

## 21 Case Studies

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**12 GO-TO-MARKET CONSULTING CASE STUDIES**

## Go-to-Market Consulting Case Study #1: Develop and articulate a compelling value proposition and go-to-market strategy to enable raising of new equity monies

**Type of Company:** Life science tools for oncology diagnostics.

**Go-To-Market Challenge:** Early-stage company, with a high-potential technology and the need to raise Series A funding in the near future, had done only limited thinking about its value proposition and go-to-market (GTM) strategy, including lacking sufficient external market research to validate its key assumptions.

**Go-To-Market Results:** *GTM Clarity via Market Research:* To gain a deeper understanding of marketplace dynamics and unmet customer needs, conducted primary market research with qualitative interviews of operating executives, oncologists, research scientists, and lab personnel at diagnostic companies, CLIA labs, life science tools companies, clinical research organizations, pharmaceutical companies, cancer centers, and research hospitals.

*Tapped Industry Network:* Introduced company to regulatory, market access and jobs-to-be-done advisors as well as equity investors.

*Described Value Proposition to Satisfy Unmet Needs:* Developed externally validated conclusions about where company's technology fit in the competitive landscape and how it could uniquely deliver value by filling gaps where there were clearly identified unmet market needs. Worked with CEO to translate those findings into messaging for fundraising.

*Identified Market Opportunities via Jobs-to-be-Done (JTBD):* Participated in JTBD team effort, developing qualitative oncologist, pathologist and lab manager job maps and desired outcome statements. Quantitative survey identified underserved market opportunities.

*Financing Outcome:*

- Company closed financing, raising \$12 million (2X originally targeted amount of monies) at share price equal to 3X the previous financing closed 14 months earlier.

**Go-To-Market Lessons Learned:** Sometimes there are situations where a company has a technology searching for unmet customer need(s) it can satisfy. In other cases, like this company, there was a clear – albeit general – sense of unmet customer needs in the marketplace that the technology was expected to satisfy in unique ways.

*Describe a Platform Solution:* GTM success requires going further to deeply understand the jobs customers are trying to get done, then identifying what pains are holding them back from getting their jobs done well and what gains would allow them to get more of their job done. Those parameters describe what the customer wants the ultimate platform solution to look like, providing both a road map for the company's product development efforts and a must-have customer value proposition.

*Compete in a Transient Advantage World:* Combining that value proposition with a superior business model that is profitable and scalable is essential to success. Winning in a transient advantage world requires proactively adapting the business model on an ongoing basis.

## Go-to-Market Consulting Case Study #2: Evaluate feasibility and outline strategy of using a different biospecimen type to satisfy unmet needs in a new market channel

**Type of Company:** Dental insurance and dental care provider company.

**Go-To-Market Challenge:** Determine if saliva-based diagnostic product offerings could be a disruptive innovation opportunity capable of delivering value through the oral health channel, improving outcomes through the enhanced delivery of value-based care and acceleration of medical-dental integration – especially for under-served populations.

**Go-To-Market Results:** *Determined Scientific Feasibility & Development Status:* Assessed state of saliva biomarker science through literature review and interviews. Determined development status of specific saliva biomarkers for infectious diseases, systemic diseases, and oral diseases.

*Defined Critical Success Factors Required for Commercial Traction:* Defined target product profile necessary for commercial success in oral health channel. Described underlying screening questions for evaluating the four components of a viable diagnostic system solution – biomarkers, collection devices, detection technologies, and testing platforms. Incorporated disruptive impact caused by NIH RADx funding due to pandemic. Interviewed key dental industry players to identify potential barriers to market acceptance. Gathered qualitative jobs-to-be-done information for dentist, hygienist, and practice manager.

*Identified 8 Potential Innovation Partners with Leading Detection Technology Platforms:* Compiled comparative information via RFI process, ranking companies based on findings.

**Go-To-Market Lessons Learned:** Leading strategist Rita McGrath has written – “The changes that are going to fundamentally influence the future of your business are brewing on the periphery. To avoid being taken by surprise by an inflection point, you need to be exposed to what is happening at the edges...if you are paying attention, you can begin to see the implications of their trajectory early on, when it is still possible to influence them.” Three potential saliva diagnostic value inflection points are currently underway:

- *Visible External Efforts Are Underway:* Of the 31 NIH RADx Phase I winners – awarded an estimated \$500 million – 16 were using saliva as their biospecimen.
- *Sophisticated Product Development Teams Are Starting to Pay Attention:* Diagnostic companies with deep product development expertise have begun experimenting with saliva as a sample type.
- *An Early Adopter Beachhead* will begin to unfold when these tipping points occur: GTM Tipping Point #1 – when these oral health efforts turn into formal development initiatives by experienced development teams. GTM Tipping Point #2 – when new biomarker research is independently validated. GTM Tipping Point #3 – when studies show the equivalence of saliva with currently used biospecimens.

By monitoring these inflection points, the client can now choose where to influence the saliva diagnostics ecosystem and then form relationships to meet its strategic objectives.

