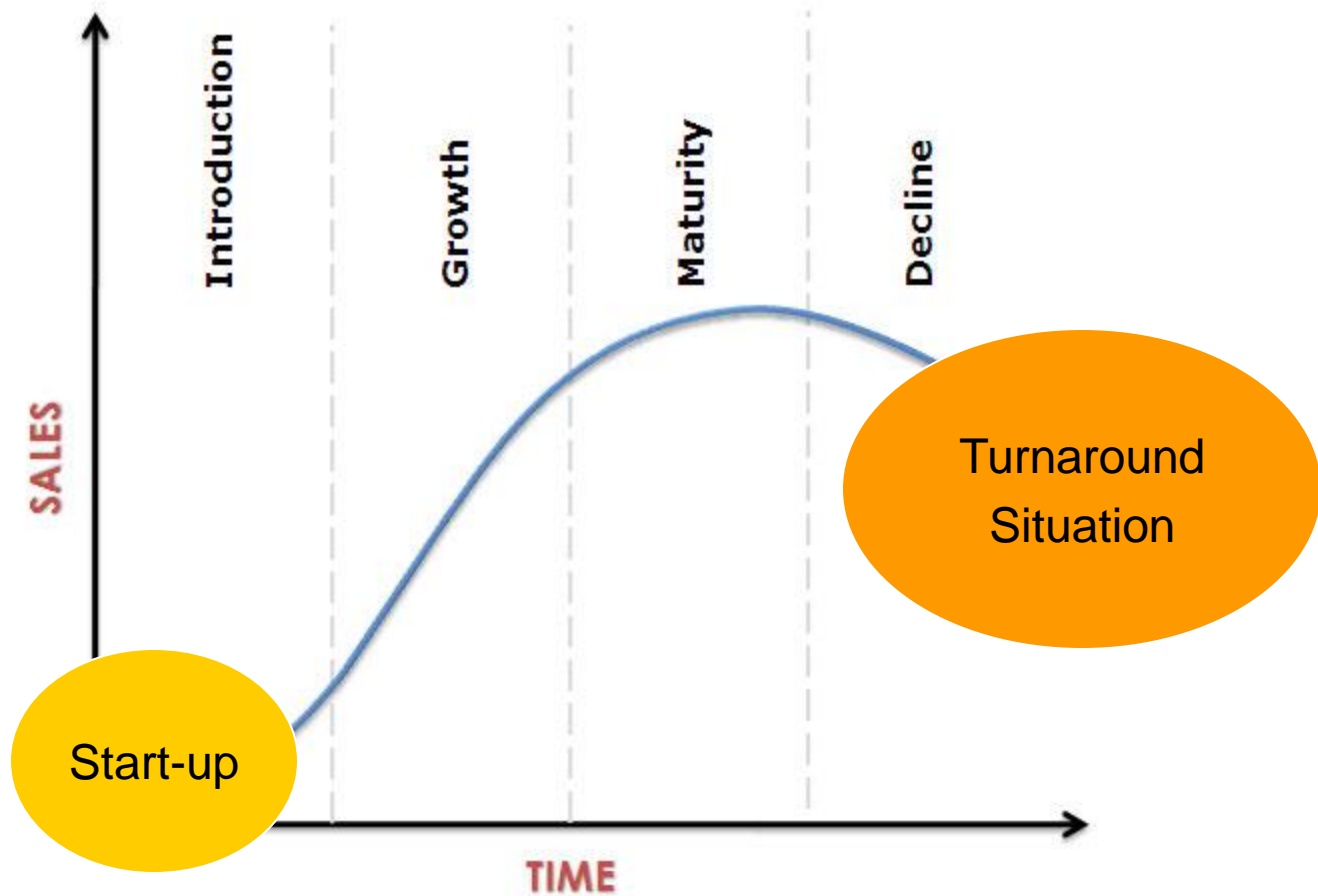


**START-UP and TURNAROUND,
any difference ?**

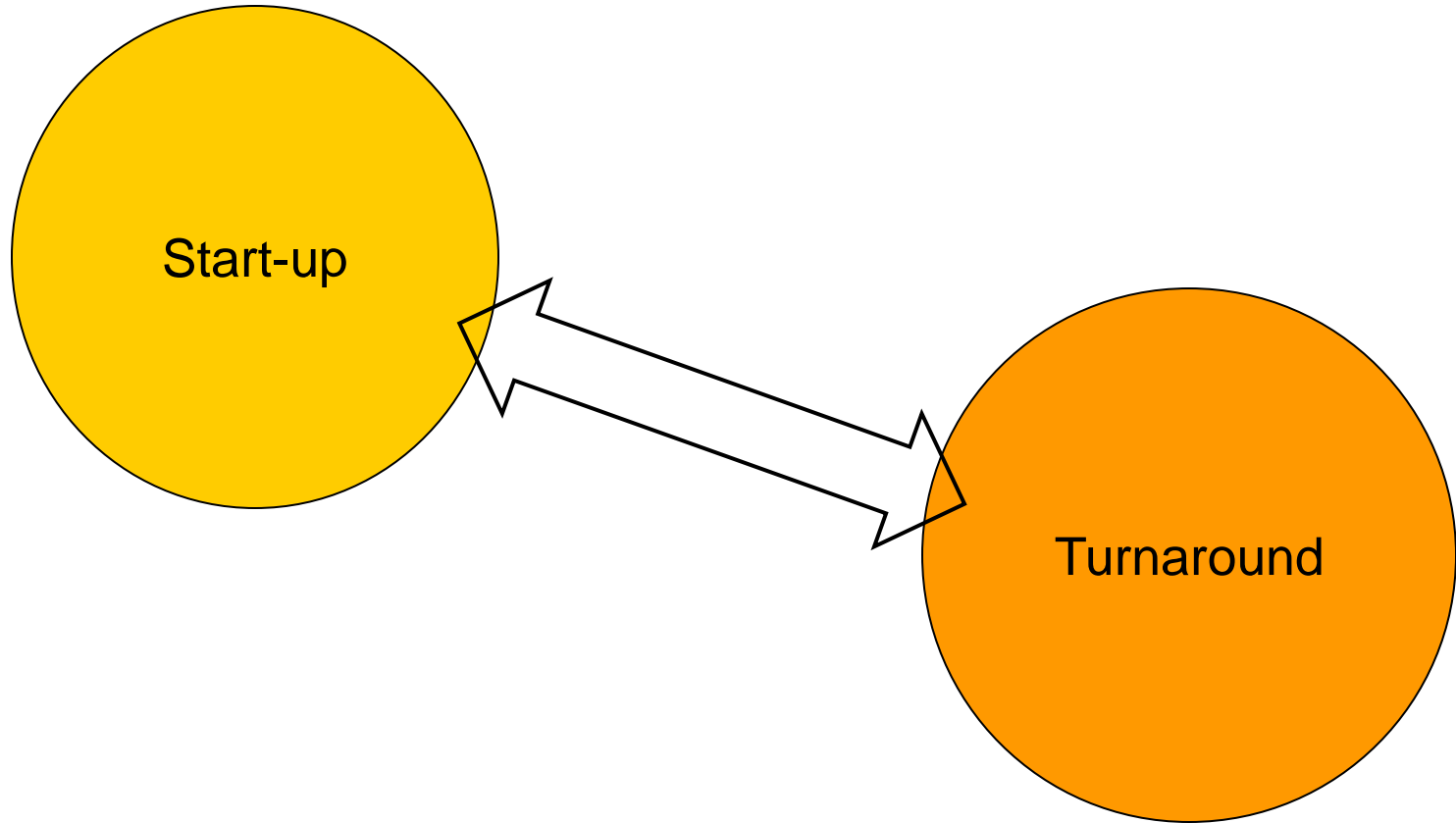
Alex BEZINGE
2009

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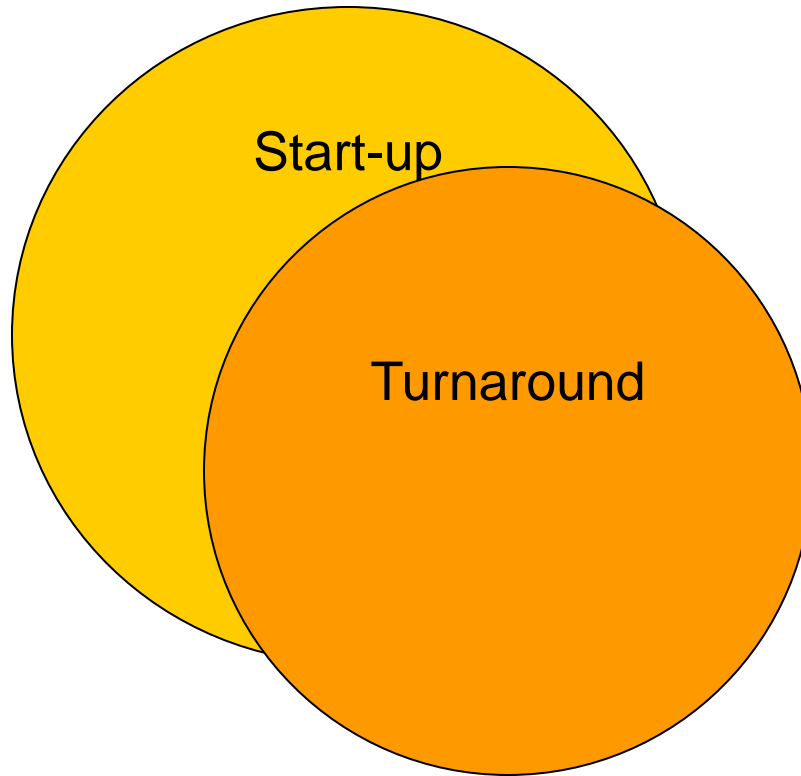
Companies – Development cycles



A dissimilar situation...?



... or conversely a similar one ?



#1 MANAGEMENT



START-UP : a given fact !

- >90% of start-up **change CEO at least once** in the first years of their existence



CEO : founders ?

- Most of the time **founders** are excellent "business developers" or "evangelizer" (vision, product knowledge)...
- ... but they don't perform in **company management** (lack of experience, background, skills, ...)



CEO : managers from large corporation ?

