

HOW TO MAXIMISE VENTURE CAPITAL & PRIVATE EQUITY INVESTMENT

Why Talent is Key to Outperforming the Competition



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OUR INTRODUCTION

Many industries have been severely affected by the pandemic, Brexit and wider economic uncertainties, but the Food & Drink sector continues to thrive.

It's the UK's largest manufacturing sector, contributes £28 billion per annum to the economy and employs over 430,000 people. The UK has 7,400 food and drink manufacturers in a supply chain worth more than £120bn to the economy, and 96% are SMEs. Amazingly, the sector contributes more to the economy than all other manufacturing sectors, including automotive and aerospace.

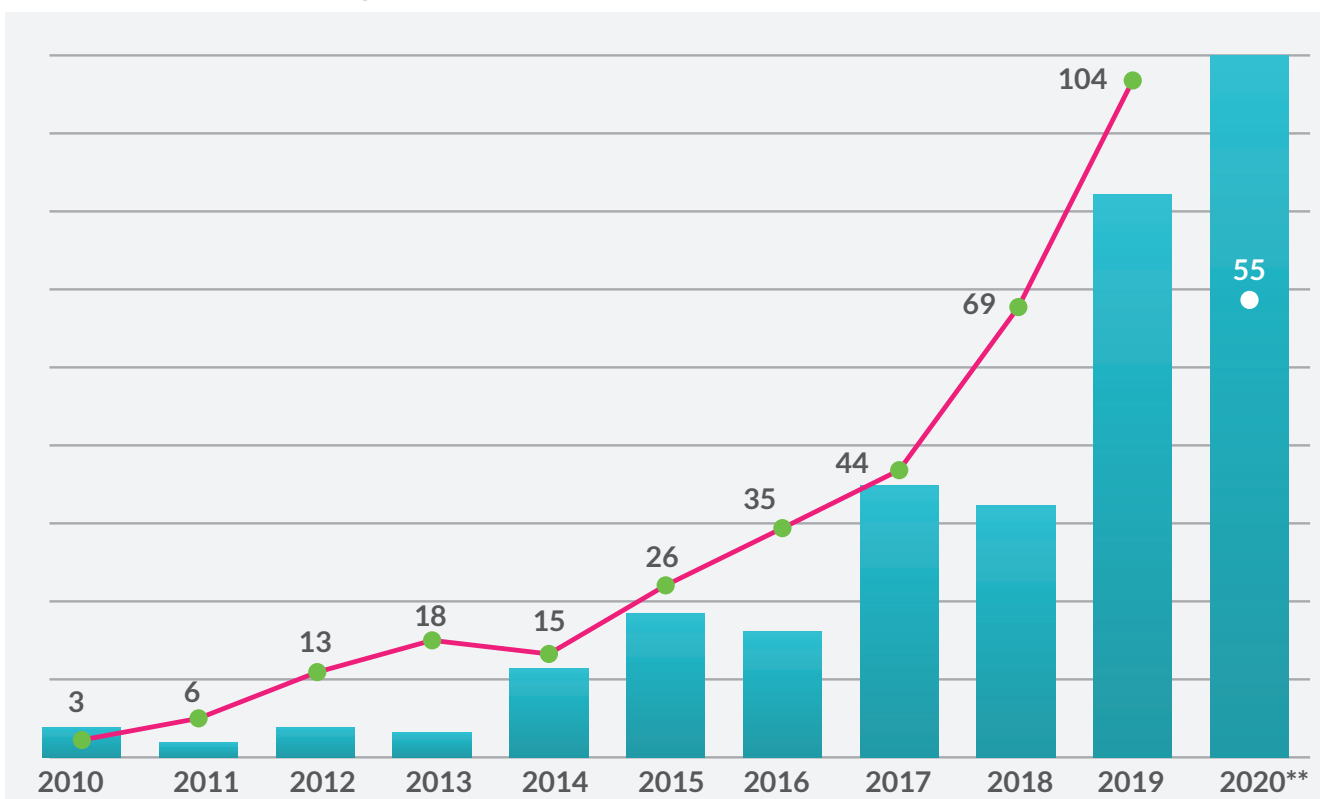
A large number of entrants to the food and drink market have 'shaken things up' over recent years, especially in the vegan and meat free space, where innovative products and ideas work alongside revitalised and established brands.