### Go-to-Market Consulting Case Study #3: Eliminate supply chain bottlenecks to accelerate speed to market

**Type of Company:** Personalized medicine oncology services.

**Go-To-Market Challenge:** Critical raw material shortages limiting future revenue growth.

**Go-To-Market Results:** *Eliminated Barriers to Growth:* Tapping a global industry network, unlocked access in four months to a previously unavailable volume of raw materials from multiple new regions of the world:

- *Dramatic Increase in Raw Material Supply Availability:* Delivered as much as 3.8x increase in high-priority raw material supply commitments compared with cumulative efforts during prior three years.
- *Revise Product Offerings:* By bringing clarity to global market conditions for accessing raw materials, enabled company to respond by rapidly developing two new product offerings that aligned with those conditions.
- *Drive Growth in Revenue Run Rate:* The new global pipeline of strategic raw materials was forecasted to enable 36% growth in the existing revenue run rate.

**Go-To-Market Lessons Learned:** *The Commercial Spectrum Brings Clarity:* GTM Hawthorne's methodology builds on its Commercial Spectrum as a different way to think about go-to-market (GTM), replacing the traditional Product Life Cycle. This project focused on the second of the Commercial Spectrum's four GTM action steps – unlock unmet need, hasten speed to market, maximize revenue trajectory, and accelerate positive cash flow.

*Drive Value Creation via Strategic Operations:* Most GTM conversations focus on strategic marketing, the offering of products deeply valued by the market. But this project highlighted the importance of strategic operations, the delivery of raw material supplies to the market in the timeliest and most cost-competitive way. An unmet market need will not be satisfied without clear product specifications and the qualification of suppliers who can reliably meet those specs and volume requirements over time.

*Pivot Quickly From Identify-Unmet-Need to Hasten-Speed-to-Market:* This project was also an example of how, once an unmet need is clearly defined, the Commercial Spectrum directs a company's focus to speed-to-market and then to accelerating the revenue trajectory.

*Build An Adaptive, High-Performance Culture Backbone:* Finally, the rapid response to market feedback was an example of how GTM success – measured by dominant operating performance – requires an adaptive corporate culture in order to compete and win in a dynamic, ever-changing marketplace.

## Go-to-Market Consulting Case Study #4: Technology in search of unmet market needs

**Type of Technology:** Proprietary formulation that enables improved remote blood sample collection.

**Go-To-Market Challenge:** Determine if the technology's target product profile offered competitively differentiated benefits for specific customer use cases that could create meaningful economic value for testing in nonclinical settings.

**Go-To-Market Results:** *Expanded Technology Value Proposition:* The first key finding was greater clarity about the technology's value proposition: There were more differentiated benefits to it than originally realized, opening up a broader range of potential market opportunities.

*Identified Crucial Market Trends:* A second key finding confirmed two market trends:

- *Decentralization:* There is growing activity in the decentralized diagnostic testing marketplace toward expanded point-of-care, home and consumer testing. Yet, much of this activity relies on paper products, which some do not believe deliver quality clinical care results.
- *Higher-Quality Sample Collection Technologies:* Established diagnostic testing lab companies are expressing initial interest in higher-quality decentralized sample collection technologies that could allow them to aggressively expand their presence in the decentralized testing markets. This emerging development was the second key finding, as it created an opportunity for the company to distinguish itself.

*Identified Partnering Possibilities:* A third key finding identified specific use cases that led to feasibility testing pilot projects with multiple larger companies. These efforts have the potential to drive value creation through future partnering/funding transactions.

**Go-To-Market Lessons Learned:** *Start Early:* This case study highlights the importance of starting go-to-market (GTM) activities early, when a technology and hypotheses about unmet market needs are still unproven. At its core, this project consisted of testing a series of hypotheses, first about the benefits of the technology and then about market potential.

*Clarity About GTM Issues is Critically Important Starting Point:* This project integrated new clarity about the value proposition of the company's technology; the discovery of broad market trends; capabilities and limitations of various competing technologies; the strategic interests of specific companies in the space, including potential channel partners; and the identification of some initial market opportunities.

*Test, Learn, Adapt:* Crisp product value propositions and validated business models do not appear out of the blue. The importance of an adaptive mindset cannot be emphasized enough, because it drives the willingness to seek market feedback, learn from it and adjust direction. These insights are rarely forecasted. The companies that get the biggest payoff from our work are those that actively address what is learned and then adapt their operating plans and strategies accordingly, including their intellectual property strategy.



## Go-to-Market Consulting Case Study #5: Launch into a new geographic market

**Type of Company:** Bioinformatics, offering customizable genomic management and analysis solutions to enable precision medicine.

**Go-To-Market Challenge:** Lay foundation for establishing beachhead presence in the U.S., which was a new market, and identify key go-to-market (GTM) lessons essential for future commercial success.

**Go-To-Market Results:** *Identified Sales Leads:* Tapping a national industry network, conducted 19 interviews and generated five qualified leads. Sales to academia move slowly; company continues to advance leads after completion of the project, building on one U.S. deal closed during the project term.

*Clarity About Four Critical GTM Hurdles:* Identified four hurdles – described below – to overcome in order to gain traction in an early, still-evolving marketplace. Recommended action steps to realize future commercial success.