- Experienced managers coming from large corporation rarely « **survive** » in a **start-up environment** !
- They don't have the **resources** they are used to nor the required **organization** on which they could rely !
- They have the experience of **well establish** business processes, whereas all processes in a start-up must be "build-up" and "implemented"
- They must be involved in **ALL fields** and are forced to dive into a level of **details** they never had to deal with !
- They must act and decide in **urgency** with **limited** financials means which is quite new situation

Turnaround & Restructuring

- >90% of companies in turnaround situation have **to change CEO** and management team either before or during the restructuring phase



Turnaround & CEO change : several factors...

- **Reactive** management (rather than anticipative)
- Lack or deficiency of a proper **management team**
- Lack of **benchmark & company repositioning** (strategy & oper.)
- Absence of **basic indicators** and **perspective** to manage & drive
- **Low efficiency** <= **historical** processes have remained unchanged
- **Run away** attitude, increase in sales, no focus on **margins**
- Etc...

Start-up & Turnaround : what type of CEO ?

Salary c £200k +

Australia, and New Zealand

CEO

Manufacturing

Can you offer 10 + years experience in the plastic pipe industry, in both **PVC** and **Polyolefin** with sizes ranging from **25mm to 1metre** diameters?



Start-up & Turnaround : what type of CEO ?

FOCUS ON SECTOR EXPERTISE & SPECIALIST

TO BE AVOIDED !!!!



