

# CFO Call Series

## Charles River CFO

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## PIVOTING WHEN THE SCIENCE DOES NOT PAN OUT

**Kevin Sarney**

[ksarney@crcfo.com](mailto:ksarney@crcfo.com)

781-431-0420 x148



## THE SCENARIO

- Years-long pursuit of drug trial results
- Multiple rounds of VC funding
- Six months of cash on hand
- Salaries are largest expense
- **Today is the day for the drug trial readout**

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## PIVOTING WHEN THE SCIENCE DOES NOT PAN OUT

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## HEADLINES

### ENDPOINTS NEWS

EARLY EDITION by Arsalan Arif & Amber Tong

Investors are starting to push troubled biotechs to liquidate – and it might not be a bad idea.

**BUSINESS INSIDER. June 14, 2022**

**Big4Bio**  
B O S T O N

Genocea: Wind Down of Operations and Delisting from NASDAQ

**PRESS RELEASE. May 24, 2022**



After a dismal last year, Sesen Bio grasps for alternatives to stay afloat.

**May 3, 2022**

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## NEXT COURSE OF ACTION

- Numerous examples
- Massive headcount reductions
- Executive changes
- Asset sell-offs

*It happens more than we discuss*

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## CASH IS KING

*Well-financed companies don't die*

- Update cash model with multiple scenarios
- What can be monetized
- Assess minimum headcount needs
- Extend vendor payment terms from 30 to 90 -120 days

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## CASH IS KING

*Well-financed companies don't die*

- Evaluate the remaining science portfolio
- Reduce expenses in real estate leases, lab equipment
- In ongoing trials, determine what costs can be cut
- Take the temperature of existing investors to assess whether they will provide capital to continue

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## A SHUT DOWN

### *Advantages for public companies*

- Possible liquidity in public float to use to license an asset
- Equity to do a reverse merger with a private company
- Possible financing mechanism in place to write checks against stock

## A SHUT DOWN

### *Disadvantages for public companies*

- It is difficult to shut down a public company
- Quarterly financials expose your condition
- Shutdown costs are significantly higher
- Challenging to determine how to exit a public company and resolve BOD and executives of liabilities

## A SHUT DOWN

*Challenging for private companies*

- Liquidity is difficult
- No SEC reporting requirements
- No public shell to put to sleep
- Lower risk of lawsuits



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## PLANNING A HEADCOUNT REDUCTION

*Six Steps*

1. Identify employees for reduction in force
2. Avoid adverse action/disparate impact
3. Separation Agreements / Severance Packages



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# PLANNING A HEADCOUNT REDUCTION

## *Six Steps*

4. Understand requirements under Older Workers Benefit Protection Act (OWBPA)
5. Conduct the layoff session
6. Inform workforce of layoff

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## KEY LOGISTICS

- Direct deposit
- Access
- Payroll - at termination
- Payroll - Severance, consideration periods and revocation period

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## SUMMARY

### *Challenging situation*

- Gap Analysis - Cash is key to providing additional runway to buy time for “pivoting” options
- Public vs. Private company options
- Headcount reductions are complex
- Know what help you may need

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## DISCUSSION



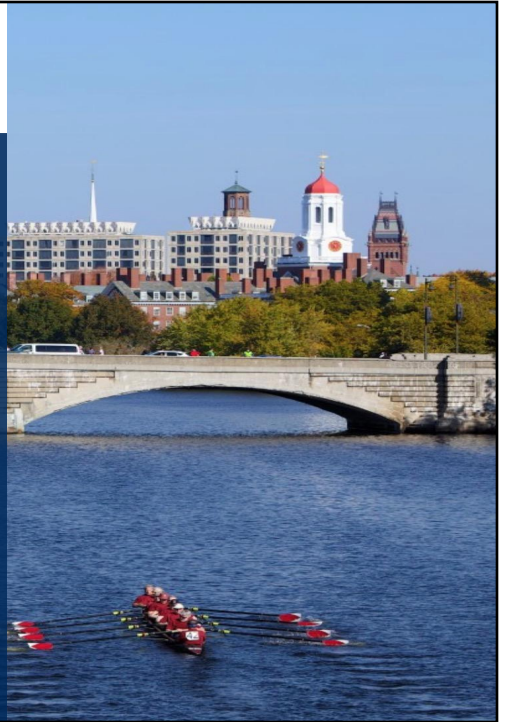
STRATEGIC  
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## CHARLES RIVER CFO

- Finance, Tax, HR expertise
- Project, interim, part-time
- Flexible team model
- Scaleable contract

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## CHARLES RIVER CFO

Charles River CFO welcomes the opportunity to work with your company to provide part-time and interim CFO, accounting, tax, and human resource services.

**We are smart, nimble, and flexible.**

Kevin Sarney  
781.431.0420 x148  
[ksarney@crcfo.com](mailto:ksarney@crcfo.com)

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