**GTM Lessons Learned:** *Four Critical Success Factors:* Osterwalder et al, in *Value Proposition Design*, describe how a powerful value proposition requires a deep understanding of customer jobs-to-be-done, pain points that hold them back from getting a job done well, and gains that would generate positive outcomes when the jobs are done right. As such, insights into the following four critical success factors were the longer-term value created during this project, specifically:

*Critical Success Factor #1: The Data Hurdle* – Cleaning up legacy data is both taking more time than expected or desired while yielding uncertain future benefits and distracting from newer initiatives. At the same time, there is an explosion of new data which many existing systems are having difficulty integrating and harmonizing. Competing potential use cases, with different data requirements, make it harder to channel new data in ways that improve productivity across the spectrum.

*Critical Success Factor #2: The Organizational Hurdle* – Academia’s principal-investigator-centric culture creates organizational silos and draws out decision-making, while creating a more data-centric world requires a large sample of data and harmonization.

*Critical Success Factor #3: The Ecosystem Hurdle* – The presence of a large number of offerings and players means the marketplace has not yet rationalized itself; people are evaluating and using many different solutions, few of which appear to satisfy their current needs.

*Critical Success Factor #4: The Value Proposition Hurdle* – Potential customers said the state of their data was their greatest pain point, and they often couldn’t think beyond those immediate problems. Relieving this impediment would add tremendous value.

**Conclusion:** This case study is a reminder that GTM success requires extensive, iterative field work with customers and then acting on the lessons learned.

## Go-to-Market Consulting Case Study #6: Private equity investment due diligence

**Type of Company:** Biosimilars.

**Go-To-Market Challenge:** Clarify key economic drivers in business model – including supply contract, reimbursement and general dialysis operations issues for potential investment in existing renal biosimilar operating business.

**Go-To-Market Results:** *Uncovered Three Core Due Diligence Findings:* Interviewed executives (CEO, CFO, other financial executives, VP of Business Development, Director of Operations) and board members at DaVita, Fresenius, multiple independent dialysis service companies and National Renal Administrators Association. Primary interview results uncovered three core findings:

- *Core Finding #1 – Key Economic Drivers:* Uncovered key contract pricing, term and exclusivity trends, as well as specific pricing and reimbursement information, including how FDA label changes and Medicare bundle payments were changing clinical practices and patient economics.
- *Core Finding #2 – Critical Role of Chief Medical Officer (CMO):* Confirmed central role of CMOs in changing clinical protocols for introduction of new drugs.
- *Core Finding #3 – System Change Requirements:* Identified the complex operational tasks of altering IT systems that capture and store clinical information for new therapies based on existing protocols.

*Investment Outcome:*

- The private equity fund closed transaction.

**Go-To-Market Lessons Learned:** *Two Ultimate Metrics for GTM Success:* Valuations and operating performance. Being prepared for due diligence and for operational execution must necessarily precede GTM success.

*Four Key Diligence Topics:* Private-equity financing due diligence for an operating company in large part amounts to a critique of (i) an existing customer value proposition and (ii) current operating performance, as well as an (iii) assessment of management's ability to deliver ongoing GTM results that maximize valuations and deliver dominant operating performance. That critique requires a deep dive into (iv) the company's business model, to understand key economic drivers that may not be immediately visible. Pressure-testing the business model provides insights into whether the company can translate that understanding into revenue growth and cost-reduction opportunities.

*Master Three GTM Challenge Areas & Find Three Solutions:* Delivering on those opportunities requires mastering the three GTM challenge areas – product/service-specific, organizational, and external marketplace – to realize product-market fit, organizational fit and business-model fit solutions, respectively. The combination is both complex and dynamic, which is why many companies struggle to do it well.

## Go-to-Market Consulting Case Study #7: Design new manufacturing process to cut costs and generate cash flow to fund new GTM growth strategies

**Type of Company:** Specialty pharmaceuticals.

**Go-To-Market Challenge:** Develop backup GTM Plan B strategy if contemplated M&A transaction failed, after declining revenue and lower-than-desired margins led to investors forcing sale of company.

**Go-To-Market Results:** *Transformed Manufacturing Costs:* While developing Plan B option, created initial design for manufacturing process change forecasted to slash direct manufacturing costs from \$8 million to \$2.2 million (70%) at \$18 million revenue company, generating \$50 million of incremental cash flow over 10 years and improving gross margins by 32%.

*Apply Projected Cost Savings to Build Clinical Evidence:* Projected cost savings were forecasted to allow self-funding of three clinical trials (Phases 2a, 2b, and 3) for new products or new indications for an existing product with estimated combined market potential of \$1.75 billion.

*Plans to Reverse Sales Decline:* Developed three sales force staffing and selling initiatives.

*Strategy to Make Clinical Case:* To strengthen the clinical case for product and enhance market awareness, developed plan to publish data from 11 completed clinical studies and investigator-sponsored trials (ISTs), fund 11 more ISTs, and restart previous training and communications activities.

**Go-To-Market Lessons Learned:** *Disciplined People Act Differently:* The solution to this company's situation exemplifies Jim Collins's words: "Greatness is not a function of circumstance. Greatness, it turns out, is largely a matter of conscious choice...Think of the transformation as a process of buildup followed by breakthrough, broken into three broad stages: disciplined people, disciplined thought, and disciplined action." Acting otherwise leaves patients, employees, and investors hanging.

