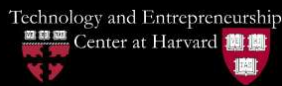


# FreeScale Your Business for Maximum Value at Exit. A Framework

RICHARD MANDERS – FREESCALE COACHING SYSTEMS



Thanks to Rob Follows and Dr. Ricketts for asking me to be here.  
Grateful to share with all of you and share a stage with Vern and Jack Stack who without this story would not exist.

## About me...

- ▶ 7 companies exited
  - ▶ 3 as Founder
  - ▶ All but 1 as an owner/controlling shareholder
  - ▶ iAutomation a home run!
- ▶ 5 companies acquired
- ▶ Advisor on several more



### Companies involved in exit

1. Jelenko
2. Real Estate Development
3. Protective Alarms INC
4. IDC
5. Controls Sales INC
6. NE AutomationSolutions
7. Iautomation

### Acquirer

1. At Pennwalt. TS seksui co
2. CSI
3. DCI
4. Integrated Motion
5. Action Automation
6. Piedmont

# i-Automation Story



Started from 0 in '97  
Wanted to go big  
Sold 75% to PE 2007  
12M, 2.0M EBITDA  
Co- CEO for 2 more years  
Total of 6.5 years, all the remaining focused on M&A  
Hired our replacements  
Left day to day 2012 EOY  
80M/10M EBITDA in 2017  
Lots of ups/downs  
Exited 2017 5X back to investors ~40% annual return

## The Goal.....



Taken in Grand Canyon

Why- am I coaching

- Love business
- Help others do what we did only better and faster

# Verne



1999 EO  
2000 University  
2~3 X industry profit  
Went for 5x  
Xfactor  
MRH with WF



Sent Team to MRH  
Becomes THEIR why- Made all the difference  
Plan still today

BOG



BOG 2004

Callano, APC, Jiffy Lube

Jack Stack

Topgrading

## Where did this knowhow come from?



Hundreds of books and programs  
30+ years as an entrepreneur  
>20 years in EO  
>10 years of YPO  
~7 years each working for Private Equity  
6 years as a Coach  
150 coaches in the ScaleUp group  
40+ 3~8 hour interviews with successful coaches  
Lots more learning to go....

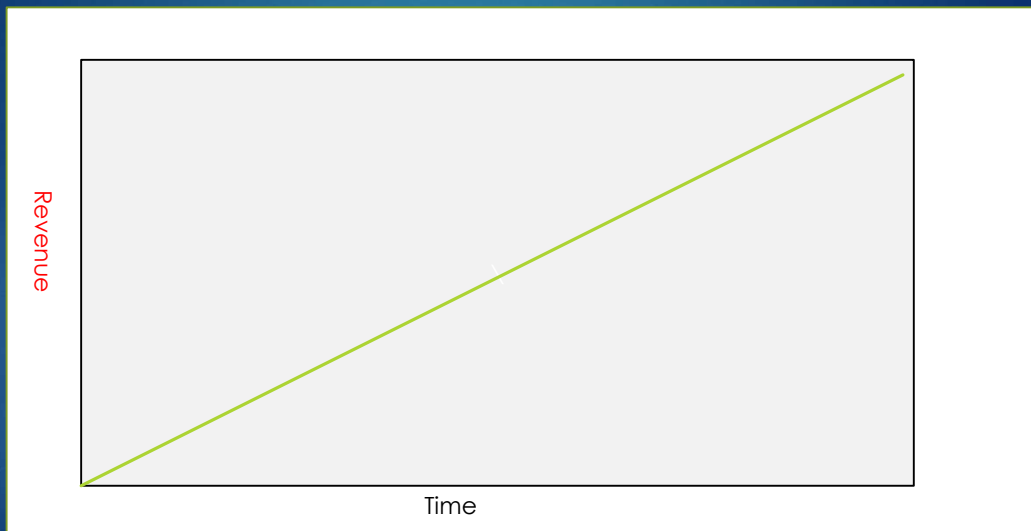


# FreeScale

- ▶ A system that helps the CEO **and** the leadership team scale their business while at the same time scaling themselves



