

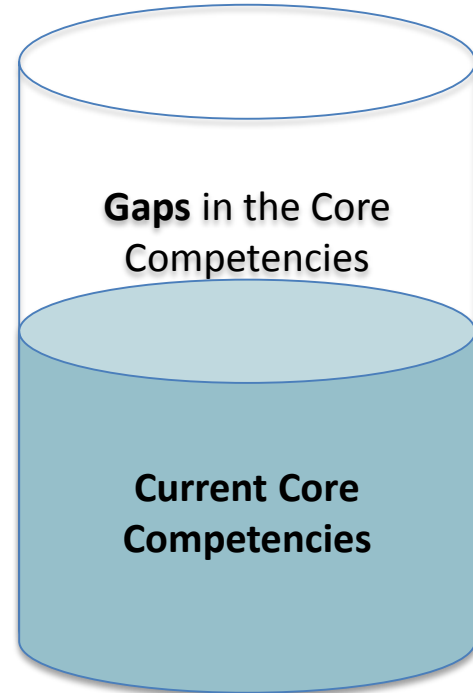


# BUILDING ENTERPRISE VALUE: ACCELERATING GROWTH

DAVID J. RAFFA  
CORPORATE FINANCE

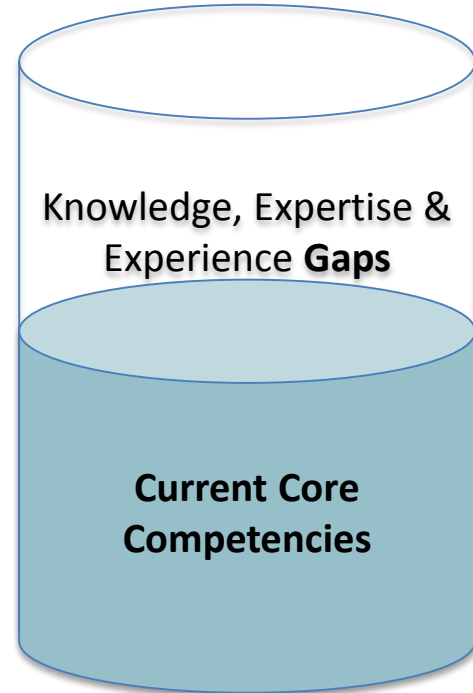
# THE ENTREPRENEUR'S NEED

- Entrepreneurs in high growth companies *run hard and fast* - they have too much to do and too few resources to do it with
- They know their *core competencies* do not fill all their needs - but they have limited human resources to draw on, and limited finances to add senior talent
- In some cases *they don't know what they don't know* – they are missing the experience to identify all the gaps
- The harder and faster they want to run, the more problematic the gaps are



# WHERE THE GAPS EXIST

- Gaps may exist in the breadth of knowledge, expertise & experience that the founders and senior team have
- Having the:
  - *Knowledge of what needs to be done,*
  - *Expertise on how to do it, and*
  - *Experience on what to watch out for,*will let you run harder, faster, more confidently
- Filling these gaps facilitates *raising capital* and *attracting “A” players* to the company



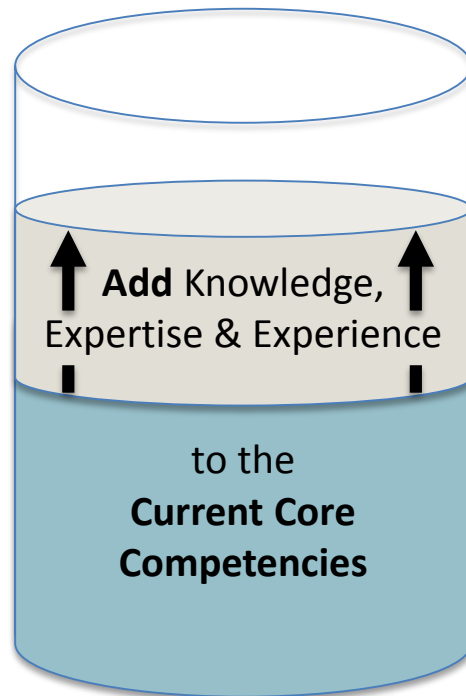
# WHAT I DO – HELP FILL THE GAPS

*“David joined us as a founding Board member and worked with management to build and write our business plan, develop our financial model, structure our equity, build our team and prepare our financing strategy & collaterals. Any company looking to accelerate growth will really benefit from David’s expertise. **It was like having another Co-Founder.**”*