*"There Must Be a Pony In Here Somewhere!":* The lower-than-expected gross margins just didn't make sense, so I asked a friend who had run process development at Genentech in its early years to investigate. After some digging, he found published data showing the finished product had a four-year shelf life at room temperature. With the status quo being over 40 people doing only 1-2 production runs per year in a largely unused facility, the possibility of outsourcing the entire manufacturing process and doing single runs every three+ years was envisioned, creating the potential for a radical reduction in costs.

*Avoid Unforced GTM Errors:* This case study highlighted the typical cascade effect from a lack of disciplined thoughts and actions – The company was up against a huge competitor. But its product had known competitive advantages for certain clinical indications, with initial clinical study data to prove it. Yet, the cash demands caused by high production costs left little cash to build market awareness and fund more differentiating studies – all unforced GTM errors that didn't have to happen, leading to a company sale.

## Go-to-Market Consulting Case Study #8: Venture capital investment due diligence

**Type of Company:** Hospital pharmacy logistics management.

**Go-To-Market Challenge:** Asked by venture capital investor to determine if there was an unmet market need for a company's beta product that automated tracking, chain-of-custody recordkeeping, and inventory management of medications distributed in hospitals.

**Go-To-Market Results:** *Conducted Marketing Value Proposition Research Study with Hospital-Based Directors of Pharmacy and Nursing:* The study demonstrated how this product automated a part of hospital operations that had not historically been captured by existing systems. Key drivers that created market interest were the needs to prevent losses of high-cost medications and to shore up chain-of-custody processes for controlled substances. Overall benefits included improving patient safety, enhancing cost efficiencies by streamlining workflows and ensuring greater chain-of-custody compliance, and providing analytic tools for record-keeping.

The product aligned with a broader trend in the industry of moving to full automation of the medication-use process, from the point medication is delivered to the pharmacy all the way through to patient administration.

*Investment Outcome:*

- The company closed new equity financing.

**Go-To-Market Lessons Learned:** *Readiness for Critique of GTM Preparedness:* Venture capital financing due diligence for an early-stage company is largely a critique of GTM preparedness. Preparedness includes having convincing evidence of a compelling customer value proposition; a meaningful market opportunity; a profitable and scalable business model; a clear competitive advantage; and, management's ability to deliver results.

*GTM Work Begins Immediately & Never Ends:* Successful GTM initiatives begin early in product development and continue until the project is killed or the product is retired. GTM work impacts all key value-creation moments throughout a company's existence: closing financings, taking new products to market, negotiating partnerships, improving existing product performance, and completing M&A deals. That means there is GTM work to be done at every company stage. It is common to hear management teams describe GTM activities as something to consider when pursuing strategic financing or partnering transactions or when nearing the launch of products/services. That is simply not enough, resulting in slower speed to market or taking the wrong product/service to market, both of which lead to inefficient use of capital, or worse.

## Go-to-Market Consulting Case Study #9: Determine merits of launching new business unit

**Type of Company:** Life science tools.

**Go-To-Market Challenge:** Evaluate merits of establishing a new business unit to bank outsourced biological samples from clinical trials and provide related biobanking services.

**Go-To-Market Results:** *Conducted Extensive Primary Market Research:* Over three dozen executives across the industry clarified the lack of a “must-have” value proposition for such a business. Using the parent company’s clinical trial activities as stealth entry points might have enabled new synergies and leveraging of existing relationships to become a solutions provider in clinical trials. However, client was cautioned that marketplace dynamics created significant obstacles to success since biobanking services are often commodity offerings devoid of differentiation. Because biobanking is more of a back-office requirement in the clinical-trial continuum, the field is crowded with competitors for whom biobanking is neither a core competency nor critical to their central mission. This impacts the way services are bundled and priced, potentially distorting the true economics.

*Identified Critical Operational Success Factors:* Including logistic capabilities and attention to service capabilities – including project management, turnaround time, and robust informatics – that would burden the business unit’s cost structure.

**Go-To-Market Lessons Learned:** *Macro-Customers Don’t Place Purchase Orders:* It is tempting to develop business ideas based on the macro-market, such as the aggregated Total Addressable Market (TAM). That temptation can lead to comments like “it is a \$5 billion market, and all we need is 2% market share to have a winning company.” However, that approach fails to define initial market beachheads and the chasm that a GTM strategy must cross to find success, initially with early adopters and then early majority customers.

*Go Granular & Do It Early:* Successful companies begin building their business cases early in product development, when a practical tug-of-war starts between a technology’s or service’s evolving capabilities, the resulting target product/service profile, and the dynamic definition of unmet customer needs. That process leads to a deeper understanding of the jobs different groupings of customers are trying to get done, including their pains and the gains they desire to realize. Real market opportunities can then be identified and sized, and competitive landscapes understood. All of this crystallizes value propositions based on desired customer outcomes and related product/service specifications. This is essential to clarifying which unmet market needs are being solved in competitively differentiated ways, and whether the product’s/service’s unfolding microeconomics can be modeled well enough to confirm a viable business model.

*No Compelling Value Proposition & No Viable Business Model Means Failure:* This proposed business unit offered neither a differentiated offering nor a viable business model. It is worth repeating: A profitable and scalable business model, incorporating compelling value proposition(s), makes it possible to go successfully through due diligence scrutiny and deliver top-flight operational execution. Both steps are necessary to maximize valuations and deliver dominant operating performance, results that lead to measurable GTM success.

