportunities have soared by 200%. “I honestly can’t think of the last opportunity that didn’t originate in SourceScrub,” Katie reveals. The firm has also seen a 109% improvement in high-value target rate.

Using SourceScrub's CRM integration to automatically pass data to and from Altvia has saved the BD team additional time previously spent manually entering this information. It also keeps their data complete, accurate, and fresh. They now rely on SourceScrub as the firm's single source of truth, which prevents them from wasting time on duplicating efforts or chasing unqualified leads.

***“Personally, using SourceScrub to generate leads, research markets, and automatically enrich our CRM saves me 20 hours a week,”*** shares Katie. Overall, the firm was able to replace its 10 part-time sourcing interns with 2 full-time employees — a 2.5x increase in productivity.

Last but not least, SourceScrub helps LFM to take a more iterative, agile approach to its sourcing strategy. “SourceScrub has played an integral role in helping LFM and its BD team become more data driven,” says Jessica. “We’re now able to quickly shift gears and try something new if we have an idea or see an opportunity. ***We’ve absolutely become more efficient and effective over time, and look forward to using SourceScrub to continuously refine our BD processes.”***



SourceScrub, LLC is a market-leading data service for investment and M&A firms looking to research, find, and connect with privately-held companies. Founded in 2015, the SourceScrub platform has over 150M data points on private companies and combines the most advanced technologies with a Data Operations team of over 600 to ensure the highest quality signal. In 2020, SourceScrub was recognized by Inc as one of the top 600 fastest growing companies in the United States.

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