## 2020 Italian Exam – Full Commentary

(The exam was in Italian only, so I completely translated, and I kept only the useful reasonings for the actual exam. This was the best possible thing to do, in order to be actually prepared upfront. Full commentary and steps will be given to better improve the reasoning here. I also tried to complete the incomplete questions so to offer even better context – using GPT of course, you can also see him.)

*1 - Introduction*

Carlo's boiler broke down. The boiler display says error E2. Carlo finds the manual on the Internet and finds that E2 is an action that requires technician intervention. He searches for the phone number of the technician finding 5 firms in his city. He calls the one with the best google reviews that gives him an appointment after 2 days. The prospect of being in the cold without hot water until then is not pleasant.

He then calls two other firms, and one gives him an appointment after a few hours. Satisfied he cancels the first appointment. The technician arrives who, seeing the error, tells him that he cannot do anything and that he must call the firm with which he had made the first appointment, now canceled, who is the only one who can work on the board that regulates combustion. He calls back the first firm, which gives him an appointment a week later. Charles remains in the cold and without water hot two weeks. Quite an inconvenience.

*Try to briefly describe where you think the problem is that led Charles to spending two weeks in the cold. (No more than one paragraph)*

Answer:

Carlo's problem arose because he didn't initially confirm if the other firms could specifically handle the E2 error on his boiler, leading him to cancel the only qualified appointment in favor of a quicker but unqualified one.

*1.1 – The need*

Irritated, Carlo thinks that it would be really important to find a solution that allows make maintenance work more efficient. What happened to him could be much more serious if it happened to a fragile and alone person.

Carlo wants to make the maintenance intervention more efficient, indicate what you think they are, i main advantages and disadvantages of each of the following solutions. (An advantage and a disadvantage for each).

* Putting the contacts of the assistance centers in a dedicated app
* By connecting the boiler to the internet
* By connecting the boiler via a dedicated app to Carlo's smartphone

Answer:

*1. Putting the contacts of the assistance centers in a dedicated app*

* Advantage:

Convenience: Centralizing contact information in one dedicated app makes it easier and faster for users to find and contact certified technicians or assistance centers. This reduces the time spent searching for qualified help, potentially speeding up the resolution process.

Disadvantage:

Limited Accessibility: Relying solely on a dedicated app could alienate users who are not tech-savvy or do not have access to smartphones. This might prevent some users, particularly the elderly or those in areas with limited internet connectivity, from accessing necessary maintenance services.

*2. Connecting the boiler to the internet*

* Advantage:

Real-Time Monitoring and Alerts: An internet-connected boiler can transmit real-time data about its status and performance to service centers or directly to users. This allows for immediate identification of issues and potentially preemptive maintenance, preventing breakdowns before they occur.

* Disadvantage:

Security Risks: Connecting any device to the internet raises concerns about cybersecurity. The boiler could become a target for hackers, leading to potential privacy breaches or even malicious manipulation of the boiler settings, which could be dangerous.

*3. Connecting the boiler via a dedicated app to Carlo's smartphone*

* Advantage:

Direct Control and Notifications: Carlo can monitor and control his boiler directly from his smartphone. This enables him to receive instant notifications if there’s an issue, adjust settings remotely, and perhaps even perform minor troubleshooting guided by the app.

* Disadvantage:

Dependence on Smart Devices and App Functionality: This solution relies heavily on the continuous proper functioning of Carlo’s smartphone and the app itself. Any issues with the smartphone, such as battery drain, software glitches, or incompatibility with future updates, could disrupt his ability to monitor and control the boiler efficiently.

*1.2 – The spark*

Over dinner with friends, Carlo shares his frustrating experience with his boiler's maintenance issues. Priscilla, a computer scientist working for a multinational technology company, proposes a potential solution: a low-cost device that could be installed in the boiler. This device would be able to communicate directly with a dedicated app or service center. She suggests that this could enable real-time diagnostics and possibly even remote resolution of some problems without needing immediate technician intervention.