## Go-to-Market Consulting Case Study #10: Align organizational structure with growth strategy

**Type of Company:** Medical devices.

**Go-To-Market Challenge:** Team capabilities and organizational structure not aligned with new strategic plan focused on delivering significant revenue growth.

**Go-To-Market Results:** *Delivered Organizational Strategies to Ensure Company Delivered on New Growth Plan:* Worked with new CEO to ensure company could deliver operationally as it prepared for third consecutive year of 50% annual revenue growth and targeted revenue of \$50 million.

- *New Organizational Design:* Developed new organizational design based on evaluation of key personnel, identification of critical operational functions, and requirements of new strategic plan.
- *Revised Operating Systems & Processes:* Simultaneously evaluated existing operating systems and processes, translating into specific short-term and long-term opportunities for improvement.

*M&A Outcome:*

- Company sold 18 months later for \$370 million.

**Go-To-Market Lessons Learned:** *Organizational Limits are Pushed by Go-to-Market Activities:* Successfully going to market requires addressing three distinct challenges: product-centric, organization-centric, and marketplace-centric. More specifically, go-to-market (GTM) activities stretch organizational limits in new and unprecedented ways. Yet, these organizational challenges frequently get too little attention – a huge mistake. GTM success requires the right organizational structure and behavioral habits.

*Structural Characteristics of an Adaptive, High-Performance Culture:* This case study highlights that organizational issues include having a team with the right capabilities to deliver on a company's GTM strategic imperatives, and syncing those capabilities via an organizational structure that enables people to collaborate effectively on their GTM mission. Ensuring that operating systems and processes create a timely flow of critical information and do not impede GTM performance is also important. These are structural characteristics of an adaptive, high-performance corporate culture. They make it possible to focus on organizing to meet the ever-changing product-centric and marketplace-centric requirements needed to compete and win.

*Behavioral Habits of Executive Team Set Tone:* These habits are a necessary complement to the structural characteristics. Habits such as asking catalytic questions, being forthright about the business, and focusing on value inflection points are critically important. These habits then enable good people to make a difference every day, embedding a sense of urgency and emotional engagement throughout the organization. Rewarding excellence completes the circle when it becomes another valued habit. With these habits, the company's culture avoids superficial, meaningless happy talk that employees see through.

## Go-to-Market Consulting Case Study #11: Guide sale of company

**Type of Company:** Specialty pharmaceuticals.

**Go-To-Market Challenge:** Board decided to sell publicly traded company, as it lacked cash resources required to launch new products, and ready access to new cash at acceptable valuations was determined to be too uncertain.

**Go-To-Market Results:** *M&A Advisor:* Hired by Board to work directly with investment bankers in sale of company.

- *Eliminated Near-Term Cash Cliff Issue:* Closed \$5 million debt financing in first three weeks, extending near-term cash cliff and eliminating cash cliff vulnerability during M&A deal negotiations.
- *Determined Messaging & Drive Public Communications:* During M&A process, guided investor relations efforts with respect to news release content about cash cliff and company progress.
- *Prepared & Presented Diligence Materials:* Prepared primary due diligence materials and represented company to buyer during transaction.

*M&A Outcome:*

- Achieved acquisition price of \$110 million, 211% of company's valuation when project began two months earlier.

**Go-To-Market Lessons Learned:** *Address Capital Efficiency ROI Hurdle:* This case study highlights how early-stage companies face a capital efficiency ROI question. A first-time commercial product launch requires substantial incremental resources, both cash and human. As in any sales channel decision, management and the Board of an early-stage company must decide in a timely manner whether such a company can successfully deliver products to the market in a more capital-efficient manner than a larger entity.

*Pay Attention to Financial Markets Feedback:* In this case study, the Board acted on capital efficiency signals from the financial markets that said the company should not proceed as an independent organization. Responding to that, I was asked to bring clarity to the company's GTM strategy and translate it into a compelling due diligence information package that communicated the full valuation potential of the company's assets. However, being able to realize that potential first required being able to publicly announce the elimination of any near-term cash cliff concerns that would have otherwise led to downward pressure by the financial markets on the company's valuation.

## [Go-to-Market Consulting Case Study #12: Develop discovery-driven financial planning model in support of field testing pilots of potential new digital health service offering](#)

**Type of Company:** Medical device company.

**Go-To-Market Challenge:** The innovation team at company was beginning its first field testing pilots of a pre-prototype holistic digital health intelligence platform for late-stage independent living, assisted living, and memory care communities.

Senior living communities regularly face a care-delivery challenge due to having limited-to-no visibility to critical measurements of the pre-acute care health status of residents. Current practices rely mostly on self-reported incidents or happenstance data from third parties, both of which result in only reactive interventions after a negative event or decline is well underway. Those undesirable outcomes negatively impact residents, their families, caregivers, and senior living community leaders. The company believed it had a solution which could delay declines that come with aging by proactively identifying intervention opportunities that would allow either patient health and wellness to be maintained or restored, or ensure a timely transition to a higher level of care if necessary.

In conjunction with the pilot studies, the company wanted a financial model built using a discovery-driven planning approach.