Although traditionally regarded as a defensive investment, the Financial Times reported recently that the entire sector is benefiting from food tech developments, and soaring valuations of plant-based meat companies mean more venture capitalists are turning their attention to the food sector.

A graphic from the Financial Times (based on Pitch Book data), shows the investment growth curve in bio-engineered foods, and the number of new companies emerging in the broader food and agriculture sector has ballooned in the past decade, making it one of the fastest-growing areas for venture capital.

VC investment in bio-engineered food*

Deal value (\$m) ■ Deal count ●



*Worldwide category includes plant-based meat, ** As for June 30 2020





VENTURE CAPITAL & PRIVATE EQUITY INVESTMENT GROWTH

According to PitchBook's recent European VC Valuations Report; venture capital deals are on course to set new records, with high levels of non-traditional investor participation. In recent times, food and drink companies have demonstrated pandemic-proof growth, and investors are keen to provide early life cycle funding in this competitive market.

Private Equity (PE) and Venture Capital (VC) investment provides a massive shot in the arm for ambitious businesses, and such investment brings new funding, ideas and attention to different areas of the industry.

And with that investment comes the additional pressure of performance scrutiny, co-engagement, and operational support to ensure the business out-performs general market expectations.

Having the right executive and leadership teams throughout the business is an investment requirement, and VC providers will seek on-going involvement in shaping the business as it evolves to new levels.

We've taken a look at how resourcing plays a major part in business success, and why having top talent is absolutely fundamental to companies receiving such investment.



AN ESSENTIAL REQUIREMENT

Like many sectors, the food and drink industry is undergoing a transformation on many levels, and with positive long-term growth forecasts, the industry is facing acute talent and skills shortages. At the same time, the accelerating pace of advancements means strategists must constantly adapt to new trends and changing expectations. Talent acquisition and HR professionals need to be ready to meet the growing challenge.

Changes in trends, customer demand, processing, and regulations are a given in the industry, but the sector is not immune to wider economic issues. To adapt to such changes, organisations need to seek out talent in different ways and find people with new skill sets. Finding, attracting and retaining the top 1% of talent is something every company wants to do, no matter whether they're a start-up or an established business. Nothing stands still, and yesterday's heroes are quickly forgotten about as the relentless pace of change continues.

A value chain of talent evolution and market economics emerges as organisations start to scale. Established 'big-hitters' tend to work for the big boys. It's where the money and credibility generally reside, and start-ups that are just getting going, have learned to cut their suit according to their cloth when it comes to finding the talent to help them grow. It's why emerging companies are full of 'bright young things' who have yet to earn their spurs in their field of expertise.

But in the pool of young and ambitious talent, are the cream of the crop for the next generation. The dynamic performers who will become the movers and shakers of the future.

Having a cash injection to galvanise the next stage of development provides a company with deeper pockets to attract the best candidates. It also gives the company additional credibility to appeal to the top talent. Venture capital investors are well known for their insight and due diligence - they don't just pump money into any business that describes itself as an innovative start-up destined to be the next best thing.



HARSH REALITIES: IMAGE | DELIVERY | AGILITY

A laser focused proposition

Companies benefiting from VC investment will already have a strong 'Value Proposition' that was instrumental in attracting the investment interest in the first place.

It's important to accept that a value proposition, image and brand identity that was effective in the SME market will almost certainly require some attention as a business seeks to scale and appeal to a larger audience.

It's vital that companies retain the dynamism, vigour and agility that made them successful in the first place, and retaining that impetus at scale is where the focus must lie.

We are all attracted to new companies with a fresh and innovative approach, but the attraction will soon wane if the product and service delivery fail to live up to expectations.

Financial funding provides a platform for businesses to 'speculate to accumulate'.

Over-exceeding customer expectations is a great start point, but resourcing and service delivery will have to be industrialised and scaled to ensure operational costs are in line with P&L projections.



IMPLEMENTING CHANGES

As businesses grow, a plan to evolve and expand into new markets must be created along with the preservation of any niche services and points of appeal that were core to the original proposition. Companies will almost certainly need to stop doing some things and move to more robust processes, systems and behaviours to scale successfully.