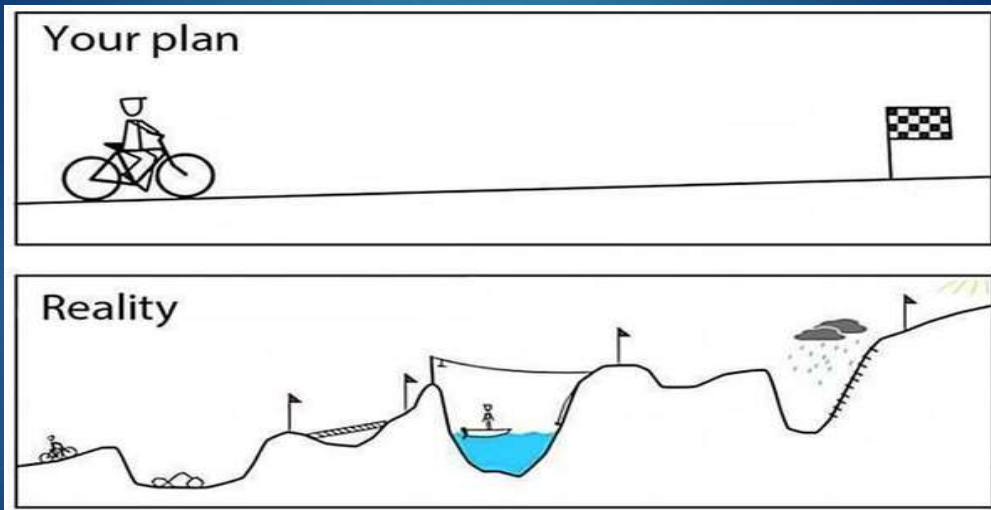
# Evolution of a business



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You started it for freedom

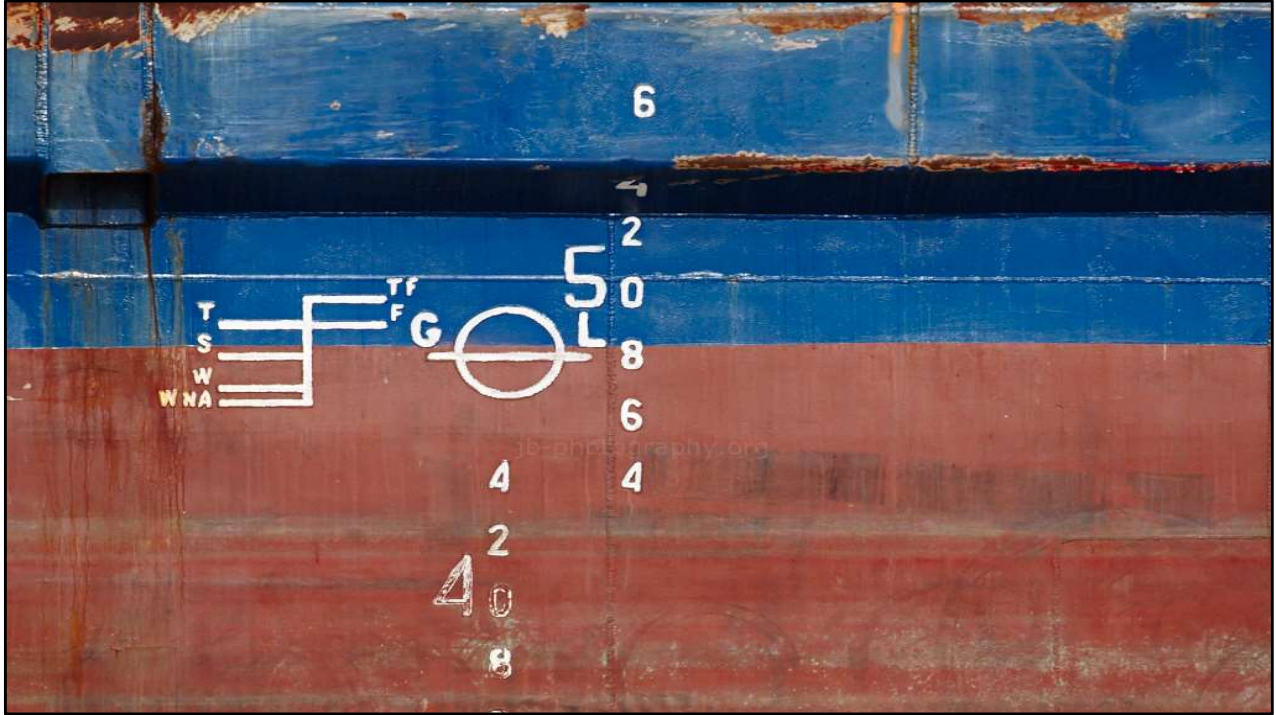