**Go-To-Market Results:** *Successful Pilots:* Three successful pilots were completed, providing initial validation of the company's hypotheses about both the customers' jobs-to-be-done for the critical metrics monitored by the offering and the related value propositions. Those results led to another round of pilots that provided evidence of a profitable and scalable business model by (i) using a minimally viable product (MVP) offering that confirmed the feasibility of the company delivering a complete offering to the market; (ii) developing an even more desirable offering that delivered a more robust value proposition by getting additional customer jobs done; and, (iii) showing the viability of the offering by gathering evidence of the customers' willingness to pay. A limited commercial launch is now the next planned step.

*Interactive Financial Model:* The bespoke model defined what eventual success would look like in the future and what go-to-market strategy, operational, and financial assumptions had to be converted rapidly and inexpensively to knowledge at which defined checkpoints over time to deliver that success or otherwise guide the adoption of new assumptions.

**Go-To-Market Lesson Learned:** *New Ventures Require a Planning-to-Learn Mindset:* Rita McGrath has written: "Discovery-driven planning is a practical tool that acknowledges the difference between planning for a new venture and planning for a more conventional line of business...New ventures are undertaken with a high ratio of assumptions to knowledge. Because assumptions about the unknown generally turn out to be wrong, new ventures inevitably experience deviations...The biggest difference between a discovery-driven plan and a more conventional one is that you don't plan the whole thing...What you do is frame it in terms of what would have to be true for various outcomes to occur. Then you design checkpoints at which you will test your assumptions. Think of a checkpoint as the opportunity for an experiment."



**5 PERFORMANCE IMPROVEMENT CASE STUDIES**

## Performance Improvement Case Study #1, while serving as CEO: Develop a differentiated go-to-market growth strategy

**Type of Company:** Infertility diagnostic testing CLIA laboratory.

**Go-To-Market Challenge:** Company offered only undifferentiated, me-too products, limiting long-term growth opportunities and making it vulnerable to larger competitors.

**Go-To-Market Results:** *Delivered Record Operating Performance:* In only three quarters, spending time in field with sales team achieved:

- *Doctors Placing Orders:* 39% increase over prior year, to highest quarterly number in company's 12-year history.
- *New Doctors Placing Orders:* 119% increase over prior year, with all 3 quarters being highest quarterly numbers ever.
- *Lab Specimens Tested:* 40% increase over prior year, to third-highest quarter ever.

*Designed & Lay Down Foundation for Novel Innovation Hub Growth Strategy:* Designed and initiated implementation of novel Innovation Hub go-to-market (GTM) strategy to create proprietary revenue growth opportunities. Began licensing discussions for seven proprietary technologies. Reaching understandings (subject to closing a new financing) with female infertility clinicians affiliated with Harvard, Stanford, UCLA, USC, Oregon Health Sciences University, and Washington University as well as top reproductive urologists at UCSF, Whitehead Institute, Brown University, and Boston University – yielding over 25 clinical study sites that, together, formed the first-ever male and female clinical study platforms for testing new infertility diagnostic technologies.

*Realized Financing Term Sheet:* New strategy led to receipt of an \$8 million equity financing term sheet for company then operating on bridge loan funding.

**Go-To-Market Lessons Learned:** *Know Your Customers:* Kirk Raab, the then-CEO of Genentech, once told me he expected his executive team to spend regular time in the field with customers. The ability to develop GTM strategies and evaluate their effectiveness demands it. The Innovation Hub GTM strategy idea was created after customer visits to address a marketplace filled with me-too products. Validated in the field, the strategy solved a central, unmet market need arising from published clinical studies that lacked meaningful sample sizes and sometimes offered contradictory outcomes. Doctors were not being provided with clear outcomes data to make their practices more clinically effective.

*Align Stakeholder Interests:* Licensing proprietary technologies would deepen scientific and clinical understanding in a still-evolving field, engaging thought leaders who were also clinicians to test the technologies and publish the results. The company would get clinically validated, differentiated products, as well as gain credibility by supporting publication of both positive and negative outcomes data. The thought leaders would gain recognition from publications and an enhanced clinical practice from newly validated technologies.

## Performance Improvement Case Study #2, while serving as Division General Manager: Fix operational problems hurting revenue performance

**Type of Company:** Life science tools.

**Go-To-Market Challenge:** Failure to deliver products in a timely manner led to 29% drop in revenue, 33% contraction in gross margin performance, and sales force's unwillingness to promote the category.

**Go-To-Market Results:** *Delivered Record Operating Performance:*

- *Customer On-Time Delivery:* Improved from record low 79% to record high 95% in 3 months.
- *Manufacturing Failure Rate:* Decreased by 55% in 8 months.
- *Inventory:* Cut by 54% in 6 months.
- *Management Team Turnover Rate:* Reduced annualized management turnover rate from 67% to 7% through improved morale and focus.

Successes were highlighted in CEO's quarterly Wall Street call and led to division sales being reintroduced into sales force compensation plan due to renewed confidence in company's ability to deliver products to customers in a timely manner.

**Go-To-Market Lessons Learned:** There are three other GTM lessons to this case study beyond the obvious lesson that superb operational execution is required to deliver dominant operating performance.

*Poor Leadership & Leadership Turnover Affect Operating Performance:* Leadership turnover disrupts operating performance; here, the division's team had changed substantially. At the same time, some changes were necessary to build a stronger team capable of delivering operational excellence.

