Financial and Operating Pitfalls Along a Company's Life Cycle

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Start-Up or New Business Division

1) Developing a product or service for which there is little market need (**this is the #1 reason why start-ups fail –** according to a CB Insights study)

2) Entering a market segment experiencing little to no growth. Those markets are not welcoming of new players, and competition is often on the basis of price

3) Spending too much time and money on Product Development and not enough on Sales & Marketing. Embrace the concept of MVP (Minimum Viable Product) instead

4) Underestimating how long it will take to gain traction and to generate revenues. It always takes longer and costs more than you think

5) Not raising enough capital (aim for 18-24 months), or if raising enough, following the "pedal-to-the-metal" VC approach (**the #2 reason why companies fail is running out of cash**)

6) Falling prey to very onerous VC terms (run a process; aim to land several term sheets; retain competent advisors)

7) Not pivoting when needed. "Fail quickly, fail forward"

High-Growth / Scale-Up

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1) Over hiring or Under-hiring

2) Not paying enough attention to cash flow - growing businesses require a lot of cash

3) Being overly optimistic about the future - Make sure your financial forecast has 2-3 scenarios and that you are able to deal with the worst case

4) Not knowing which products or markets are the most profitable, and allocating equal resources to all products and markets

5) Lacking systems, processes and procedures that allow the business to scale

6) Not having a strong number 2 and/or experienced people in key positions (Sales, Operations, Finance, Marketing) **(the #3 reason why start-ups fail is not having the right team)**

Mature Businesses

1) Expanding into areas that have little synergy with the core business
2) Not innovating; Getting too comfortable with the current business model and product line
3) Developing Groupthink / Tunnel vision - diversity of thought is key for long-term, profitable growth
4) Loss of motivation and drive - both by the Senior Mgmt. and employees
5) Mostly fixed compensation structures. Instead, let incentive / bonus plans do the management and align interests for you
6) Taking too much money out of the business
7) Not planning ahead for an exit - It takes several months (and sometimes a year plus) to prepare a company for a sale

Exit / Transition

1) Having unrealistic valuation expectations

2) Not knowing your “number” - how much you need to sell the business for to net what you require

3) Not retaining the right advisors. Asymmetry of knowledge vis-à-vis who is on the other side of the table can be very detrimental to the final outcome

4) Not running a process with multiple bidders. Different prospective buyers can have very divergent views on the value of your business, due to strategic reasons (i.e., product line or geographic gap that your business fills), cost of capital, scale, etc.

5) Not taking into account the macroeconomic scenario. Business cycles can greatly impact the market value of your business

6) Not rewarding key employees for the sale (they can sabotage the sale process otherwise)