*~ Leonard Zapalowski, ex-CEO, Mazza Innovation*

*“I have twice asked David to help build a tech company that I was involved with. He rolled up his sleeves and helped build both companies, secure financing, and when we were ready **he led the sale of both companies and achieved excellent results.** When I came out of retirement to take on a new opportunity to build yet another tech company, I called him again.”*

*~ Barry Carlson, Chairman & CEO,  
Plurilock Security Solutions*

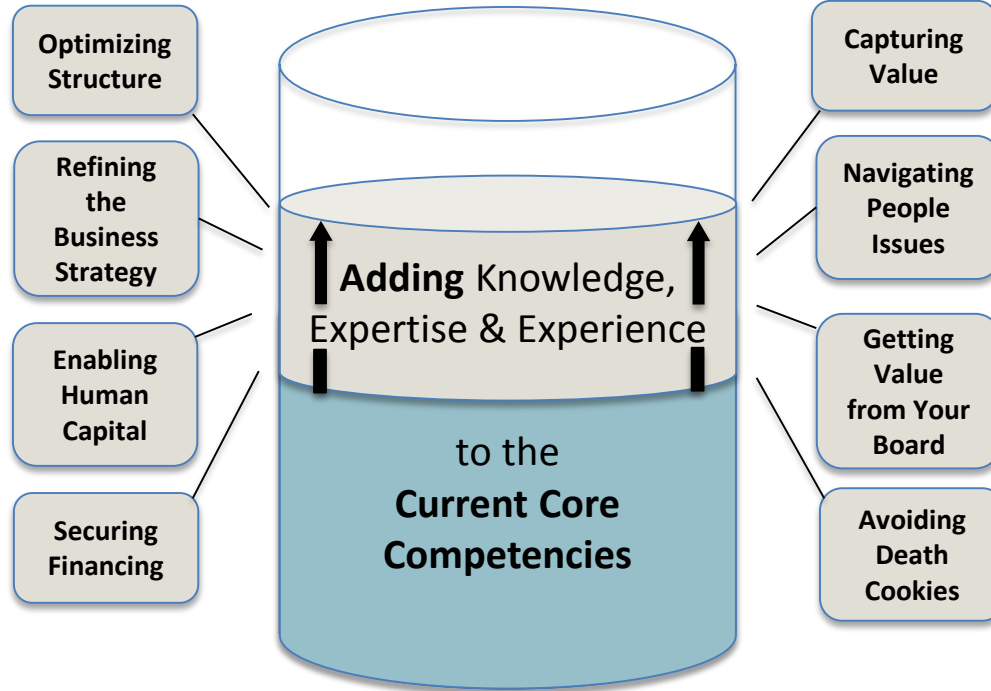


# ADDING TO YOUR CORE COMPETENCIES

*Knowledge,  
expertise &  
experience*

*Purpose  
built tools  
and guides*

*Best  
practices for  
high growth  
companies*



*Hands On  
Support*

*Part of the  
extended  
Team*

*Part of the  
Solution*

# OPTIMIZING STRUCTURE

Improving your corporate organization and structure provides a foundation for growth:

- Reducing the risk of misalignment amongst stakeholders
- Helping attract talent, obtain financing and secure a successful exit

## FINANCING STRUCTURES

“We didn’t realize that the financing structure being pitched to us would make it harder to raise future rounds. Luckily David did. He sorted us out and provided a better alternative”

## SHAREHOLDERS AGREEMENTS

“We had no idea about the business implications of the terms of our SHAG until it was too late. Fortunately, David was able to find a way out and talk our stakeholders through why we needed to change it. We were stuck and we got unstuck”

*Entrepreneurs should understand the **business implications** behind the corporate documents they use - shareholder agreements, ESOPs, option agreements, etc.*

## EQUITY PLANS

“Our equity plans were a mess – we gave up way too much dilution, created tax problems and we weren’t getting the value we wanted. He explained what we were doing wrong and provided a path to create the alignment we were looking for, and fixed the niggly crap too”

## EXIT STRATEGY

“David structured us to ensure that when it came time to sell we could control the process – seemed small then but huge when the time finally came”

# REFINING THE BUSINESS STRATEGY

Testing and refining the business strategy:

- Challenges existing assumptions
- Identifies opportunities for improvement
- Crystalizes your long-term vision
- Reduces risk of wasted time and capital

## **BUSINESS PLAN**

“David led a process and provided a template to update our business plan. We were skeptical about why we needed to do this but we ended up identifying a number of things in our business we had not considered. And we produced an investor friendly business plan to boot.”