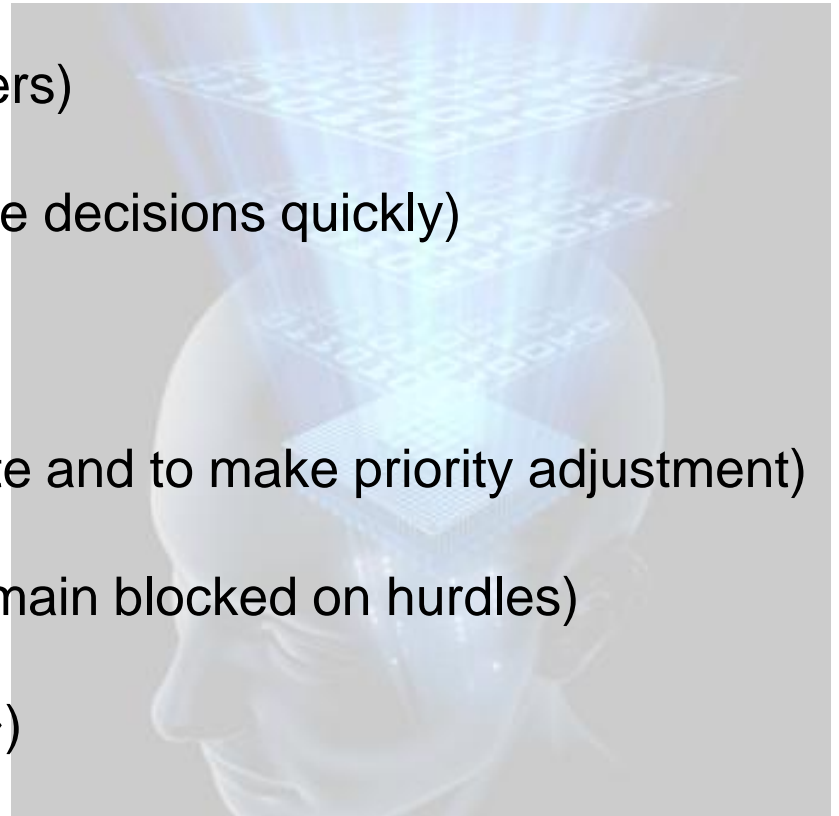
WORTH UNDERLINING :

- **Specialists** can be found internally !
- Key to have CEO with general **multi-fonctions**
- & **multi-sector** expertise!
- Non-specialist CEO => « **fresh eye** » impact !



Start-up & Turnaround CEO : ideal profile

- **Generalist** (= exposed to **complex** and **multiple** environments)
- **SME Experience** (= 100 - 1000 pers)
- Sense of **urgency** (= ability to take decisions quickly)
- **Leadership** (= drive the team)
- **Analytical** (= ability to discriminate and to make priority adjustment)
- **Curious, creative** (= does not remain blocked on hurdles)
- Very **operational** (= « hands on »)
- **Entrepreneur & autonomous** «do it» rather than «have it done»



Conclusions on MANAGEMENT

- At first sight and from the outside, a start-up and a turnaround environment could appear to be quite different, but it's not the case ...
- **The «ideal» CEO profile is practically identical in both cases !**



#2 CASH



Start-up

- Financial means to cross the "desert" are rather **limited** !
(no revenue and/or negative cash-flow)
- **Efficiency** of internal + external processes must be optimal/maximal for each \$ spent!



- Focus on **business development processes**

Turnaround

- Financial means to implement a restructuring plan and to turnaround a company are **limited** !
- Improve the **efficiency** of each \$ spent ! Chase the waste ...