*Executive Sponsorship Empowers Change:* Commitment to fixing the problems by the corporate head of operations provided executive sponsorship and focus.

*Economic Costs of Failure Can Occur Indirectly:* While these products had become commodities, they were one of the first products used when scientists initiated experiments. Scientists couldn't start their work if the products were late, so they had begun buying from competitors. These products also provided an opening for the company to sell other products, including proprietary products with higher margins. When they lost this sale, the company's sales force often lost the ability to bundle sales of multiple products. That meant the cost of the division's operating performance failures far exceeded the direct decline in margins – the reason that fixing the problem led to a public acknowledgement by the CEO.

### Performance Improvement Case Study #3, while serving as COO: Prepare company for new product launch

**Type of Company:** Biologics.

**Go-To-Market Challenge:** Company not prepared for launch of new product.

**Go-To-Market Results:** Three company achievements during tenure or within 3 months of departure:

- *Successful FDA Inspection.*
- *Successful Product Launch.*
- *IPO: Closed \$45 million IPO at valuation at 4X cost basis 3 years after investment.*

Company achievements during subsequent 6 months:

- *Revenue Growth:* Increased from \$14 million to \$45 million annualized run rate.
- *Turn Profitable:* For 2 most recent quarters.
- *Become Cash Flow Positive:* For 2 most recent quarters, after being within 5 months of cash cliff upon arrival at company.

**Go-To-Market Lessons Learned:** *Focus on Inflection Points to Capture New Value:* There are many important aspects to taking products and services successfully to market and there is no simple formula. Figuring out which aspects matter most and in what priority is the art form of going to market. In this case study, what mattered most was having a team which worked together to tackle separate, complementary business issues – each of which represented a critically important value inflection point.

*Strong, Capable Teamwork Rapidly Delivers Measurable Results:* The dominant operating performance highlighted here was made possible by multiple related efforts:

- *Closed Strategic Partnership:* One of my partners closed a critically important business development deal that created the potential for accelerated top-line revenue growth.
- *A Focused Organization Delivered Operationally:* Delivering on the partnering deal and having an organization ready to respond to new leadership first required a lot of work to improve both operational execution and organizational focus/accountability.
- *Hired New CEO:* Another partner led a successful search for a new CEO.
- *New Leadership:* The new CEO then drove the above performance over the next year.

### Performance Improvement Case Study #4, while serving as COO: Fix operating performance of newly acquired business unit

**Type of Company:** Radiology-focused healthcare IT services.

**Go-To-Market Challenge:** Improve operating performance of physician-owned medical billing business.

**Go-To-Market Results:** After assisting in acquisition, transformed business that underperformed national metrics into professionally managed operation that exceeded national performance levels.

- Implemented first-time use of performance metrics:
  - *Reduced Accounts Receivable > 90 days by 71% (34% to 10%).*
  - *Reduced Days Sales Outstanding by 40% (66 to 40 days).*
- *Implemented Operational Best Practices:* Hired Ernst & Young to define operational best practices, leading to introduction of further performance metrics and reorganized workflow.
- *Improved Operating Systems:* Selected new IDX practice management information system and Ingenix quality assurance software for claims, initiating implementation plans.
- *Closed Strategic Partnership Deal:* Negotiated and closed web-based natural language processing coding services partnership with leading company.
- *Explored Strategic Growth Alternatives:* Hired leading strategy firm to evaluate market trends and strategic options.
- *Upgraded Team & Brought Focus:* Replaced General Manager, Finance Director. Reduced annualized employee turnover rate from 28% to 5%.

### Performance Improvement Case Study #5, while serving as Financial Planner in Program Management Office: Turn around unprofitable product line

**Type of Company:** Industrial products.

**Go-To-Market Challenge:** Transform product line within division from years of losing money to being profitable.

**Go-To-Market Results:**

- In less than eighteen months, *led successful turnaround to 9% profitability* for \$5 million/year product line.

**4 RESTRUCTURING CASE STUDIES**

## Restructuring Case Study #1, while serving as CEO: Transform a corporate strategy

**Type of Company:** Translational medicine software and services solutions.

**Go-To-Market Challenge:** Dealing with a failed legacy business model.

**Go-To-Market Results:** *Developed New Strategy & Business Model:* Transformed business model via a new go-to-market (GTM) corporate strategy, with reconfigured software and service offerings enabling the acceleration of translational medicine:

- Launched clinical annotation information model and software toolkit product.
- Launched new service offering to assess external biospecimen practices.
- Retooled existing software product to be more modular and easily configurable under new business model.

*Demonstrated Proof of Principle for New Business Model:*

- Closed six new sales transactions with leading national institutions.
- Initiated licensing and co-marketing negotiations with four leading companies.

*Divested Legacy Business:* Reduced legacy business monthly gross cash burn rate 32% by five months and by 60% after 18 months:

- Ended 4 non-terminable contracts, with no adverse effects.
- Divested legacy business assets – transferring related personnel, equipment and facility lease to new owner.

*Restructuring Outcome:*

- Filed Assignment for Benefit of Creditors, which allowed auction sale of corporate assets 108 days later, followed by formation of NewCo with 7 of 8 vice presidents joining company, retention of all customers, and funding from new investors.

