

Founder Story Untold: What You Need to Know About Exiting Your Company

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Roadmunk (Acquired by Tempo.io)



Roadmunk Exit Lessons

By Latif Nanji

ABOUT ME

- Voracious reader
- Avid Chess & poker player
- Rock climber & scuba diver
- Professional tourist

ROADMUNK

- Founded 2012
- Product Management Software
- Raised \$2.5m
- Founder controlled board
- >\$10m ARR

< 2020 MINDSET

- \$100m+ ARR
- Market leader
- #1 priority in life

> 2020 MINDSET

- Poor retention
- Tech Architecture challenges
- Competition
- Detested remote work
- 8+ years operating

WHY I SOLD

1. Market was running away
2. Operating climate worsened
3. Personal priorities changed

LESSON #1: THIS IS A FULL-TIME JOB

- Banker Selection (4-6 weeks)
 - Initial Prep (2-6 weeks)
 - Marketing, Initial Buyer Discussions, LOI (6-10 weeks)
 - Business and 3rd party due diligence (1-3 months)
 - Confirmatory (1-2 months)
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1. Offload all D2D to leadership and COO
2. Project coordinator + DD team
3. Do not fuck around.

LESSON #2: UNDERSTANDING YOUR LEVERAGE

- Competitive offers (low)
- Intellectual Property (low)
- Retention/growth (low)
- Cross/Upsell Potential (mid-high)
- Cashflow (mid)
- Team (mid-high)
- Product fit (mid-high)

LESSON #3: MANAGING EXPECTATIONS OF CLOSING CHANCES

A **signed term sheet** is granting your buyer to gift you an uncomfortable full bodily inspection of your company, to validate your health.

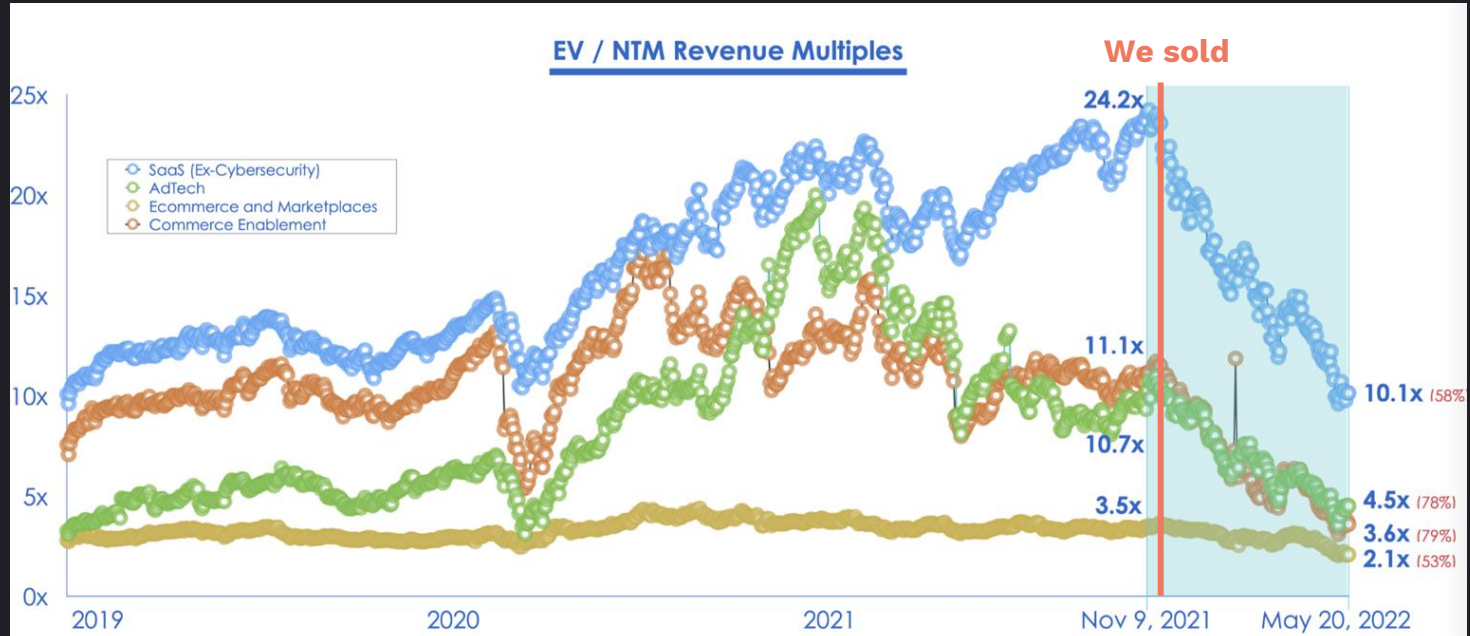
Stage	RM	Normal
Business Due Diligence	15%	80%
Third Party Due Diligence	50%	90%
Legals	75%	95%
Last 10 days	95%	95%+

LESSON #4: PREPARING FOR RE-TRADING

- Motivations: Bankers, Buyers, Board, Founders
- Walk away number
- Waterfall dynamics
- Pro negotiators (Pareto group)

“Normally re-trading happens 25%, of the time but in this climate it’s closer to 50%.” -Prominent CDN banker

LESSON #5: TIME KILLS ALL DEALS / LUCK



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During:

- Failed PEN Test
 - Mis-stated ARR
 - Slow growth before we closed
 - Unfavourable earnout
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Post:

- Two competitor soared (\$100m ARR / \$1.7B)
- Dev team in Russia
- Valuation timing

Roadmunk Exit Lessons



Full time Job

Delegate all D2D and put together a DD team



Leverage

Understand where you can push back based on leverage



Team Expectations

Be repetitive and vigilant with yourself and team



Prep for re-trading

Have your walk-away number



Get lucky as time kills!