

VENTURE MANAGEMENT: SUMMARIZED EXAMPLES



Businesspeople universally recognize that Venture Capital provides the necessary fuel to launch and/or sustain a business. CPath Solutions has determined that Venture Management provides a company with the requisite energy to effectively build a company in the particularly volatile stages of *launch* (getting started) and *improve* (rapidly repairing). This summarized document will introduce 3 examples of CPath Solutions' Venture Management at work

1) Producer to Productive

A small, privately held, manufacturer and distributor of products used most commonly in the food and pharmaceutical sectors had achieved marginal profitability after 50 years in operation. Despite great demand for a particular product, they were unable to generate meaningful incomes because of limited plant capacity and the chronic need for investment in their property, plant, and equipment. Their customer base includes many of the world's largest food and pharmaceutical companies, many of which were frustrated by unremitting delivery delays. Initially, the manufacturer turned to CPath to help them improve operating efficiencies so they could raise more monies for additional capital investment.

CPath Solutions initiated its proprietary Proactive Opportunity Management processes, and within weeks created an entirely different business model that transformed a manufacturer into a licensor. Rather than producing for their customers, by licensing a proprietary process to them our client reduces their capital expenditures, their customers reduce supply chain and inventory cost, and all sides of the equation drive greater profitability.

2) Dreams to Dollars

In recent months any number of companies have entered or are attempting to enter the life safety/security industry. In most cases these startup businesses are addressing particular life safety/security issues through unique technologies. These independent companies required capital to fully develop their product and to then identify prospects that could ultimately be converted into revenue-producing customers.

Realizing that these companies needed to maintain their level of operating independence, but that each also required similar staff and services and would be met with the same market challenges, CPath created a business model that leveraged individual competencies while also creating enormous internal as well as external economies of scale. Not only would this model allow for perfecting individual technologies, but Daisy (named because the model resembles this flower, with distinct petals connected by a core middle) is also able to cross pollinate individual company Intellectual Property to create its own IP.

3) Reality Check

Not every company is destined to succeed, and Venture Management can be as valuable in generating revenues as it is for preventing further losses. A particular client had already consumed nearly \$15 million in VC monies and was looking for an additional raise. They offered an Internet-based order-entry system intended to connect buyers and suppliers in a technologically-averse, low-margin, highly fragmented industry in which the supply side remains far more powerful than its demand side. Making matters worse, both the supply and demand side of this industry were suffering through the worst possible recession—clearly exacerbated by the events of 9/11.

In less than a quarter, through intensive hands-on management, CPath Solutions determined this client would be unable to meet any of its business objectives. Even if their target market rebounded, the client's core service offering was not compelling enough to warrant serious consideration, and it would cost more to develop the requisite technology than the market could ever generate in income even if they captured 100% market share.

CPath Solutions' core service offering is an intensive process that has proven to be effective in *launch* and *improve* situations, regardless of the industry sector. CPath clients spend less than they would by hiring high priced executives to effectively manage their companies and build their businesses. CPath Solutions clients "Expect Results" because the firm is unencumbered by the politics, narrow focus, and limited expertise that typically prevents a company from realizing its fullest potential.

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