*What could be the benefits and drawbacks of implementing such a device in terms of improving maintenance efficiency and user experience?*

Answer:

Implementing Priscilla's proposed low-cost device into boilers presents several potential benefits and drawbacks:

* Benefits:

*Proactive Maintenance and Diagnostics:*

The device could continuously monitor the boiler's condition and alert users or service centers about potential issues before they escalate into major problems. This allows for timely interventions, potentially saving costs on extensive repairs and reducing the downtime of the boiler.

*Enhanced User Experience:*

Users would have better control over their appliance's health and could receive instant updates about their boiler's status. This improves the user's confidence in the appliance's functionality and minimizes surprises related to breakdowns.

* Drawbacks:

*Complexity in Implementation:*

Introducing modern technology into existing systems always brings challenges. Compatibility with various models and ages of boilers could be problematic, requiring different versions or updates of the device.

*Dependence on Technology:*

While a tech-based solution can be highly effective, it also increases the user's reliance on technology for basic functionalities. Issues like connectivity problems, software bugs, or hardware failures could impair the device's effectiveness and leave the user without any immediate solution or fallback.

Priscilla's solution aligns with a trend towards "smart" home devices, offering a blend of proactive maintenance and enhanced user convenience, albeit with considerations around technological dependence and implementation hurdles.

Convinced of the opportunity Carlo and Priscilla insist, and quickly develop a demo, an app that frames the boiler display and explains the meaning of the various buttons. Share the data with the nearest service centers by sending a WhatsApp message with screen shots of the display.

Carlo and Priscilla return to Giobatta who enthusiastically tells them that he wants to be part of the team by investing time and all his knowledge in the field. C and P decide to build a demo, *what is the difference between MVP and Minimum Sellable Product?*

Answer:

An MVP, or Minimum Viable Product, is a basic version of a product designed to gather user feedback with the least effort and the fewest features necessary to make it functional. It focuses on core functionalities that demonstrate the product’s concept and tests its viability in the market.

A Minimum Sellable Product, on the other hand, is a more developed version of the product that includes enough features and refinements to be considered sellable to the end customer. It not only tests viability but also aims to provide enough value that customers are willing to pay for it, ensuring it has a viable business model from the outset.

*2./ - Startup constitution*

C, P and G decide to launch the start-up named "I don't understand from the recording" that uses augmented reality to provide more information than what is represented in the display by sharing it on a cloud they develop with stakeholders in the specific machine.

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Descrizione generata automaticamenteThey invest 2,000 euros each and spend every night developing a slightly more sophisticated demo and creating a presentation to convince someone to provide them with the money to get going. Carlo is given a little more equity due to the fact that he was the one who came up with the idea. Carlo then has 40 percent and Priscilla and Giobatta 30 percent each. At the formation of the startup the cap table is formed as follows:

*The start-up is an enterprise existing as a new legal entity, who is it that represents it before the law?*

*(a) The president*

*(b) The chief executive officer*

*(c) The founders*

Answer:

In the context of a new startup, the entity that legally represents it before the law can vary based on its structure and the decisions made by its founders. Typically, in many jurisdictions, the Chief Executive Officer (CEO) or an equivalent role (such as a Managing Director in some regions) acts as the legal representative of the company. This individual is responsible for the day-to-day management decisions and represents the company in all legal and business matters.

Therefore, the answer would be:

(b) The chief executive officer

*2./* *- First commercial attempts*

Carlo and Priscilla try to contact different boiler manufacturers asking about who does service, but they are unable to meet with people or when they do, they find no interest. Frustrated they think about abandoning the idea, but Giobatta introduces them to a manufacturer innovation-oriented one who wants to try it out and tells him he is interested in the system as soon as it is ready.

The team has not thought about the business model and how to present the product to possible customers and continues to tell the story as if it were presenting it to possible new members of the team or to investors. This is a common mistake that often leads to losing possible customers who want a solution and not develop it. This is why it is critical to define a business and a business proposal.

*Try to hypothesize who the start-up's customers might be and what is the value proposition.*

Answer:

For Carlo, Priscilla, and Giobatta's startup, defining a clear business model and a compelling value proposition is essential to attract not just investors but also customers.

