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Do You Deliver RANPVOFCF?

That's Risk Adjusted Net Present Value Of Future Cash Flow, the key to enterprise value creation.

As you toil in the trenches of a corporation or struggle to get your job done in middle management, or work for a smallish private company, or try to keep your startup business afloat, you are probably a long way from thinking about creating investor value.

But trust me, your executive team, the CEO, the board, and your investors are thinking about value creation pretty much constantly, in virtually every decision they make and every action they take. You should too.

How do you learn to think about investor value like a CEO? You might start with Shark Tank, and the questions the sharks ask on the popular ABC television series:

- Will I get paid back with a premium for the risk? (the return on investment)
- When will I get paid back? (the internal rate of return)
- Do you have customers and revenue? (proven low risk concept)
- What is the gross margin? (Will there be a net margin and cash flow?)
- Is revenue increasing? (growth potential, increasing net present value)
- Is there intellectual property (sustainable competitive advantage)
- Who is involved? (Will the team deliver?)
- How can I help? (Is there "lift"?)
- The unasked question-Is there enthusiasm, determination, passion, and energy?

Of course there are many other factors that impact valuation above and beyond RANPVOFCF. If you haven't noticed, the stock market and sometimes even sophisticated investors appear to behave irrationally. They are looking at hard to quantify considerations such as the management team; the board and corporate governance; a well-honed enthusiastically delivered story; merger, acquisition, and divestiture activity; trust and ethics; and particularly, brand awareness, i.e. brand equity. According to Tim Koller, et. al. in "Value,

the Four Cornerstones of Corporate Finance" (Tim Koller, Richard Dobbs, and Bill Huyett, Hoboken, NJ: John Wiley & Sons), the best way to increase investor value is to invest in and launch successful new products and product categories. By the way, two other required readings about investor value, in addition to Koller are "Ten Ways to Create Shareholder Value" by Alfred Rappaport (Harvard Business Review 84, September 9, 2006, 66-74), and "The Outsiders" by William Thorndike (Boston, MA: HBR Press, 2012).

New CEOs are given less time to produce, and activist investors are increasing their interventions. Pressure increases to rapidly improve stock price to the quarterly reporting drumbeat. Becoming a sophisticated student of RANPVOFCF and value creation is increasingly important as a key executive skill.

8 Simple Steps to Take Charge of Your Career

Can you really take charge of your career? We are in a whirlwind of change. Knowledge is doubling every 18 months. New Facebook content additions have increased from 684,000 to 2.5 million per minute in the last few years. Wikipedia adds 60,000 new articles per month. There are now over 40 million Wikipedia articles in 293 languages. In an attempt to keep up, people are doing over 40,000 google searches per second.

At the same time, companies have their own whirlwind and can't really help you with your career. There was over \$4 trillion spent on acquisitions in 2015 (that's more than was spent in 2007, by the way). Most of these acquisitions will involve restructuring. there were 25,000 business bankruptcy filings in the last year. Many more are dealing with takeover attempts or activist investors.

Companies are struggling to survive, educational institutions are mostly behind the curve, old careers are dying and transforming, and your boss can't help. He or she is too busy with career issues themselves, trying to do their job, and keeping you in line. With all this, you could give up and say it's impossible to plan a career, and simply try to be opportunistic.

My thinking, however, is that where there is change, there is opportunity. there is opportunity to think through and plan better than others, to better anticipate and take advantage of change. There is opportunity to be proactive and find better, more appropriate, developmental, satisfying and rewarding careers. You can figure out how to ride the horse in the direction it's going.

1. Start your ride by understanding your strengths. People tend to like to do what they're good at, and are good at what they like to do. look at what you enjoy for clues. Be particularly aware of "flow" where you are fully engaged, mastering the work, using your skills and experience to the fullest, even losing track of time. 2. Crystalize your mission if you can. There are multiple resources and approaches. Try to boil it down to a relatively short actionable statement: Disney's "I want to make people happy." Google "personal mission" to start. (Google's mission, by the way, is "to organize the world's information and make it universally accessible and useful".) If you can't develop a personal mission, find an organization whose mission you can assimilate.

3. Once you have preliminary strengths and mission, start an organized information gathering process. Look at economic, technology, industry, and profession trends. Identify the best information sources and start a disciplined reading and note taking process. Possibly start a

career journal. Certainly engage in career conversations. You talk sports and stocks, add career.

4. Crystallize all of the above into a written plan, set goals and timetables for specific training and experience...I will be on a P&L team by X, and run a P&L by Y, and to do it I need to build and demonstrate these new skills A, B, C, D. Again, test the plan with mentors and professional career advisors if available.

5. Then go on a directed march to build these skills. By now you will have a pretty good sense of where you are going and how you will get there. This gives you tremendous advantage over those without a plan. You will know what training to get, what positions to angle for, and when to dust off the resume to keep yourself on track. While you are on your directed march, consider the random walk. Be aware of the environment around you and be opportunistic when new situations present themselves; the seemingly random call from the search firm or the associate getting funding for a new business.

6. While you are doing all this, you will be consciously building your network. Gathering information, testing your plans, participating in training and education, joining industry and professional associations, keeping in touch with your school(s), engaging mentors (and mentoring) are all opportunities to take names, help them whenever possible, and keep in touch on your career progress. Engage professional career networks such as SENG, YPO, Vistage, and MDL Partners as appropriate.