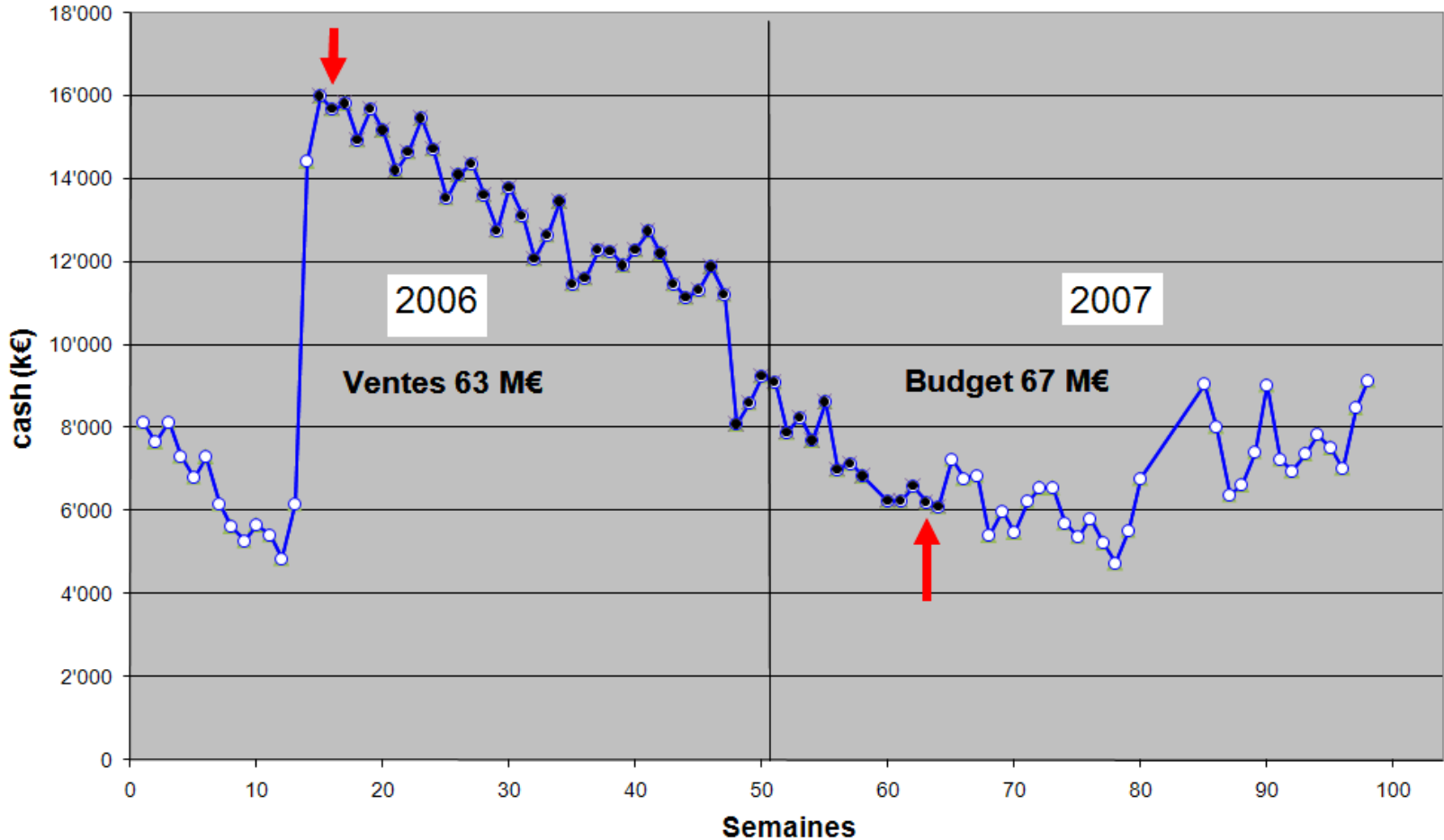


Turnaround

- Stop **cash bleeding** with simple but efficient means !



Turnaround : impact of CEO change

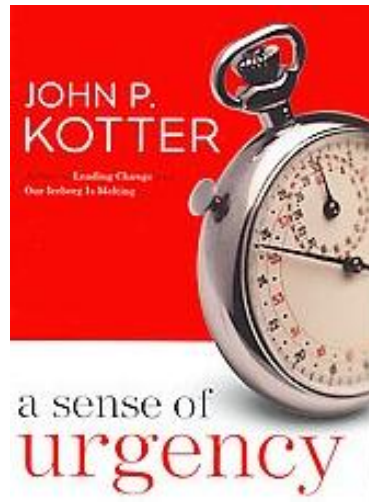


Conclusions on CASH

- **Start-up** and **turnaround** company are both in negative **cash-flow** situation
- **Cash** and **time** are **limited** !
- Maximize the **efficiency** of **each \$ spent** and manage **cash burn** is a must in both case (expenditures & investment)



#3 URGENCY



Start-up & Turnaround

- **Start-up : 2-3 years** timeframe to survive beyond critical stage :
(i) product feasibility & industrialization (ii) business development
- **Turnaround : 1-2 years** timeframe to survive beyond critical stage :
(i) reorganization (ii) negative cash-flow => positive cash-flow