**Go-To-Market Lessons Learned:** *Failure to Understand Unmet Customer Needs & Readiness of Marketplace:* Company led with a "you-should-have" offering instead of a compelling "must-have" solution. That gap led to a business model that caused the company to lose money from the outset and to lose progressively more over time.

*Stay Too Long With Wrong Business Model:* This meant that the team's profound insights about the market, which were ahead of their time, initially underemphasized the translational medicine solution that had the greatest potential to offer what would matter to the market over time: Outsourced delivery of quality clinical and molecular information made possible by standardized physical workflows and structured data annotation.

*Failure to Change Direction Rapidly Enough Eliminated Options:* This resulted in the unnecessary burning of cash, which reduced the flexibility to develop and launch revised solutions, eventually requiring a restructuring sale of the company. A haunting GTM story of what could have been.

**Restructuring Case Study #2, while serving as CEO: Create royalty pass-through company after remaining an operating company ceased being economically viable**

**Type of Company:** Biopharmaceuticals, with recently acquired medical devices subsidiary, treating organ and tissue transplantation and autoimmune diseases.

**Go-To-Market Challenge:** Ensure company survives to a binary outcome point – where either a positive Phase II clinical trial outcome would create value and make the company financeable or a negative outcome would require shutting down the company.

**Go-To-Market Results:** Restructured company on day 22, extending cash cliff to provide sufficient time for financing after then-expected near-term commencement of Phase III trials for out licensed lead compound for treating psoriasis where partner’s realization of a 5% market share was forecasted to generate \$40 million/year in royalty payments.

Conducted second restructuring on day 94, transforming company into royalty pass-through entity capable of utilizing \$160 million of tax losses to shelter royalty income. This was done in response to partner announcing need for further Phase II testing due to immunogenicity issues – ensuring any Phase III trial would not begin until after the cash cliff date while simultaneously eliminating the possibility of any near-term financing. Completely shut down company operations on day 127, altering the economic balance of power with partner by ensuring company now had years of cash and would survive to collect and dividend 10% royalties to shareholders if the compound made it to market.

Filed Chapter 11 following university licensor’s initiation of termination proceedings for technology license to compound, leading to rapid settlement of dispute. Following termination of compound’s clinical development by partner, began liquidation of company.

*Restructuring Outcome:*

- Creditors paid 100 cents on the dollar, plus interest.

**Go-To-Market Lessons Learned:** *Doubling Down on Failure Accelerates Death Spiral:* Combining two cash-starved companies who aren’t generating revenue all but ensures corporate failure. After spinning off its provocative xenotransplantation technology to a joint venture, all partnering revenue that had been coming from the JV partner to the parent company was terminated. There were no likely new sources of cash from product sales or partnering revenue. The cash-strapped company then increased its cash burn rate by acquiring a medical device company that had little revenue and was running out of cash.

*Toxic Organizational Culture Ensures Death:* Created deep fissures, ensuring issues went unaddressed even as problems visibly worsened, further accelerating corporate death.

*Unproductive Companies Deserve to be Shut Down:* This company had spent over \$160 million and had only one out-licensed compound in Phase II to show for it. The sole asset worth salvaging was its potential 10% royalty stream from their corporate partner, one of the big biopharmaceutical companies with a track record of successfully taking products to market. That became the restructuring focus until the compound was dropped. Moving fast to restructure the company had then preserved enough cash to pay creditors in full.



### Restructuring Case Study #3, while serving as Financial Advisor to Unsecured Creditors Committee: Protect interests of unsecured creditors

**Type of Company:** Biopharmaceuticals.

**Go-To-Market Challenge:** After company filed Chapter 11 bankruptcy petition, find new corporate owners who had the resources to take the company's two Phase III assets through the FDA and commercialization, resulting in royalty payments that generate financial returns to creditors, corporate partners and equity investors.

**Go-To-Market Results:** The two assets were acquired by large corporate partners during the bankruptcy process.

*Restructuring Distribution Outcomes:*

- *Unsecured Creditors:* Claims of approximately \$2.7 million were paid in full.
- *All Other Creditors:* As of July 2020, more than \$23 million have been distributed to a corporate partner, other creditors and investors – with ongoing distributions being made on a quarterly basis.

### Restructuring Case Study #4, while serving as CFO: Survive a core technology failure

**Type of Company:** Medical diagnostics.

**Go-To-Market Challenge:** The company's core technology failed late in development, requiring a complete redesign of the product platform before commercial launch.

**Go-To-Market Results:** Due to growing concerns about a potentially imminent core technology failure crisis, proactively reduced monthly cash burn rate by 38%.

Closed equity financing, contingent on FDA filing.

Creatively reduced monthly cash burn rate by additional 48% with no reduction in headcount, extending cash cliff date by two months in four-month period, enabling FDA filing for reconfigured product with \$33,000 of remaining cash.

*Restructuring Outcomes:*

- *Successful Relisting:* Negotiated relisting on Nasdaq 33 days after delisting.
- *27X Market Capitalization & 8X Share Price Increases:* Achieved upgrade in analyst recommendation to "buy" after FDA filing and product launch, with market capitalization jumping from \$3 million to \$80 million on 8-fold increase in stock price in first 3 months following FDA filing and Nasdaq relisting.
- *Additional Financings:* Closed additional equity, working capital, and capital lease financings to fund commercialization activities.