## **CASH FLOW MODEL**

“David provided a template for a cash flow model which helped us figure out what we needed to raise, by when and what we would do with it. It spoke to our investors and provided the information they wanted to see in a form they liked. We ended up using it internally and for our Board as well.”

*Planning tools entrepreneurs use should serve both internal and external needs, and not just tick boxes*

## **STRATEGY**

“We didn’t always like it, but David kept us continually examining our business strategy and challenging our assumptions. He gave us the opportunity to do this before approaching investors and before reporting to our Board. This was huge. He became an ongoing sounding board, one that really understood what we did.”

# ENABLING HUMAN CAPITAL

Human capital is core to the success of all high growth companies – ***it is all about the people***

Building the right team, providing incentives and increasing engagement is essential to growth

Making sure your employment contracts are properly locked up is critical

## ENGAGEMENT TERMS

“We weren’t thinking that far down the road but David explained what could go wrong when we went to sell the company if we didn’t lock our people up properly. He explained what terms were reasonable and called out business issues we never thought of. And he coached some of our more high maintenance people through what we needed to do and why - they didn’t feel threatened by him.”

## NETWORK

“David opened up his network for us and helped us build our team, not just in finding great people but in pitching the opportunity.”

## COMP MODELS

“We needed help defining comp plans for our mish mash of people - full-time, part-time, employees, consultants, some cash, some equity, some bonuses. We were in the dark and really had no frame of reference for what was fair and not, and we worried about dilution. He guided us through it and provided lots of alternatives.”

*Purpose-built employment & consulting agreements for senior officers, rank and file, and full and part-time consultants*



# SECURING FINANCING

Building an intelligent financing strategy helps you:

- Identify the right class of investor to approach
- Determine when best to approach them
- Prepare the pitch that will appeal to them

Improving your ability to secure financing

## FINANCING ALTERNATIVES

“He knows how to structure angel and VC rounds; he walked us through RTOs as an alternative; he helped with negotiating SRED loans and venture debt; he even helped with a SaaS royalty financing we did. We learned a lot.”

## FINANCING PACKAGE

“We thought we had a good financing pitch and package. We didn’t. David worked with us to revamp our materials, providing really helpful templates. When we were done I jokingly asked him if he wanted to do the pitch because he understood it so well. He laughed, then declined. We were way better prepared when we went out.”

## INVESTOR READY

“David provided a helpful tool he developed to make sure we were ready before we went out for financing, and then he tested us on it. We were way more ready to respond to investor DD when we went looking for investment.”

## NEGOTIATING TERMS

“He knows how to negotiate and what is market and not, and he can speak with authority. Small things can impact future valuation. I’m certain we got better terms because of him.”

*Guides are provided to explain the financing landscape, what VCs want and how their terms work, and financing alternatives such as IPOs and RTOs*

# CAPTURING VALUE

Careful thought needs to go into determining your business model to ensure you capture your fair share of the value you create

Large customers and partners will use their leverage to extract deal terms that limit your ability to capture value

Knowing how to negotiate with them and where you can push back will improve deal terms and build long-term value

## STRATEGIC PARTNERING

“We were a small company, under a hundred employees, negotiating a partnering deal with a multi-national, multi-billion dollar company. I had more than enough on my plate for three people and needed help. Our legal was great but I needed someone who had been inside our business and really understood how we created value. David co-lead negotiations along with our VP, Bus Dev and the two of them worked for over six months to get the deal we wanted. He was a rock and unshakable, sometimes dealing with more than a dozen people on their side of the table. He knew when to hold his ground and what kind of deal we needed to get done. All this while the board was breathing down our neck to get something signed.”

## REVENUE MODELS

“David helped us refine our revenue model which improved our margins and increased our share of the value chain. This speeded up our path to profitability, made financing easier and should improve our valuation on exit.”

*Understanding the business from the inside, and then negotiating with confidence from years of doing deals makes for better outcomes*

# NAVIGATING PEOPLE ISSUES

High growth companies are an exciting roller-coaster ride but can be stressful too

Identifying people issues early and getting out in front of them is critical

Culture is everything – trying to manage people issues from within can pose its own challenges

## FOUNDERS

“We were having issues amongst the founders. Having an unbiased, experienced advisor to help sort things out and mediate was huge. David could point to examples and explain what needed to be done and why, and how our challenges were impacting our plan. He had no dog in the fight, that helped.”

## CEO COACHING & MENTORING

“It was great to have someone I could talk to about dealing with my staff, my senior execs, our board and investors. David has been through the wars and was able to share his experiences. He talked me down from the ledge a number of times!”