Companies Across All Stages

1) Lacking competitive advantages or meaningful differentiators

2) Poor allocation of resources

3) An over-extended CEO; Lack of focus

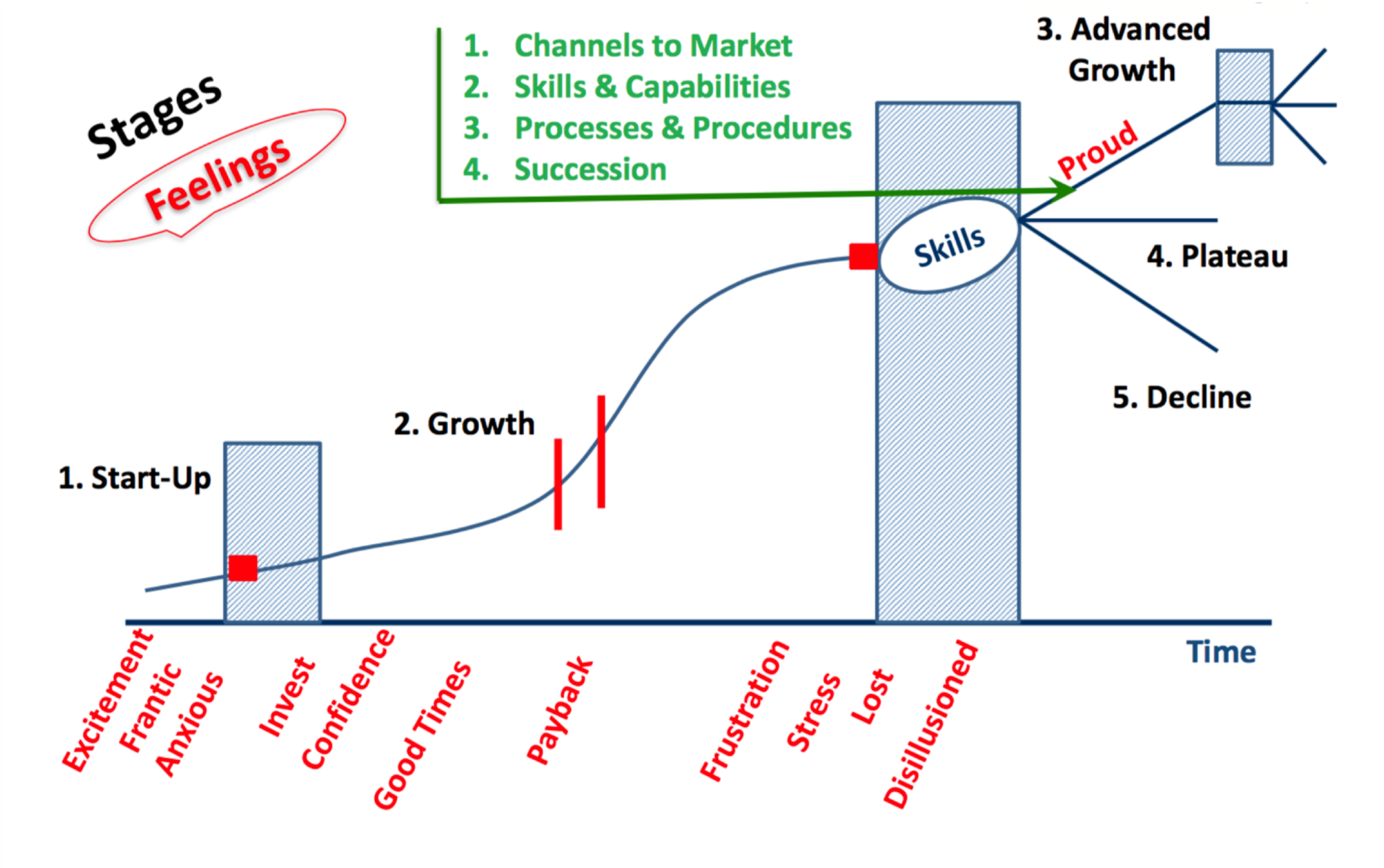
4) Large egos; a toxic culture

5) Focusing too much on revenue and client acquisition and not paying enough attention to profitability and cash flow

6) Great ideas, poor execution

7) No accountability

The Life Cycle of a Business



Mario Wanderley – Managing Partner

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Mario Wanderley has a broad-based business experience, including as an entrepreneur, finance and operating executive and investment banker. He has a successful track record starting-up, growing, turning around and selling businesses in the US, Europe and Latin America. Mario's experience spans several industries, including: technology, software, manufacturing, professional services, medical devices, ad tech, fintech, telecommunications and retail.

As the co-founder of three companies that he later helped sell, and the CFO and COO of numerous other ventures, Mario has developed the ability to quickly identify and improve on the key operating and financial levers of a business to increase productivity and profitability and maximize cash flow and value creation. Mario is also an experienced dealmaker, with over $11 billion in domestic and international M&A, debt and equity financing transactions executed.

Prior to founding Venture Growth Partners, Mario spent 17 years with The Crowley Group - an entrepreneurial firm engaged in the start-up, acquisition and management of domestic and international businesses, across numerous sectors and in partnership with venture capital and private equity firms. During his tenure, Mario co-founded and acted as CFO, COO and Board Member of several businesses, including two companies backed by The Blackstone Group (the world's largest private equity firm) and a joint-venture with AT&T – helping create over $500 million in Enterprise Value. Crowley has been a client of VGP from inception.

Prior to Crowley, Mario was an investment banker with J.P. Morgan & Co (in New York and Sao Paulo, Brazil), where he participated in the origination and execution of numerous transactions across several industries in the U.S. and Latin America.

Earlier in his career, Mario was the General Manager of a division of an industrial company, where he turned a money-losing business into the company's most profitable and fastest growing unit by: cutting costs, increasing productivity and acquiring blue-chip clients such as Alcoa, the aluminum multinational.

Mario received his MBA with a concentration in Finance from the Darden Graduate School of Business at the University of Virginia and his B.S. in Business Administration with a concentration in Operations from Universidade Salvador (Brazil).

Testimonials (I)

"**Mario Wanderley** is a world-class entrepreneur, finance and operating executive and deal maker. For the past 19 years, he has worked as my CFO/COO and partner in building numerous businesses in the U.S. and overseas and negotiating transactions with leading technology companies, banks and private equity firms. Mario repeatedly demonstrated an uncanny ability to quickly evaluate complex operating and financial issues and to present creative solutions in often unrealistically short time frames. His tenacity, integrity, intelligence, negotiating and managerial skills made him an invaluable partner."

George Crowley
Founder, Chairman and CEO of The Crowley Group

"**Mario Wanderley** immediately impressed me with his integrity, passion for execution and careful strategic thinking. He has a wide range of core competencies spanning a number of industries and geographies. He has a unique and rare combination of capabilities as an investment banker, financial executive, and as senior management with hands-on operations experience."

Dr. Anita Goel
Chairman and CEO of Nanobiosym

Testimonials (II)

"I had the pleasure of working with **Mario** at CitizenGlobal. At the time we were executing a major company pivot that affected product, personnel and of course financials. Mario was a critical partner in making sure the new strategy was correct and instrumental in helping keep the execution focused and on track. While this type of transformation stresses relationships, Mario always managed to show up with poise and a dose of humor that helped smooth out the rough spots."

Robert Blatt
CEO of MomentFeed

"I was introduced to **Mario** when our CFO resigned. I was initially planning to contract with him on an interim basis, but he instantly understood our business challenges, began adding value and quickly became a trusted advisor and important member of our leadership team. His finance experience (as a banker and as a CFO) along with his strategic insights, negotiating skills, creativity and pragmatic approach to deal making are rare combination of strengths in one person. I no longer think of Mario as a consultant. He's quick to respond and brings sound perspectives and thoughtful ideas. We're growing fast and will eventually need a full-time CFO, but won't likely outgrow the need for Mario's insights and advisory services."

Clynt Taylor
CEO - Intervention Insights