7. All of this takes time and discipline. Think for a moment about how much time you devote each month to looking at your investments and how much study of the financial markets you do. My rough rule of thumb should be to double that number for your career. Doing this will also help build time management and discipline skills.

8. The last step is to revise as you go. You will change and be changed by your environment. Be aware of, and respond to these changes. The skill set needed for your ultimate destination (whatever that may be) will evolve. Your ultimate destination may even disappear. Technology will further impact your career. Be flexible, perceptive, intuitive and agile, all while doing a great job.

So here is your simple eight step plan. You now know what you must do. In the real world, things may not be quite so simple, but you can do it. Start with step one and take it one step at a time. If you would like professional assistance and an informed, independent perspective contact us at MDL Partners.

Jobs and the Election

John Decker writes:

I recently watched a major network news anchor interview a group of eight steelworkers from a town in Indiana where the only remaining steel mill had just closed, putting over 500 people out of work. Despite the fact that it was obvious to all that the plant would inevitably close, the federal government did nothing for the workers before the closing, state government also did nothing, the town did nothing, the company did nothing, and the workers did nothing to prepare for the inevitable.

In case you haven't heard, there is a presidential election in six weeks. The two major party candidates have promised to create millions of jobs. There is a lot of passion for and against

both candidates creating a lot of heat and smoke, sometimes obscuring the issues and the facts.

So at the risk of offending some (but possibly enlightening others), here is some background around economics and job creation.

We are dealing with a number of long-term trends and some more recent tectonic shifts in the world of work. In the last 50 years, manufacturing has declined from over one third of our labor force to under 10%, and this decline is likely to continue. At the same time, industrial output has increased by over 600% over the same time period. Employment in education, healthcare and social services has increased 400%; professional and business services also 400%; and finance, insurance, and real estate over 200%. Automation, technology, and globalization have drastically changed the world of work and will continue to do so. Your job (and mine) may very well be replaced by a robot or intelligent software.

More recent trends are evidence of a number of tectonic shifts affecting employment. The unemployment rate peaked at over 10% following the Great Recession and is now under 5%. However, the employment to population ratio has gone from 63% (2007, pre-recession) to a low of 58.2% in 2011, and is now back up to 59.7%. This increase has been in the face of baby boomer retirement and high long-term unemployment. This is partly the result of increased retirements among baby boomers and a move to the "gig" economy with its intermittent periods of employment interspersed with time off.

At the same time, wage growth has been anemic with the forces of supply and demand at work. The internet has changed employers' ability to recruit and hire more quickly and cheaply. They can also do "just in time" hiring without longer-term employment planning and training.

There are positive signs, however. Wage growth is turning, with the technology sector providing 3-5% annual increases. SHRM (Society of Human Resources Management) is projecting a 2.7% real wage increase for 2016.

Where are the candidates on these issues? Clinton has proposed raising the minimum wage to \$10/hour, thus increasing spending power and boosting the economy. She has also proposed increasing taxes on the top 1%, devoting some of the money raised to education and skills training.

Trump has proposed lower taxes which may in the short term boost buying power, but may also lead to a higher deficit and recession. He would also restrict immigration and reduce government regulations.

Of course, the economy and jobs are only two factors in your voting decision, but according to many analysts, the economy and jobs are at the top of many people's considerations. Best of luck in your decision.

Success Stories

- **Steve Rocambole** is now Chief Business Officer at Advantagene, a company developing innovative and personalized cancer immunotherapies.

- **Lalit Shinde** has taken a position as Vice President, Business Development and Strategy at Secon Networks.
- Dr. **Mike Ursu** is Associate Director of Professional Relations at Zimmer Biomet.
- **Nick Splagounis** is EVP, Business Development at B & B Trading.
- **Mike LaFrance** has joined Advanced Signing as Chief Operating Officer.
- **Greg Lombardi** is a financial consultant at Sharp Horizons in Providence, RI.
- **Robert Reeder** has joined College Interactive as Chief Technology Officer.
- **Howard Mintz** is a Tenant Consultant for the Howard Hughes Group/The Skye Group.
- **Chris Flaherty** is now Director of Sales at JoVE, the journal of Visualized Experiments (look it up).
- **Craig Beckman** has created a position as Director of Cloud, Mobile and Managed Services at InterPros Consulting.
- **Mike James** is now the owner of a franchise of College Nannies, Sitters, & Tutors.
- **Wayne Dix** has accepted a position as COO, Healthcare for SSA & Company.
- **Mark Michels** is now Commercial Policy Leader at Philips, Sleep & Respiratory Care.
- **Bob Wrightson** is the new Executive Vice President at Essex Enterprises.
- **Rob Wolter** is now the President of Biowave.
- **Michael Butera** is now Consultant, Organizational Development in the Washington, DC area.
- **Jaime Ignacio Muñoz Delporte** is Co-Founder at Washington DC-based TODO BLU.
- **John Donaldson** is now Management Consultant at MUSE Consulting LLC in the Washington DC area.
- **Peter Schauf** is VP International at Craft Brew Alliance in the Washington, DC area.
- **Dennis Gatens** has a new job at BroadSoft as a Consultant.

Thought for the Day

Interviewer: So, tell me about yourself.

Me: I'd rather not, I kinda want this job.

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