The inefficiencies, high fixed costs and overly bureaucratic processes that are killing many blue-chip stalwarts are the very areas that new players must navigate around, and the chance to establish efficient processes from the outset is a business advantage that must be capitalised upon.

The introduction of new people with a background in larger operations is generally seen as a logical way forward, but caution must be exercised against adopting the procedures of companies that are now faltering. Ways of working that were effective a decade ago, may be no longer be fit for purpose.



TARGETS & TIMELINES

Involvement and support from the VC professional team will be invaluable, and business priorities must be driven by the milestones and targets agreed at the point of investment. The execution of the plan to produce the required results to timelines and targets will be the overriding focus, and its importance cannot be overstated.

To receive the next and on-going rounds of funding, a business must meet investor expectations - and there are typically six stages or rounds of funding to be navigated. Research commissioned from PitchBook in Q1 2021 shows a typical industry profile and trend where over a 10-year period (2006 -2016), only 66% of companies made it to



the second stage, and just 5% remained with the programme to the end.

Of the 135 companies failing to secure second round funding, 39% were returned to a self-funding status, 30% went bankrupt or out of business, and 33% were either acquired / bought out, or undertook an IPO.

396 US & EU Pharma Companies Raised Initial Financing

	Acquired/ Buyout/IPO	Out of Business/ Bankruptcy	Did Not Advance/ Self-Sustaining
Round 2 : 261 (66%)	45 (11%)	41 (10%)	49 (12%)
Round 3 : 165 (42%)	39 (10%)	26 (7%)	31 (8%)
Round 4 : 81 (20%)	36 (9%)	11 (3%)	37 (9%)
Round 5 : 39 (10%)	19 (5%)	5 (1%)	5 (1%)
Round 6 : 20 (5%)	2 (1%)	1 (0%)	8 (2%)



VC/PE INVESTMENT IN THE FOOD & DRINK SECTOR

Traditionally, investment in food and drink companies has been made by a select group of specialised firms, but recently, large generalist players have been vying for a piece of the action.

These generalists have been raising their own large funds, leading to increased competition for investment, all of which provides extra stimulus to emerging organisations.



BUILDING THE RIGHT TEAM FOR THE FUTURE

With the sector buoyed by private equity funding, top talent is in even greater demand. And just like a successful football team that progresses through the leagues to the top flight, players who were at the top end of the talent spectrum in League One may not be able to 'cut it' in the Premiership.

Hard facts have to be faced, and people may have to be overlooked and replaced by more capable individuals, who will deliver success at a higher level.

This should be faced with a blend of hard-nosed pragmatism and sensitivity. Stress is a growing problem in the workplace, and nothing is more unnerving than feeling you are out of your depth and drowning in a job with expectations beyond your capabilities. Aristotle made famous the notion that water finds its own level, and the analogy with employees is the same.

A constant programme of finding, hiring and retaining the best talent, and 'letting go' lesser performers, is one of the core principles of building successful businesses.



THE TALENT CONUNDRUM

The on-going resourcing conundrum of continually increasing the level of talent in your business as you evolve and grow is a core element of continued success. Just as VC investment tends to follow a staged process, so should your resource management and investment in people.

We've identified a number of resourcing market dynamics that will help in the identification and recruitment of top talent.

The best people expected the best recruitment experience

LinkedIn research found that 83% of candidates are put off by a poor recruitment experience.

It's a two-way street, and strong candidates assessing the job market will almost certainly be looking at several options. A professional approach from start to finish is essential to ensure talented people remain on the hook.

Failure to sell the job opportunity

It's essential to promote the positive aspects of your company, including the organisation's future prospects and why it's a great place to work.

Securing top talent is a competitive process, and the opportunity has to be 'sold'. Excellent candidates are in high-demand and they'll go somewhere else if they're not convinced your job is right for them.

Top talent tends not to be actively looking for a new role

It's likely that the very best people are not actively looking for a new job. They'll be successful in the role they're in, and at best, they'll be passively watching the jobs market.

