

“Fire the CEO or Continue With the IPO?”

By

Susan Sierota

Company Background

Ansabeam Inc. provides a powerful SaaS platform for the media and entertainment industries that enables production management for all types of influencers and creators by making onboarding, timecards, payroll, and insurance simplified and accessible to all.

Lizelle, the Founder and CEO was a very successful award-winning playwright who was deeply troubled watching many of her creative peers walk away from the industry as the complexity of monetizing their work created a system where the big conglomerates and moguls controlled who actually made a profit. This also caused a huge gap in whose stories got to be told at scale. Lizelle was determined to change that. In response, she founded Ansabeam Inc. in 2014.

Lizelle has been a tremendous Founder & CEO for Ansabeam Inc., taking the company from the idea to over \$225M in ARR with over 85% gross margins. Ansabeam is by far the leader in the space. There is a significant growth upside as the companies leveraging independent creators and influencers continue to grow at a double-digit pace.

In addition, they have plans to launch several new products & services to the existing customer base and should see an uptake as they currently have a 61 NPS score, unheard of in the media and entertainment industries.

This customer loyalty is driven in part by the lore around Lizelle. She is perceived the champion for independent creators. She is a hero to many who have been able to build tremendous wealth outside the traditional systems.

The IPO is Here

A year ago, the board made the decision to IPO and the market anticipation has been positive. The good press has continued with the Wall Street Journal featuring well-known insiders applauding the details in the S1. The board is confident that they will earn a premium as SaaS multiples are at an all-time high and they acted at the right time as interest rates are continuing to rise.

The roadshow is in a few weeks. Lizelle has been the darling of the media.

Board Composition

There are currently 11 directors on the board. The composition and tenure:

- Management (2 total)
 - Lizelle the Founder and CEO
 - Mark the new CFO who was brought in for the IPO
- Investor (5 total)
 - Series A- 1 (Jon) from lead (2015)
 - Series B- 2 (Mike and Dave) from new lead (2017)
 - Series C- 2, (Liam and Dan) one each from two co-leads (end of 2019)
- Independent Directors (4 total)
 - 2 appointed by Lead Investor in Series B
 - 1 appointed by one of the lead Investor sin Series C
 - **You- you were brought on in the beginning of 2021 as part of the IPO prep.**

A Computer Swap Threatens it All

Steve in IT was running the standard security wipe after upgrading Lizelle's laptop and inadvertently discovered evidence indicating Lizelle was having an affair with Michelle, an employee at Ansabeam. Steve went directly to his CIO Mark and asked what he should do. Mark has a good relationship with Jon, their lead Series A investor on the board so he asked Jon what to do. Jon said he would take it from here.

The Investigation

Jon shared the information with the rest of the board and conducted a cursory investigation. The investigation showed that Michelle was not a direct report nor a skip-level report of Lizelle's. In fact, she was not in the same office, nor even geography, and there were absolutely zero indications that any rumors even existed.

Jon also spoke directly with Michelle, and she denied the affair. He then spoke with Lizelle who also denied the involvement. Technically, no policies were broken as relationships between employees in the entertainment industry are standard.

Company policy states that as long as relationships are consensual, are not in a direct reporting relationship, do not cause a distraction to others, and all employees are treated with respect it is considered a private matter.

They were about to put the issue to bed when actual pictures were found on the laptop with Lizelle and Michelle in a compromising position.

The Discussion

The board calls a special Outside Director meeting to determine next steps as Lizelle is supposed to start the roadshow. They would of course have to postpone the IPO if they took significant action against Lizelle. The discussion among the directors is heated with many differing opinions.

The three Series B and C directors are the most vocal as they both are counting on this IPO to return their funds. In addition, the Series C Fund is currently raising fund 4. Delaying a cash return would throw a wrench in many current LP commitments. This is heightened by the fact that multiples are starting to fall, and all signs point to the FED continuing to raise rates.

While Jon and the Independent Directors are wanting to have a more nuanced discussion, they are getting pressure from Mike and Dan who they serve with on other boards. In addition, Liam is making the strong point that a consensual affair between two women should not be made into an issue. This industry is rife with “me too” stories where the men in charge did much worse.

Why are we holding our female CEO to a different standard?

After a lot of fiery debate, it seems like the room is split 4-4 on taking action. As the newest Independent Director, how do you plan to vote?