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## The Situation — Recruiting a top percentile CFO

A San Francisco Venture Capital firm retained Celera Partners to recruit a CFO for their most promising portfolio company. Their New York based company was growing rapidly (\$0 to \$200 million in three years) and they were seeking to hire a seasoned CFO that could help position the company for sale or an IPO within the following 36 months. The board of directors figured the company had a high probability of selling in the vicinity of \$1 billion or fetch an IPO with an anticipated market cap considerably greater than \$1 billion. They wanted to recruit top talent from the New York metropolitan area—a CFO with a proven track record of success—that could help the CEO and senior management take this exciting startup to the finish line.

Celera Partners was selected over major global top tier executive search firms because Celera Partners has a well established track record recruiting top percentile executive talent that have created disproportionate share holder value. Leveraging Celera's powerful research technology (*Celeritas*), networking closely with industry insiders and friend's of the firm, Celera Partners has consistently recruited individuals that know how to deliver outsized gains. This CFO case study is typical of Celera's recruiting methodology and outcome.

### 1

#### *The Essential Requirements -*

The Chairman and lead investor, was looking for the following in the new CFO:

- CFO with a track record of success and background in IPO's, mergers, acquisitions, and business integrations (sell and buy side)
- A deal guy with significant exposure to Wall Street and analysts -- financing deals from A to Z.
- Experience with SEC filings, treasury, and information technology
- Participative leadership style with a solid track record of working cross functionally to leverage available resources and motivate business teams to achieve and exceed challenging performance goals
- Experience implementing restructuring plans that have significantly improved company's profitability, cash generation, and growth outlook resulting in successful merger and IPO outcomes.
- Lead major process improvements in key areas including cash management, business planning, cost reduction, and information systems resulting in increased operating income
- Facility developing analysis of competitive landscape and appropriate product and pricing strategies.
- Designed, negotiated, and implemented strategies generating significant cash flow and operating benefits.
- Identify key business issues and lead value-added operational reviews through proactive involvement with general and financial management.

- Enable strategic direction via prioritization and allocation of resources in order to ensure business growth and consistency across all business lines
- Built or lead an outstanding Finance organization
- Be a key contributor to the company's success both internally and externally.
- **Corporate Cultural Fit:** must be able to thrive in a fast growing, aggressive, entrepreneurial environment that has had minimal infrastructure to date.

### 2

#### *Celera's Approach —*

*Robust research + domain expertise = precision recruiting yielding superior results*

Understanding the specific needs of our client, Celera fashioned a research methodology consisting of the following: identify all companies that announced or registered M&A activity during the past 24 months (~ 80,000 companies); segment these companies by industry segment e.g. Consumer Discretionary, Telecoms, etc.; track them by transaction type (M&A) and by transaction status (successfully closed); by geographic location e.g. North East, Midatlantic, etc.; by a variety of desirable financial metrics e.g. Implied Enterprise Value (IEV) greater than \$500 million; with Implied Enterprise Value/Revenues greater than 2; and with EBITDA Margin %(LTM) greater than 20%.

Utilizing this methodology, Celera conducted research on hundreds of thousands of companies in the USA. The following table represents the actual results from research into 9 industry sectors (Consumer Discretionary, Consumer Staples, Energy, Financials, Healthcare, Industrials, Information Technology, Materials, and Telecom) - see Figure 1.

Research: ~ 80,000 Companies Announced M&A During Last 24 Months

Industry Sector	Announced/ Registration Filed Date (Bids & Letters of Intent)	M&A Announced	M&A Closed	Northeast Midatlantic	IEV < \$500 million	IEV/Revenue > 2	EBITDA Margin % (TTM) > 20%
Consumer Discretionary	12,000	8800	6500	750	30	12	10
Consumer Staples	2760	2020	1450	93	4	2	1
Energy	5320	2290	1660	46	4	1	1
Financials	9520	4830	3290	372	22	10	5
Healthcare	7340	2670	2023	305	16	5	4
Industrials	10500	7640	5800	600	20	6	3
Information Technology	14700	7260	5760	880	18	8	3
Materials	9170	3840	2690	162	8	0	0
Telecom	1590	900	640	59	9	3	2

Source: Celeritas (proprietary research) — including, estimates data provided by Reuters Estimates; Historical Equity Pricing Data provided by FT.com; Public company data by Computershare, D&B, Standard & Poor's; Fixed income security data by Mergent

Figure 1.