*Understanding people issues comes from experience – no two situations are exactly the same and you can't read about it in a book*

## STAKEHOLDERS

“We really didn't know how to engage with our investors – what reporting was appropriate, how much information we should share, where we needed to draw the line. We had some very high maintenance investors and a board member who sometimes crossed the line. David provided guidance and help us keep the calm. I had enough to deal with running the business.”

# GETTING VALUE FROM YOUR BOARD

Developing a plan and strategy to:

- Build a better Board, and
- Improve how it functions

Will go a long way to getting value from your Board, and help you grow your company

## BOARD MAKEUP

“David showed us the mistakes founders make in building their boards and how to avoid them. He provided a methodology for building a good board, and showed how to build and use an advisory board as well. And he helped us source candidates.”

## BOARD PROCESSES

“Together we built a full governance plan for our Board which provided clear lines of authority, set expectations of both management and board members, and simplified prep and reporting. He showed us how to hold everyone to account and as a result our Board functioned well and contributed. We got value.”

*Governance documents should drive board function and allow management to extract value, not just tick boxes*

## COMPENSATION

“David helped us devise a Board and Advisory Board comp package, and he made sure that both integrated well with our overall equity plan. It all made sense, both to us and our board members.”

# AVOIDING DEATH COOKIES

Notwithstanding all of the strategizing and planning, there are no shortage of mistakes that may seem small at the time but which can become big problems down the road

Too often entrepreneurs simply don't see these coming – experience is everything

## STRUCTURE

“We had no idea what the impact of financing our company through shareholder loans meant to us until David explained it.”

## MISALIGNMENT

“We thought we were creating alignment only to find out we were doing the opposite. Thank god we fixed it early.”

## GOVERNANCE

“We didn't realize the impact of giving our strategic partner a board seat and how to manage him. I wish we had known sooner how to handle this.”

## DILUTION

“We suffered way more dilution than we had to. We really did not know how to use our equity. It was like burning money.”

## PARTNERS

“We thought we were doing a great deal and did not realize how it would impact our ability to secure other partners. And now it is causing some challenges with our exit strategy.”

## CONTROL

“We thought we were being transparent, instead we just created a governance nightmare and lost control of the agenda.”

## CAP TABLE

“Everything was going great with the investor until he looked at our Cap Table and pointed out a “death cookie.” He told us to come back after we cleaned it up. Unfortunately, that was easier said than done.”

*“I wish I had met you earlier”*

*~ Wayne Guilderson,  
Founder & CEO,  
Sqwrl Collective*



# BACKGROUND

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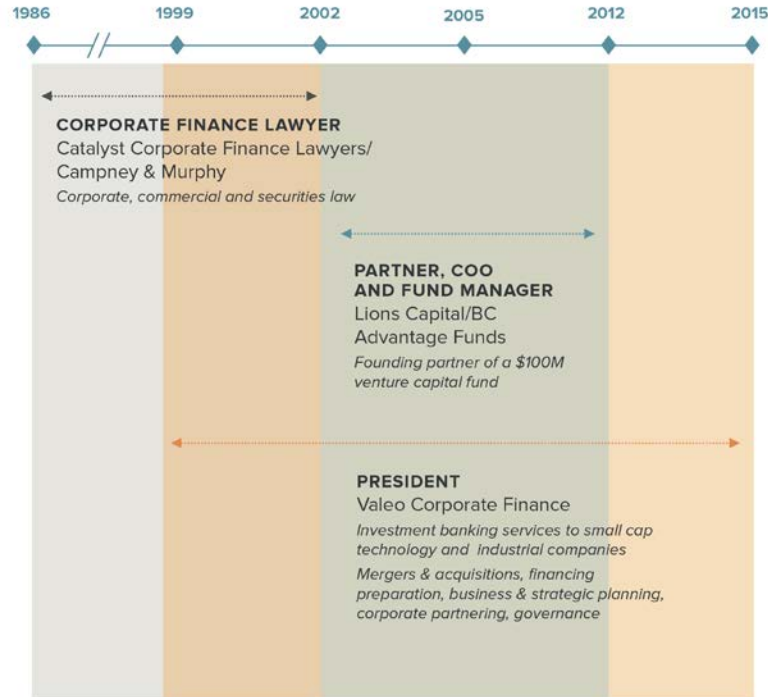
# PROFESSIONAL BACKGROUND

