

CASE 1. 3Dfacto A/S

3Dfacto is a leading provider of consultancy and software for quotation process management (QPM) systems with product configuration.

- The solutions support the full life cycle of product configuration, pricing and quoting processes with the ability to combine calculations, logic based configuration and geometry. The user interface makes it very easy for sales representatives and customers to directly specify their customized proposal, quotation and order with real-time visual feedback on the validity of the selections.
- The sales force of companies like ABB, Danfoss, Aalborg Industries, and Cimbria, use the software platform to eliminate order errors and rework, and this way, they have significantly reduced costs of sales and production

SITUATION

- In 2001, the two founders of 3Dfacto, Dr. Anda Binzer and Dr. Thomas Randrup, app. 3 years after founding their Company, were approached by a Danish venture capital investor, offering them to invest 10.0 mio dkr. in their company.

CASE 1. 3Dfacto A/S

The question of accepting 10.0 mio dkr. in venture capital was discussed thoroughly by the two founders and their board.

PROBLEMS

- The Company at that point in time was still an early-stage company with a high-risk low-valuation profile. How could the present owners protect themselves against heavy dilution?
- 3Dfacto had not yet proved their business development strategy. The venture capital investor was expected to require significant influence on company management and strategy. Would that be counterproductive to the founders' objectives?
- Having professional investors on the board is time consuming. Would that significantly take attention away from the daily management of the company?
- The board was not sure that 3Dfacto was ready to grow fast. With the first release of the VirtuBUILD product, each customer required a significant amount of tailor made solutions and thus, the scalability of the company could be questioned. Should the board disclose this to the venture capital company?
- If the offer from the venture capital investor was declined, and knowing that in the future, 3Dfacto would need further funding, what could the board do to compensate the lack of capital?

CASE 2. LITHIUM BALANCE A/S

LiTHIUM BALANCE A/S is a 2006 DTI spin-out company, working to commercialize a charge management system for lithium ion batteries.

The vision of the founder was to perfect effective, battery management solutions, making them available off-the-shelf at a reasonable price, giving industry a fast route to practical Lithium-Ion battery, powered solutions.

In 2008, the first important commercial milestone was achieved. .

SITUATION

In 2009 a discussion was initiated in the board on professionalizing the daily company management. The ideal candidate should have extensive experience from a company with technical core knowledge as well as an international outlook. In addition, the candidate should have solid leadership experience and skills

CASE 2. LITHIUM BALANCE A/S

PROBLEMS

- How could the company attract the right candidates to the position as a CEO?
- The founder would have to accept to work under a professional CEO. Would he be able to adjust to that in any given situation where a CEO should be in control?
- Given the personality and competencies of the founder: how would the ideal candidate profile look like?
- In case of disagreement or a poor chemistry between the founder and the CEO: what could the board do to handle the problem?

CONCERNS of the candidate

- What incentives drive me to accept the position?
- What are my fall-back positions
- What are the main risks in accepting this job?

CASE 3. LindCom A/S

LindCom A/S is a consultancy- and software provider within storage tank management.

The company has three products built from the same technology platform.

All solutions are effectively EU-patented.

The company has several customers in Denmark.

The near term goal is to roll out the products/solutions in the largest international markets.

SITUATION

Started in 2005 with a substantial pre-seed investment from a private fund, the company after 8 months realized, that it would run out of money in another 7 months

The issues concerned by the founder are:

1. Communicating the problem to the board
2. Private collateral to secure a loan to the company
3. The pre-seed investor (the fund) is reluctant to accept further equity investment due to dilution of ownership, and, hence, one major source of new capital is blocked – unless the fund can be persuaded to give up its position

CASE 3. LindCom A/S

We are at the board meeting when the founder announces, that the company will run out of money in little more than half a year.

- Put yourself in the founder's position: how would you handle the situation versus the board?
- You – as a founder may have to provide security (collateral) for a loan if more equity capital cannot be found. How would you handle the situation?
- You – as a founder and major shareholder - are ready to accept giving away ownership in return for equity capital, but your co-owner, the fund that provided pre-seed capital – is reluctant. How could you break this deadlock?