HITTING THE CENTER OF THE BULL'S EYE

Utilizing *Celeritas* (proprietary research methodology) Celerita Partners identified the best talent in the marketplace

- Researched 583 transactions in the Northeast Midatlantic region by companies such as: Deutsche Bank, Goldman Sachs, IBM, Societe Generale, Cisco, L-3, EMC, Merrill Lynch (9 primary industry sectors, Financial Services, CPG, Energy, etc.)
- Researched transaction history of top percentile VCs and Private Equity LBO firms. Focused on transactions that closed with higher than ordinary multiples vis a vis their respective industry segments.
- Conducted key word searches on several hundred thousand CFOs—looked for CFOs with IPO and M&A experience; at academy companies, market leading companies, startups, turnarounds in the Northeast-Midatlantic region; etc

3

Our Results —

*Celera identifies and recruits a first rate CFO that hits the center of the Bull's eye*

In Addition to the above, Celera expanded research to include M&A transaction history of 100 highly acquisitive companies. We focused on market leading companies such as Cisco, IBM, EMC, GE, etc (in all 9 major industry segments) that recently acquired companies in the New York—Northeast with attractive multiples for the sellers. The theory, if CFOs from the sell side had done a good job selling their companies, then we should be interested in looking at them as potential CFO candidates. Furthermore, these CFOs would make less risky hires. Presumably they would be more likely to thrive in a startup environment and understand the needs of a startup better than a corporate CFO from a Fortune 500.

Additionally, we expanded our research in a variety of ways, such as key word searches on CFOs with IPO and M&A backgrounds, CFOs at Academy companies (companies well regarded for developing top executive talent), companies with similar industry characteristics such as high volume transactions, consumer branded services and products in the telecom, financial services and CPG sectors. We also tracked M&A and IPO activity of top percentile VC firms and Private Equity LBO firms.

Complimenting all of the above, we networked with industry insiders and friends of our firm in order to gain access to CFO candidates as well as gain further insights and validation on potential candidates and the companies in our research.

Luck is not a strategy. Armed with robust research with pin point accuracy we identified approximately 20 CFOs that met the key selection criteria. All the CFOs we identified were top percentile executives. In other words, all of them had verifiable track records of success building companies and selling them with very attractive valuations.

Our client recruited a CFO with the following background:

- Veteran CFO with former big company and recent start up experience with private and publicly traded companies
- Serially successful—built and sold three companies
- Strong deal structuring experience
- Excels at optimizing companies in highly competitive business segments with low margins — optimize cost and increase revenue
- Deep domain expertise in CPG—relevant to clients future business growth
- Desirable blend of experience: formative years as auditor with PriceWaterhouse and a leading regional Energy company and recent experience creating and managing startups with a track record of success selling companies with high multiples
- Warm personality—infectious enthusiasm that gets people working on the same page

With Celera Partners you can count on recruiting top talent that consistently hit the Bull's Eye—hire exactly what you are looking for.

Celera Partners is a premier organizational strategy and retained executive search firm comprised of top tier strategy consultants, executive search professionals and software technologists. From offices in New York, Philadelphia, Chicago, Dallas, San Francisco, London, Brussels and Madrid, the firm specializes in providing Value Based Selling go-to-market strategy and recruiting services for industry leaders in IT (hardware/software), Telecom/Datacom, Communications-Media, Consumer Products & Goods, Financial Services, Industrials and Life Sciences. Celera's strategy and executive search consultants have deep domain expertise advising and building senior level general management and technical leadership teams across all functional areas.