Conclusions on URGENCY

- **Start-up** and **Turnaround** company have both a limited time frame to make the transition from a **negative cash-flow** to a **positive cash-flow** situation.
- Obligation to maximize **business** and **organization** efficiency (organizational and industrial flows)
- In both cases **sense of urgency** is a must !
... « **Speed is essential** »

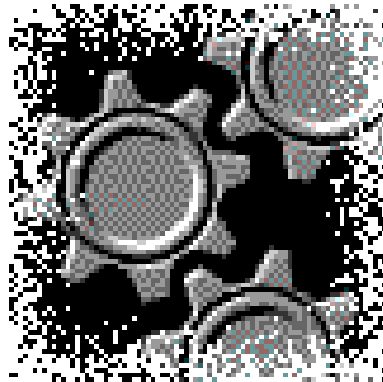




#4 PROCESS & ORGANIZATION

Start-up & Turnaround

- **Start-up** : focus on building-up and implementation of:
 - (i) **product development** in a 1st phase
 - (ii) **other business processes** in a 2nd phase
- **Turnaround** : **simultaneous** reorganization of all business processes as well as organizational & industrial flows



Conclusions on PROCESS & ORGANIZATION

- **Start-up** and **turnaround** company have both an urgent need to review and implement **new processes**
- Continuous **change management**
- In both cases recruitment and build-up of top **over-performing management team** is key to success (top & middle management)



#5 SALES DEVELOPMENT



Start-up & Turnaround

- **Start-up** : continuous effort is required to develop sales **from scratch** (more difficult than to develop sales in existing market)
- **Turnaround** : need to stop selling **negative margin** (or insufficient) product in order to stop cash bleeding. Obligation to **clean-up product lines** in a 1st phase.

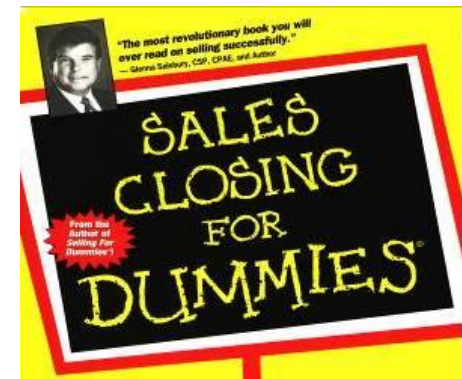
This short-term shrinkage decreases sales and must be very quickly followed up by **business development efforts** in existing and new (international) markets in a 2nd phase.

Conclusions on SALES DEVELOPMENT

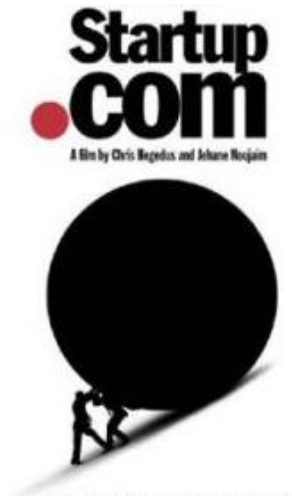
In both cases, only :

- (i) a competitive product positioning
- (ii) a focused marketing
- (iii) an efficient sales organization



