

Operational Challenges & Best Practices in mandate execution: PE/VC investee companies

- Challenges
- Practices

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Positioning: CFO Services

Our CFO's can thrive in following scenarios

- * PE investee companies with growing scale
- * Absence of senior finance team or absence of desired experience, skill sets or cost of hiring full time CFO is prohibitive or not require due to early growth stage
- * Accounts & finance reporting, hygiene is absent
- * Lack of systems & processes across functions & IxCFO's demonstrated role of "KPI based business driver"
- * Dynamic, evolving environment for organic & inorganic growth mandate between PE/VC Investor & Promoter
- * Companies slated for investment by PE/VC with higher growth trajectory

Typical PE/VC investee mandates undertaken

- * Building Scorekeeping function – Process, Controls & Automation
- * Introduce & keeping improving KPI - MIS reports focussing on
 - * Division wise, product wise performance vs budget
 - * Stock, receivables collection with aging
 - * Cash flows (actual & projected)
 - * Balance sheet snapshot
 - * Trend, ratio analysis
- * Analyse financial performance, suggest improvements by
 - * Improving Cash conversion cycle, managing stock, receivables, WC management, Banking/NBFC's relationship management
 - * Cost control & Optimisation via Cash Conversion Cycle
 - * Diving deep into business & finance with regular board/ops review
 - * Putting in place systems & processes
- * Compliance matrix, exception reports, month closing with financial/ops IT integration and keeping Due Diligence ready
- * Assisting in Organic & Inorganic business & finance integration , preparing/updating business plans
- * Assisting in valuation , capital/debt structures and overseas set-up

Approach for mandate

- * Understand the PE funds & management requirement
- * Create an engagement matrix targeting key focus areas and actionable
- * Establish rapport with management team, finance team & key stake holders
- * Be the bridge between management & PE investors
- * Hold periodic review meets with PE & management
- * Take course correction measures based on review meet
- * Keeping Due Diligence ready mode to tap capital
- * Last but not least; “Hands on approach for all mandates”

Case Study: Company A

- * Company operating in E-commerce Services Space funded by private equity ('PE')
- * Analyzed and defined missing processes in the F & A outsourcing, mapping with operations, and defined the operating matrix of the Company as well as revenue recognition point
- * Keeping tab on orderly & control cash burn in highly dynamic competitive environment
- * Developed reporting matrix/board docket for the Company helping in explaining the business scale view point KPI's to the PE firm
- * Implemented compliance process across regulatory laws
- * Keeping financial accounts & associated compliance under due diligence ready mode for quick turnaround on closure of fund raising process with Global VC Fund raising US\$ 100 Million

Case Study: Company B

- Business plan refined based on proper business segmentation with drill down operational budget/business levers/overheads addressing strategy on efficient capital deployment keeping in mind
 - * - Twelve (12) month valuation matrix as per term sheet
 - * - Debt requirement for future working capital
- Introduced stock count cycle process covering all items at quarter end and ageing analysis of inventory & receivables on fortnight basis with cross functional team and to set controls on receivables (DSO reduction)
- Implemented MIS automation & board docket giving business analytics on early stage growing business & tracking important business/finance levers
- Assisted in ESOP formulation policy and plan to roll out/implementation of the same with the help from ESOP network partners & in-house HR team.

Completed finance function migration to full time Controller as BOOT model

Case Study: Company C

- * Co. B, an early stage startup funded by angel fund had given us a mandate on Ix, Tx & Fx offerings
- * Company had lost 2 CFO's in a short span of 6 months and needed to create a business plan for round II of fund raising from PE
- * Helped setting up controls, processes and MIS pack
- * We were able to understand the business in a short span of 2 weeks and create/refine a business plan within 4 week with domain expertise for Series A funding
- * Setting up subsidiary in US & Europe to take up SAAS based product offerings.

Company D

- * Have successfully implemented Financial ERP with interface to POS systems across 80 retail stores
- * Robust MIS and redefined the cost of finance function (COFF) under our Tx & Fx matrix
- * Substantial improvement in gross margin by 2% and overheads reduction by 1% across the growth stages with well built controls on inventory, cash collection practices and overheads rationalisation
- * Implemented internal audit framework across stores and well built surprise check elements to deter losses
- * ESOP implementation working closely with HR

To Sum up

- * Unlike family business, PE owned companies mandates come with their own different set of challenges
- * We have unique engagement matrix – Tx + Fx + Ix
- * However, ixCFO is strategically positioned to take on such challenges as our partners have 100 years plus of cumulative experience which is wide ranging & across industry. This coupled with deep insights, knowledge management framework & rich network enables us meeting our deliverables on time with quality & quantifiable matrix