Here are some thoughts to be expressed:

Potential Customers:

1. *Boiler Manufacturers***:** To integrate the technology for smarter, self-diagnosing boilers.
2. *Homeowners***:** For a more efficient and proactive home heating system maintenance.
3. *Real Estate Developers and Property Managers***:** To streamline maintenance across multiple units.
4. *HVAC Service Companies***:** To enhance service offerings through continuous monitoring and predictive maintenance.

Value Proposition:

* *To Manufacturers***:** Offers a competitive edge with smart, innovative features in their boilers, attracting tech-savvy buyers.
* *To Homeowners/Property Managers***:** Provides convenience and cost savings by preventing breakdowns and ensuring efficient operation.
* *To HVAC Companies***:** Transforms traditional service models to subscription-based monitoring, increasing engagement and revenue through better customer service and operational efficiency
  + *Minor note*: Heating, Ventilation, and Air Conditioning = HVAC

*3 -*

C, P and G realize that they are unclear what business proposal to make to the customer and start working on the business model by formulating some "" As they develop it, they realize they have some weaknesses:

(a) Their value proposition is not compelling enough.

(b) They need more money to develop the demo.

*Who do you think is appropriate at this time for them to turn to in their search for "can't tell":*

*a) Business accelerator (20/30 thousand, few)*

*b) Business angels*

*c) Venture capital fund (enters when the company has already started)*

*d) Public entrepreneurship support program*

Answer:

Given the challenges C, P, and G are facing in terms of refining their value proposition and needing additional funds to develop their demo, selecting the right source of support and funding is crucial. Here's an evaluation of each option in their context:

a) Business Accelerator:

* Appropriate For: Startups at an early stage that need mentorship, resources, and a small amount of funding to refine their business models and product offerings. Accelerators often provide a structured environment and access to a network of mentors and peers
* Why It's Suitable: C, P, and G are still at a stage where they need to clarify their value proposition and could benefit significantly from the mentorship and structured support an accelerator offers. The funding, although not large, may be sufficient to develop an initial, more polished demo

b) Business Angels:

* Appropriate For: Early-stage companies that need funding and may also benefit from the angels' industry expertise and contacts
* Why It's Suitable: Business angels could provide the necessary capital to develop the demo and potentially offer valuable insights and industry connections. However, their involvement might be more suited for slightly later stages when the value proposition is a bit more defined.

c) Venture Capital Fund:

* Appropriate For: More established startups with proven business models that are looking to scale operations
* Why It Might Not Be Suitable: Typically, VCs come in when the company has a clear value proposition, some market validation, and is ready to scale. C, P, and G’s startup may not yet meet these criteria, making it harder to attract VC funding at this stage

d) Public Entrepreneurship Support Program:

* Appropriate For: Startups that require not only funding but also regulatory support, networking, and other resources. These programs are often less competitive and more supportive of local startups
* Why It's Suitable: If available, these programs can offer grants, which do not require giving up equity, along with valuable resources and support. This could be ideal given the team's current stage and needs, especially if they can find a program specifically targeted towards tech or innovation in their sector

*Recommendation*:

For C, P, and G, the most fitting options at this point would likely be a business accelerator (giving them contact with other business angels eventually) or a public entrepreneurship support program. Both avenues offer the potential for crucial early-stage support and funding without the pressure of immediate large-scale returns, allowing them to refine their product and business model in a supportive environment.

*3.1 – The first investors*

C, P, and G realize that to develop the MVP that will prove the value proposition they need partners and money. They do not know who to ask for them and contact business accelerators.

Through one of these they find a business angel who invests euros.

The business angel takes percent equity, the accelerator percent equity and charges euros for the accelerator program. The startup then gives up a total of 15% equity.

*What is the pre-money value of the equity and the startup recognized by the investor?*

*The accelerator charged equity and cash euros, what is the total value of the acceleration program?*

Answer:

To calculate the pre-money valuation of the startup and the total value of the acceleration program, we need to consider the given investments and equity stakes.

The business angel invests for a stake, and the accelerator takes equity plus for their program. From these data points, we can calculate the pre-money valuation (the value of the startup before new investments are added).