The best people are also more likely to be contacted by resourcing specialists, and they know that the best jobs will find them.



THE TALENT CONUNDRUM Continued

Failing to prepare

The recruitment process must run like a well-oiled machine. A clear and concise understanding of the skills required is essential, and customised job profiles with clear role narratives are required.

Leading professionals, who are happy where they are, will not be attracted to a role with a generic job description, or a few cobbled together bullet points.

Timelines and communication

The time taken to recruit is another MAJOR gripe and dynamic candidates become frustrated when things take too long. Regular communication is vital, as people will interpret 'radio silence' as a lack of interest in them.

Delays are often caused by a failure to coordinate internal stakeholders for interviews and decision making. A professional interaction will impress candidates, and they'll be more likely to choose you ahead of the competition.

Recruitment isn't seen as a priority

For many organisations, recruitment just doesn't seem to be a priority, it's more of a reactive process when a vacancy occurs.

Organisations with this view tend to experience high levels of staff turnover and are often full of mediocre people. Investing in recruitment best practice improves business performance and feeds directly to the bottom line.

People like working in a thriving business, and a process of continual improvement becomes 'business as usual'.



THE TALENT CONUNDRUM Continued

Poor employment and brand reputation

Organisations with a poor reputation as an employer and questionable feedback on sites like Glassdoor and others will struggle to attract good people.

Companies stuck in this rut will almost certainly have low workforce morale. It could point to poor management practices and leadership issues at a more senior level.

It's a known fact that people quit their bosses more than they quit their jobs.

Lack of clarity about what's needed

When someone leaves, you don't have to recruit for that exact job role or position.

Business needs are constantly changing, and a new vacancy could be used to hire someone with a different skill set that would be more useful to the organisation.

By looking objectively at needs and skills shortages, top talent with specific capabilities can be brought in to boost performance.

Using multiple recruiters to fill the role

This confuses people, as candidates often see the same job advertised by different recruiters, and they may be contacted several times about the same role.

Such activity creates a worrying impression that there may be problems at the company. Desperate candidates won't be put off, but top talent may think twice before moving forward.





HOW TO MAXIMISE VENTURE SUMMARY

Food and drink businesses selected for PE and VC funding have been identified as high performers, and are obviously in a great position. The investment process requires those businesses to increase performance and deliver above average results for the investor.

Such recognised investor confidence is a launchpad for success, and expansion will almost certainly mean additional skills and capabilities are needed. The good news is - top talent will be hugely attracted by an opportunity to join an organisation receiving significant VC investment.

It's mission critical for the business to bring in the highest calibre of leadership to ensure initial success is built upon. Locating, attracting and hiring the very best people should be a core activity to maximise the investment and confidence shown in the business.

Companies may have previously looked after recruitment in-house, and they may elect to do so again. However, serious consideration should be given to using a resourcing and recruitment specialist.

Organisations, like Meyrick Consulting, have a long-established network of talented contacts in the food and drink sector, and can help expedite the process of finding and hiring the best people.





CONCLUSION

If you are a CEO of a business and have future plans to grow the business, which may involve upgrading your leadership team, and would like to progress with a conversation you may well be concerned about waiting for the next round of funding.

Over many years Meyrick Consulting has built a significant network of contacts with Private Equity and Venture Capital firms. These may be able to assist you if you are seeking investment and/ or a potential funder. If you have been operating between 3 and 5 years, have good products, some traction and need funding then I could potentially make the relevant introductions.

On the other hand, you may be a business owner who for what ever reason is looking to make an exit from the business via a trade sale or buyout. We have many industry connections who if the proposition were correct could be a potential suitor.

Let's have a chat +44 (0) 7793 526078

If you are an investor seeking to make investment into the food and ingredient sector I have clients globally that are introducing new products, cleaner-label formulation, and innovating new technologies. In many instances they may well require funding to take their business to the next level and have the ability to afford introductions that could be of potential interest.

Do give me a call +44 (0) 7793 526078





We provide advisory services helping clients streamline recruitment processes by providing market and competitor mapping.

WHY WE ARE THE BEST WHO WE ARE

We have a small number of highly experienced staff who are dedicated to finding the best possible candidates for our clients.