*M&A for Small  
Cap Technology  
and Industrial  
Companies*

*Advising companies  
through the high  
growth stage*

*Leading their  
liquidity event when  
they are ready to  
sell or IPO*

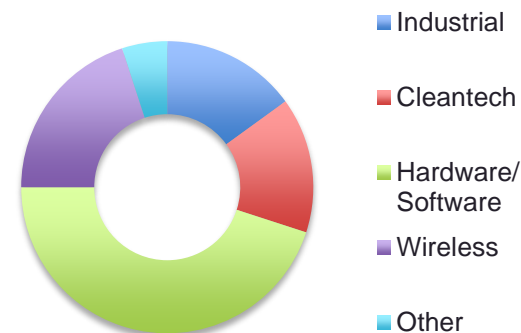
DAVID J. RAFFA  
CORPORATE FINANCE



# BUSINESS BACKGROUND

- Co-Founder, Partner and COO, Lions Capital/BC Advantage Funds (investment bank and \$100M early stage venture capital fund)
- Past Executive Chair, ActiveState Corp - acquired by Sophos PLC (UK)
- Co-Founder and Past Executive Chair, Emerald Health (TSXV:EMH)
- Co-founder and Past VP Corp Fin, Amorfix Life Sciences (TSX:AMF)
- Co-Founder, Past President and CEO, Brightwave Technologies - now Sophiris Bio (NASDAQ:SPHS)
- Board/Advisory Board member of more than 30 companies:
  - Parasun Technologies – acquired by Uniserve
  - Layer 7 Technologies – acquired by CA Technologies
  - Wolf Medical Systems - acquired by Telus
  - In Motion Technologies – acquired by Sierra Wireless
  - Scorpion Software – acquired by Kaseya
  - 3 Tier Logic – acquired by KCO Capital
  - Contigo, Redlen, Mobidia, Rewardstream, Mazza Innovation, AlgaeCan, Plurilock, Zorroa, Prollster
  - Past (legal) Advisor to Avigilon (TSX:AVO), Flickr (acquired by Yahoo), Verrus Pay-By-Phone (acquired by Paypoint)

BOARD POSITIONS BY SECTOR





# VALUE PROPOSITION

- I am:
  - A hands on, senior resource to help you drive growth – an experienced wing-man
  - Much more help than a typical Advisory Board or Board member (much deeper engagement)
- I will:
  - Improve your ability to secure talent and investment capital
  - Help you deploy your resources more strategically, meaning less dilution to you
  - Drive you to a successful exit, avoiding pitfalls
- I will help you build value and minimize dilution

## *What does it mean?*

*Every percentage point increase in your exit value, and every percentage point of equity you retain by minimizing your dilution, equals:*

- *\$200,000 on a \$20M exit, and*
- *\$1,000,000 on a \$100M exit*

***Build a better company, faster,  
with less dilution***

# CLIENTS



# TESTIMONIALS

*“We engaged David to lead the sale of our company. During this process David also served as our corporate advisor. I ended up reaching out to him on a lot of matters outside the M&A mandate. He helped me structure a seed round, introduced and helped negotiate a SRED loan, advised on contract negotiations, helped with founder issues, advised on shareholder matters and was involved in discussions with strategic partners. **He ended up being a trusted advisor on a whole variety of operational matters.** I would highly recommend his services.”*

*~ Margaret Malewski, ex-CEO, Liquivision Products*

*“I approached David to be an advisor to help build my company and ultimately sell it. I picked David specifically as I had been told that he would work with companies still in the growth stage who might not go to market for a few years. David came as advertised, helped us develop our growth strategy and ready ourselves for sale, and then when the time came **he led our M&A process and achieved an excellent result.**”*

*~ Dana Epp, Founding CEO & CTO, Scorpion Software*

# FEES

For growth, financing and governance advisory services:

- Cash consulting fees:
  - by the hour, or
  - fixed priced for defined projects, or
  - monthly retainers for long-term engagements, or
- For project or long-term engagements, I will consider taking a portion of the fees in equity

For M&A engagements:

- Monthly work fee for a fixed and capped period
- Success fee as a percentage of the sale price

*“I work with clients to build a fee structure that motivates **performance** and **aligns interests**”*

# FINAL NOTE

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*“To achieve the vision you have for your company you need to fill the gaps in your knowledge, expertise and experience. If you do you will be able to run harder, faster and more confidently.*

*Accelerate your Growth. You are in a foot race.”*

Helping companies with their growth, financing and governance strategies and then leading their exit - relevant experience, proven results.

# CONTACT

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