# Evolution of a business



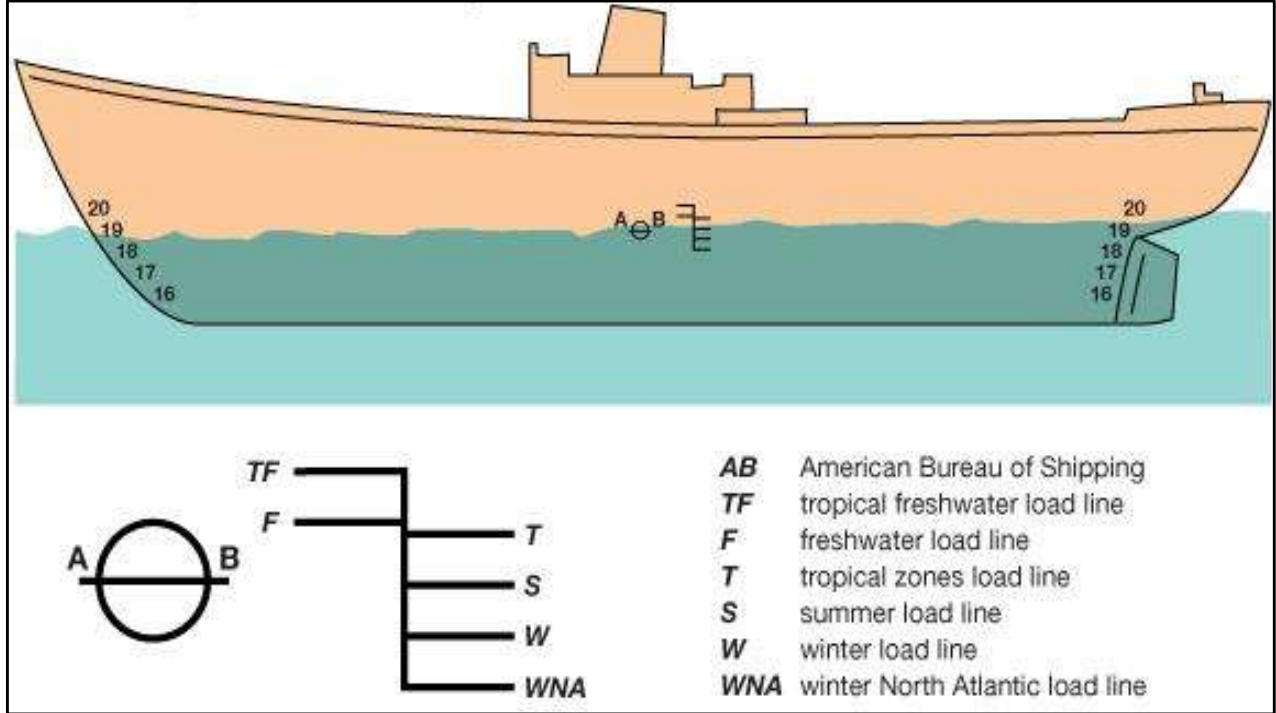
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Story of my ride home from VT





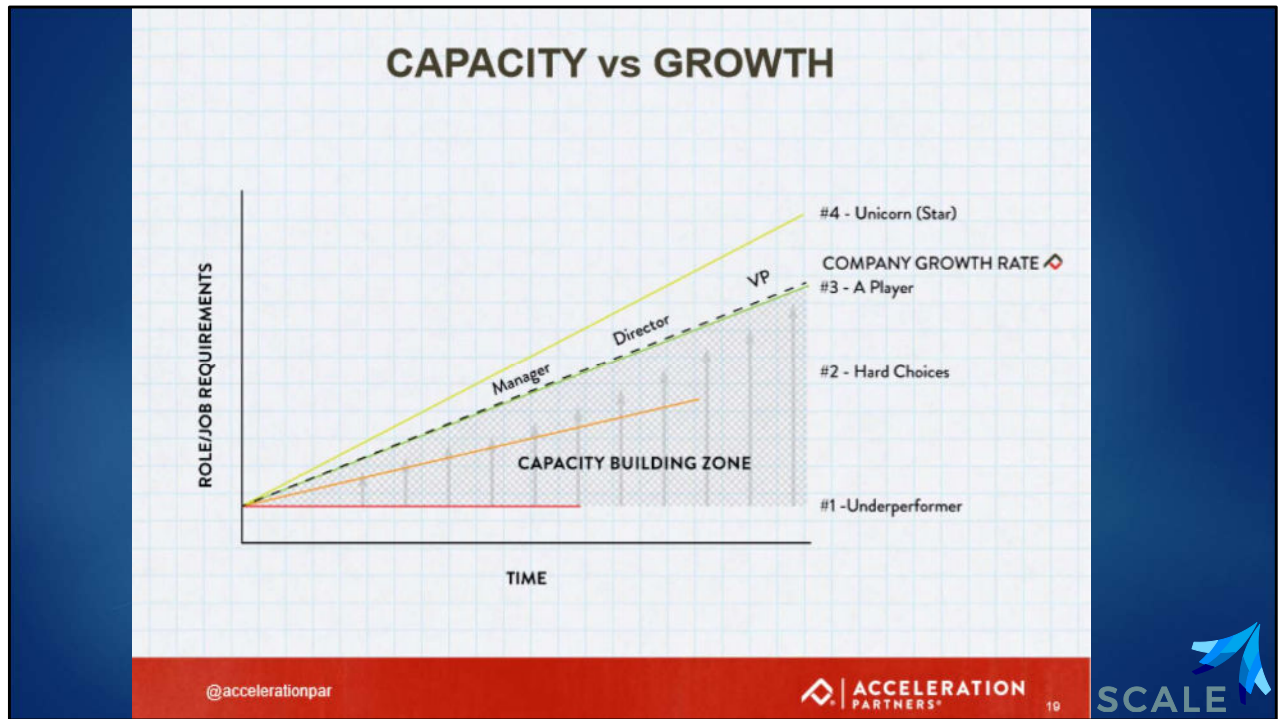
Who knows what this is?