With our combined years of experience within the recruitment industry, as well as first hand experience of working closely with leading food ingredients companies on a global basis, you can be assured of our commitment and professionalism.

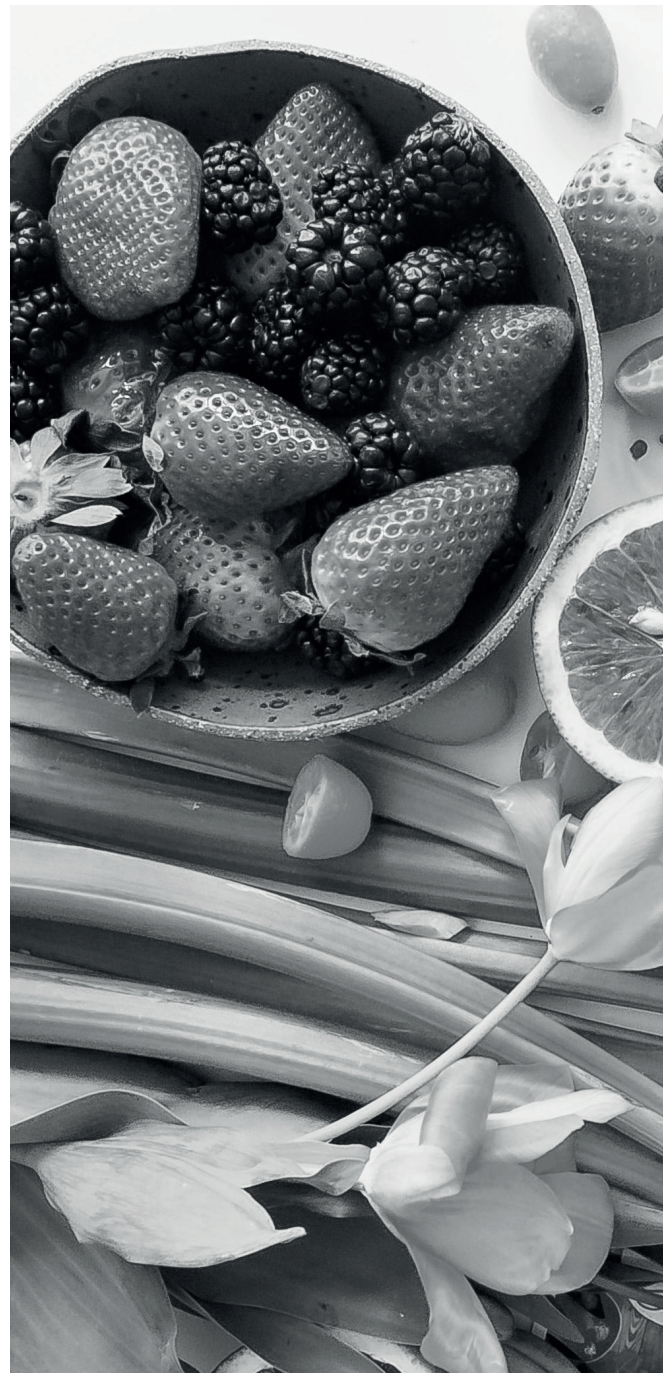


WHY WE ARE THE BEST WHAT WE DO

On behalf of our client companies our business is the professional identification and attraction of individuals whom we approach directly in order to fulfil recruitment needs within that organisation.

This begins with an appraisal of the marketplace to identify talented individuals who possess the skills and experience that our clients require. We then make a direct and confidential approach to these individuals to assess their suitability. A close relationship between our company and our clients is vital to gain the maximum information not only about the nature of their vacancies but also ascertaining the company style and culture; we believe that a good culture fit for our candidates is as important as their ability to do the job.

Our aim is to provide high quality candidates which will exceed the expectations of our clients.