...will enable a successful business development at international level

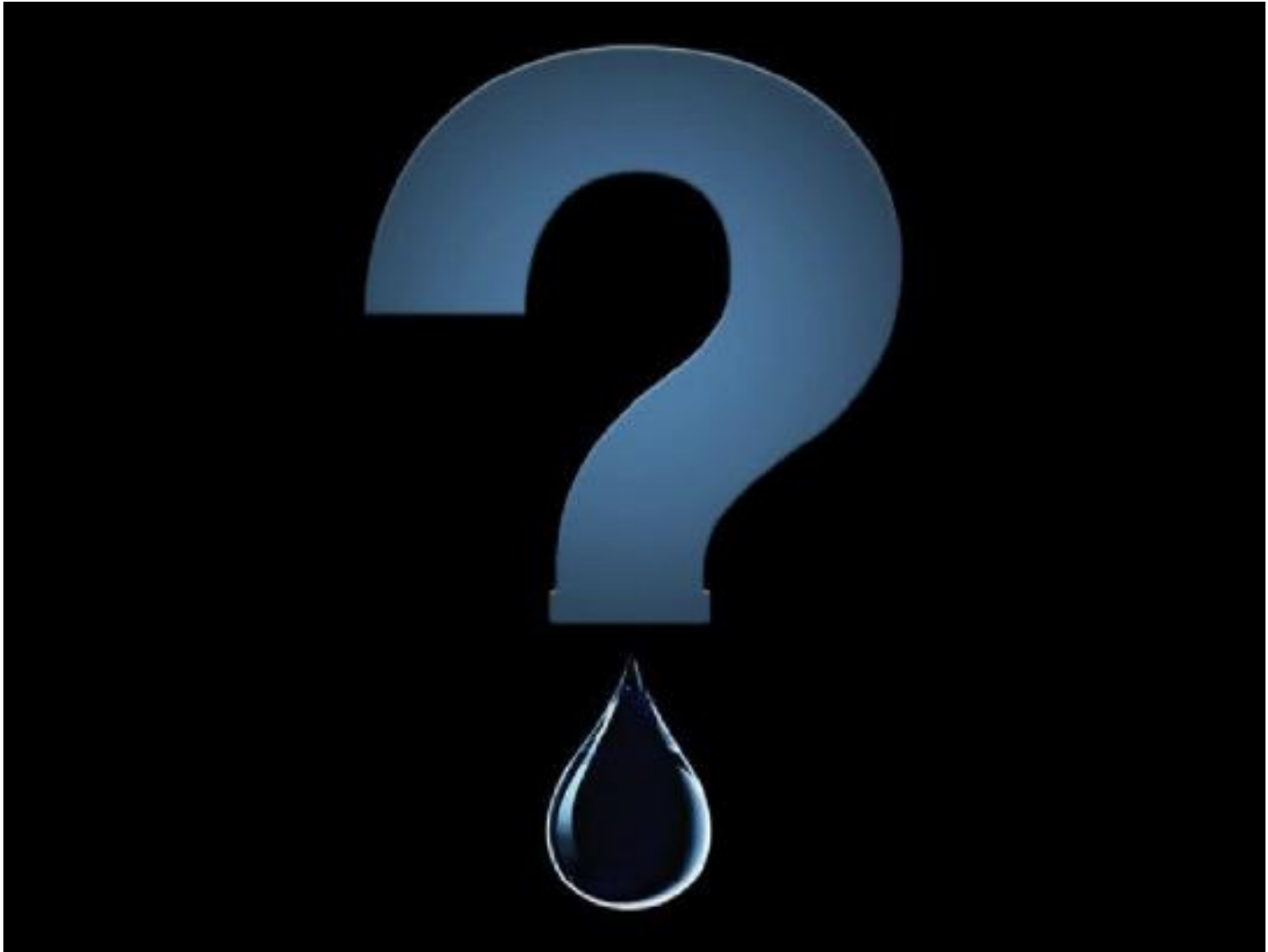


CONCLUSIONS



Summary

		
#1 Management	CEO change Change management	CEO change Change management
#2 Cash	Limited	Limited
#3 Urgency	Maximal	Maximal
#4 Process	a) Build-up b) Implement	a) Restructure b) Implement
#5 Sales	a) Develop b) Develop	a) Shrink b) Develop