## The Plimsoll Line

In Business it is the combination of the following sets the plimsoll line:

1. People
2. Systems
3. Processes
4. Leadership
5. Communication
6. Strategy



This is true for systems, vendors, marketplaces, etc  
 The strategy that landed a few customers a month wont work to add hundreds or thousands

# Evolution of a business



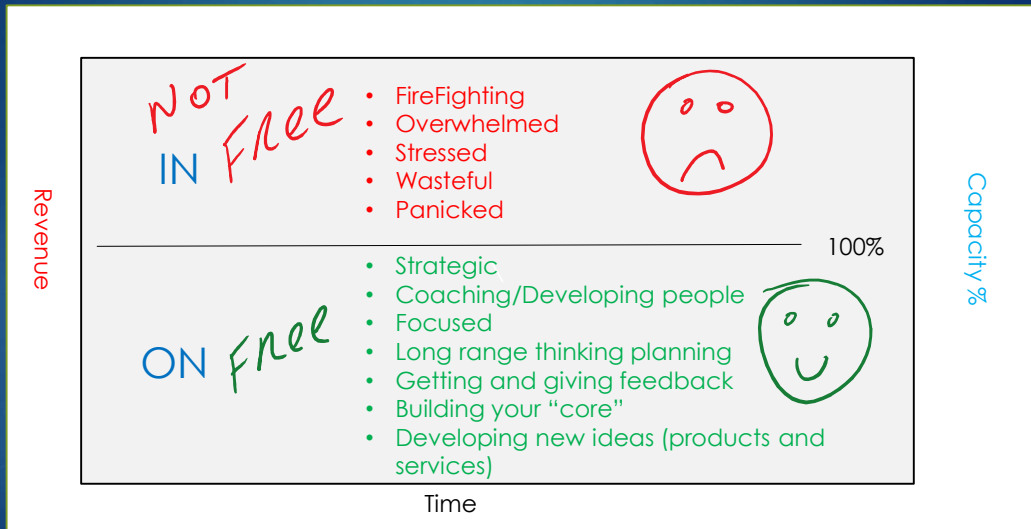
Capacity %

FREESCALE





# Evolution of a business



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What does FREE look like?



Clear on personal why  
Clear on business why  
Clarity about the upside of the  
business  
Clarity about your leadership  
team  
Clarity about your competitive  
strategy

## Certainty

Of profitability and cash flow  
Of succession plan for everyone  
Your company is durable and  
stable, ready to meet new  
challenges & opportunities  
Low anxiety, more time to think  
about the big picture

## Choices - You can choose to:

Grow and Keep a better company-  
Harvest \$

Exit and Move on

Multiple Bidders

Without protracted negotiation

Without an earn out

Pass to the next generation without  
burden for them or you

Working on the things that give you  
energy

## What does SCALE look like?

Durable

Investable

A Players

Rhythmic



We have a framework to help you get from where you are to where you want to be.