SEEKING OUT EXCEPTIONAL TALENT

NOTABLE SUCCESSES WITHIN THE FOOD & INGREDIENTS SECTOR

1. Director of Technology & Applications EMEA
2. VP Commercial – Global
3. Head of Confectionery, Beverage, Dairy Applications
4. Technical Sales Director – Pet Food Ingredients
Europe and North America
5. Global Sales Excellence Director
6. VP Sustainability
7. VP Commercial – North America
8. Technical Specialist EMEA – Sweeteners
9. Director of Business Strategy & Planning
10. VP Global Key Accounts
11. Dairy Scientist



CASE STUDY

TECHNOLOGY & APPLICATIONS DIRECTOR

Background

Our client is a leading global supplier within the food ingredients industry and as a result of merging 2 parts of their business had a requirement to recruit a senior individual as Director of Technology and Applications for their EMEA Region

Challenges

This position required a combination of technical and applications knowledge (gained ideally within the food ingredients industry), strong leadership skills to manage a large and geographically diverse team as well as strong customer facing skills

The position was to be based between 2 sites, one in France and one in Germany and required fluency in English and ideally French and German

The role would require a significant amount of travel throughout the EMEA region and an element of global travel as well.

Approach/Solution

Our initial approach was to engage in detail with both the General Manager for the EMEA region as well as the Global Director of Technology and Applications to draw up a detailed job and person specification highlighting both the technical skills and personal attributes that would be required to fill the position.

We also discussed at length reporting lines, scope of responsibility and various challenges that someone new coming in to the position would face. We gained a thorough understanding of the business objectives and KPI's associated with the position as well as understanding the parameters and flexibility around the overall remuneration package.



CASE STUDY

TECHNOLOGY & APPLICATIONS DIRECTOR

Continued

Approach/Solution

Armed with this information we undertook a detailed and thorough market mapping exercise of the market, initially across the EMEA region. It became evident at an early stage that the market we were looking to recruit from was very niche and relatively small. This required us to then extend this exercise beyond the immediate region to encompass Asia and the Americas. This incredibly detailed piece of work identified just over 300 people globally that had at least the required technical skills required for the position.

The next step in the process was to engage personally with each of the potential candidates to elicit their potential interest and overall suitability for the position. Many of the candidates approached were not actively seeking a new position but part of our role in the recruitment process is to act as an ambassador on behalf of clients to promote both the client organisation and the opportunity and potential for career development.

Result

Seven weeks after the initial briefing, many hours research and numerous conversations with potential candidates we were in a position to submit a short-list of four candidates that had been thoroughly screened and vetted that were all interested in pursuing the opportunity further.

After three rounds of interviews the preferred candidate was extended an offer that we negotiated and accepted the position. Once verbally accepted we took several references that supported the candidates credentials and the individual commenced employment after severing their required notice period and relocating to the preferred location.



THE SEARCH PROCESS

OUR ROLE

YOUR ROLE

DEFINE THE OPPORTUNITY

We work closely with you to document the opportunity enabling us to attract the specific talent your team requires

In depth briefing with one of our consultants

PROPOSE THE STRATEGY

Using our experience and knowledge we design the most appropriate search strategy and fee structure

Agree the approach and terms and conditions

DEFINE THE SEARCH UNIVERSE

We mutually agree upon which organisations and teams to target

Work closely with us to define target market

RESEARCH THE MARKET

Our research team will identify the appropriate individual within each target organisation

APPROACH THE CANDIDATE

Acting as an ambassador for your organisation we present your company and the opportunity to the targeted candidates

DISCUSS THE FEEDBACK

Through regular updates and frequent communication you will get an understanding of the best available candidates in the market

Review the target list and agree which potential candidates are of most interest

DELIVER THE REPORTS

In-depth reports and CV's on short listed candidates are presented

Decide which candidates that you want to take forward to first interview

MANAGE THE INTERVIEW

We co-ordinate interview times as well as communicating feedback after each stage of the interview process

Provide us with your feedback after each stage of the interview process

NEGOTIATE THE OFFER

We will ensure that both parties reach a mutually beneficial agreement. We also counsel for potential counter offers.

Present formal offer of employment to chosen candidate

REFERENCE CHECKS

We will conduct reference checks where possible once the interview and negotiation process are complete

Conduct background checks

MANAGE THE TRANSITIONS

We stay close to the candidate during their notice period and follow up during their initial stages with your organisation

Thank You

For an initial consultation regarding your aims please do not hesitate to contact me and we can set up a no obligation conversation to ascertain your requirements.

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