Exhibits

Profile summary – Alex Bezingé

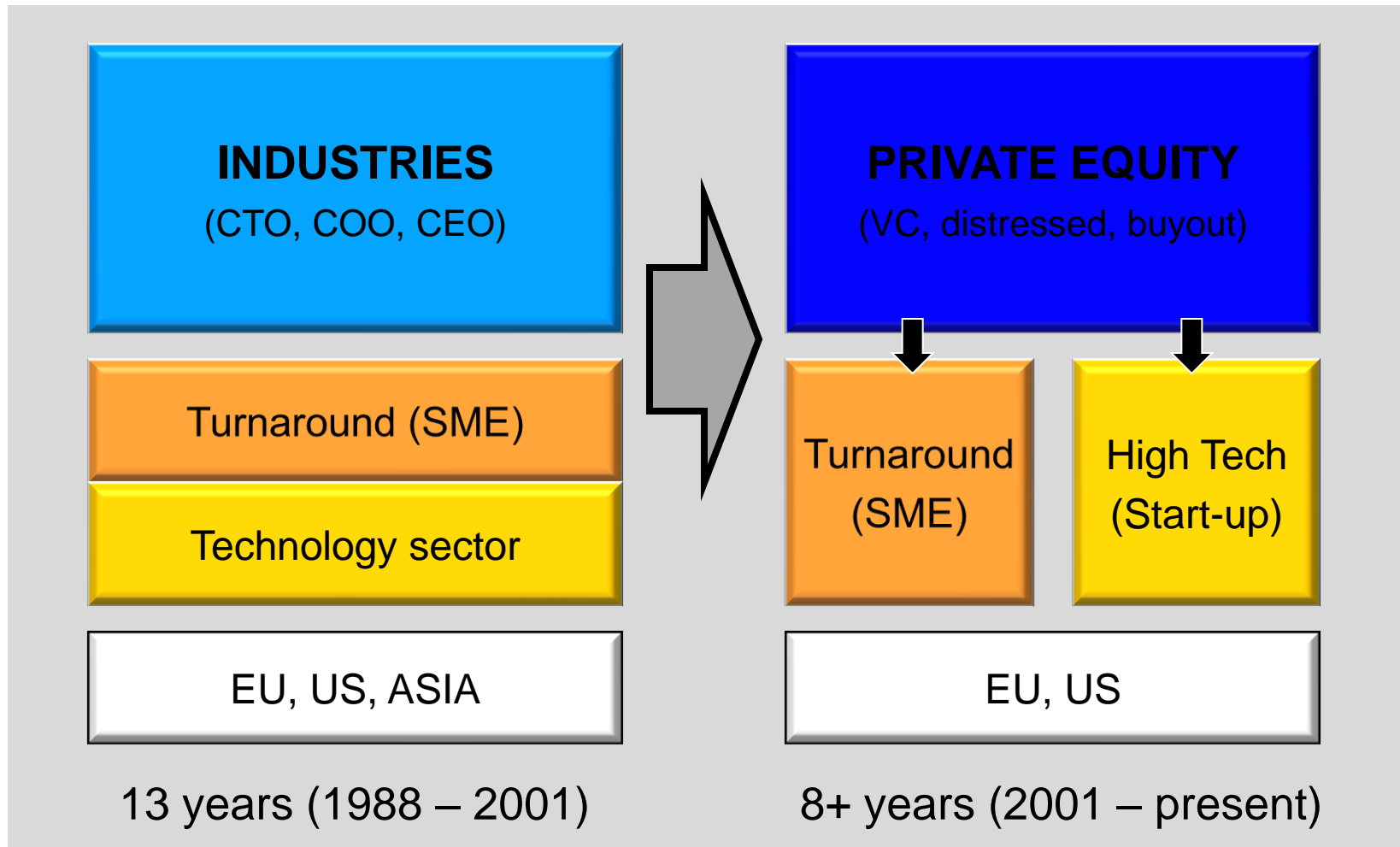
- M.Sc. & Ph.D. in Physics (ETH-Zürich, University Geneva)
- Post doctoral fellow at IBM Research Center in US (material science)
- Post grad studies in Management (INSEAD, STANFORD)
- material science (8years), microelectronics - microsystems (16years)

- **13+ years** in restructuring INDUSTRIAL and HIGH TECH Co.
(CTO, COO, CEO)

- **8+ years** PRIVATE EQUITY experience in start-up & distressed Co.
(Investment Director, Fund Advisor, Board member/advisor)

- **Total of 21+ years** international experience (EU, US, Asia) with SME, Start-up, and distressed companies in the industrial and high tech sector (both as executive and non executive director).

Experience overview – Alex Bezinge



alx-management services

ALX provides **Management & Advisory Services**

- to PRIVATE EQUITY FUNDS
- to HIGH TECH START-UP
- to INDUSTRIES

ALX is **specialized** in :

- Company **due diligence**
- Management **assistance**
- Special project management at **CXO** level
- Company **performance** improvement
- **Turnaround & restructuring** management