# Sparkle!

A FRAMEWORK FOR ENHANCING EXIT VALUE



## Scrubbed and clean



### Agreements

Ownership- Spark

Employee- iA

Vendors- iA

Real estate - iA

Books – No Hanky Panky

Inventory

HR compliance

Receivables

Amortization and depreciation

Tax – Forum Mate- 6M

Technology- Licenses (student), Backups, age of equipment (CRT's)

Haircuts for all of them

## Powerful Management Team



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- Backups
- Virtual Bench
- Ready for 2x
- Documented processes
- Be able to articulate OPSP – LINE OF SIGHT
- Locked in - stay bonus, equity, etc

## Attractive Facilities



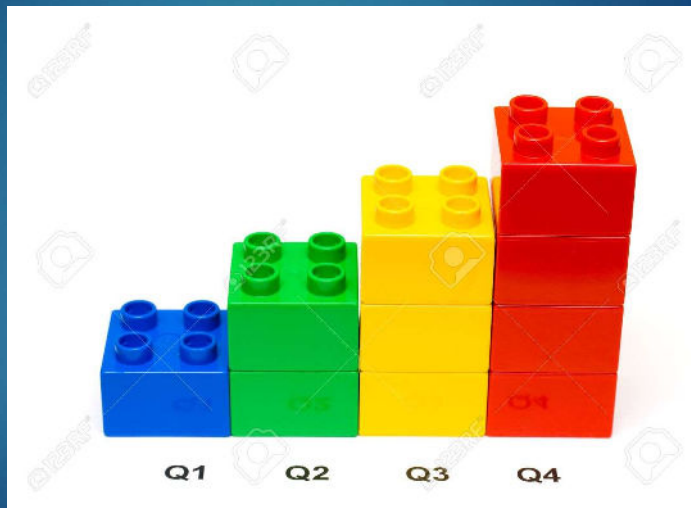
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Riverside stories



## Rising, Diversified Revenues and Margins



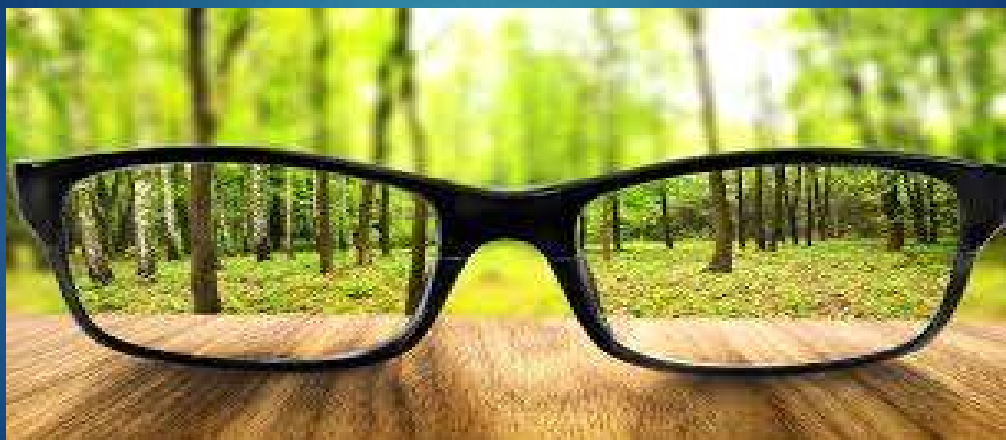
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Ratios matter

#1 Topline growth

#2 Margin % growth, top and bottom line

## Klearly articulated value proposition and growth plan



Core customer clear, unique value proposition

Know them, Warren and Brian

Riverside calls to clients

NPS

Know the market size and your sandbox cold

Business model canvas

Growth Plan laid out across budget- iA

Lots of data!!



ROT

<http://www.strategex.com/> Peter Philippi

NPS! eNPS

Segmentation: Product, Location, People

Proof of your model-

- Customer Acquisition costs
- Employee acq costs including training
- Who are your competitors, what size, positioning (if they are buying you, they will do add on;s if PE)

## Excellent Preparation



Start now. This stuff takes a LONG time and is all good for you.

People

Execution

Strategy

Cash

Legal

## ! – Timing Matters



Piedmont

The 5 D's

-Death

- Disease

- - Divorce

- -Disenchantment

- Disintermediation

## Key Learnings

- ▶ Have a plan - OPSP
- ▶ Share with everyone
- ▶ #1 is healthy team
- ▶ Keep learning
- ▶ Strength is in not being attached to the outcome
  - ▶ Choices
  - ▶ Someone like Wayne
  - ▶ Have a plan after the exit
- ▶ Hire the best IB, Attorney, Accountant



## PE Learning

- ▶ Beginning with the end in mind
- ▶ Rigorous process
- ▶ Discipline
- ▶ They don't know much about your business and never will



This stuff works. Riverside has more than 85 companies in portfolio  
Nearly 30 year run of 2.5 CoC 25% IRR

Questions?



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