Case #1

**Ain’t No Sunshine ver 1.1**

Exeter Astra was an eight year old start up with 44% equity owned by Thames Capital.

After eight years and $44 million the company had created extraordinary new technology in polymer coating and found practical application with sun glasses. CEO Briana Hayward wanted to use the numerous patents collected to make a move into the more lucrative solar and semiconductor space.  She and her team produced no real revenue in these areas.

Ed Foley is General Partner of Thames Capital and has been Chairman of the Board of Exeter Astra. Brianna has made a case for more funding from Thames but Ed told her he could not justify further investment in the company. She had taken the company out of its core competence in consumer products and moved it to areas where the company really was not equipped with staying power for the long term. It didn’t have the funding to operate in two very different markets.

Ed told Briana that she was full of “promise” but not results. He “recommended” that Briana focus on the consumer products area. If she did that, perhaps Thames might agree to an infusion of $5 million. If she continued to move into solar and semiconductors then there would be no further financing.

A month later, Briana called for an emergency meeting of the Board and presented the following plan:

Briana found an outside sovereign fund investor that would be willing to “purchase” Exeter Astra’s solar and semiconductor-related patents into a new joint venture. The purchase would not be cash but would be 7% equity in the new joint venture. Briana would resign as CEO of Exeter Astra and assume the role of CEO of the new joint venture. The Board could find someone else to be CEO of Exeter Astra and the company would focus on sun glasses.

Ed is furious. Briana had not given him a “heads up” regarding her plans. She had been doing these negotiations in secret. She only informed him about the new joint venture a day before the formal board meeting.

Briana has left the Board room and the Board is now going to consider the plan.

You are an outside Board member brought in at the request of Ed Foley.