1. Business angel’s investment

* Business angel invests for 10% equity.
* This implies a post-money valuation of

2. Pre-Money valuation:

* To find the pre-money valuation, subtract the investment from the post-money valuation.
* Pre-money valuation

The accelerator receives 5% equity and €20,000 cash. To find the total value attributed to the accelerator's contribution, we calculate based on the post-money valuation:

* 5% of the post-money valuation
* Total value =

About everything else; basically, we have the 15% blocked now. So, we will multiply 85% per the single quotas.

* Carlo 🡪
* Priscilla 🡪
* Giobatta 🡪

We know the BA invests 60000 euros and we know the 5% of equity here.

To get the individual quotas, simply multiply the percentages by the post money evaluation.

* Carlo 🡪
* Priscilla 🡪
* Giobatta 🡪
* Business Angel 🡪
* Accelerator 🡪

|  |  |  |
| --- | --- | --- |
| **Shareholder** | **Quota** | **Capital** |
| Carlo |  |  |
| Priscilla |  |  |
| Giobatta |  |  |
| Business angel |  |  |
| Accelerator |  |  |
| **Total** |  |  |

The original table is slightly different:

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*3.2 – Acceleration program*

G decides not to participate in the accelerator program. C and P instead decide to work full-time during the program and evolve the business model, meet with possible clients to validate possible investors.

*a) In your opinion, what are the main goals of an acceleration program?*

Answer:

An acceleration program primarily aims to support early-stage startups in rapidly developing their business models, products, and market strategies. Here are the main goals of such programs:

1. *Rapid Development of the Business Model***:** Accelerators help startups refine and validate their business models. They provide frameworks and mentoring to ensure that the model is viable and scalable.
2. *Access to Funding***:** Startups often join accelerators for the opportunity to secure initial or additional funding. This funding helps them build their products and scale operations. At the end of most programs, startups typically present to a group of investors during a demo day, which can lead to further investment.
3. *Mentorship and Expert Guidance***:** Accelerators connect entrepreneurs with experienced mentors who can offer valuable insights into industry practices, technical development, and business management. This guidance is crucial for avoiding common pitfalls and accelerating growth.
4. *Networking Opportunities***:** Being part of an accelerator program provides access to a network of fellow entrepreneurs, potential partners, customers, and investors. These connections can be instrumental in the startup's growth and continued success.
5. *Market Access and Customer Validation***:** Accelerators often help startups gain access to target markets and facilitate early interactions with customers. This direct feedback is crucial for iterating on the product and service offerings to better meet market needs.
6. *Operational Support***:** Beyond funding and mentorship, accelerators often provide logistical and administrative support. This can include office space, legal advice, and other resources that are essential for a young company.

*3.3 The new investor*

At the demo day, the final moment of the acceleration journey, C and P come before the investors with some declarations of interest from some manufacturers (and various people). C and P appear before the investors while G stands in the audience, inevitably this represents a rift in the team. C and P are committed to the team full time, while G takes on more of an advisor role.

Perhaps Giobatta was given too large a share. Equity management of a start-up at the time it is formed is critical.

*What do you think are the main reasons for assigning more or less equity to a person.*

*(b) The assumption of senior roles such as president or CEO.*

*c) The time devoted to the business venture and the know-how*

*d) The money invested at the time of incorporation*

*(e) The contributions in terms of the contribution of intellectual property*

Answer:

Here are some of the main reasons for assigning more or less equity to a person:

* a) The Assumption of Senior Roles Such as President or CEO:

Equity can be allocated based on the responsibilities associated with senior roles. Leaders who take on high-stakes roles such as CEO or President often receive more equity because they have considerable influence over the company's direction and bear substantial risk.

* b) The Time Devoted to the Business Venture and the Know-How:

The commitment of time and the expertise brought to the venture are also critical factors. Those who work full-time and bring essential skills or industry knowledge that are crucial for the startup's success might receive more equity. This not only compensates them for their contributions but also aligns their interests with the long-term success of the company.

* c) The Money Invested at the Time of Incorporation:

Direct financial investment is a straightforward criterion for equity distribution. Individuals who provide the startup with necessary capital (thus taking on financial risk) are often compensated with a corresponding share of equity. This investment helps to fund the initial operations and, thus, founders who contribute capital typically hold more equity.

* d) The Contributions in Terms of Intellectual Property:

If a founder or team member brings valuable intellectual property (IP) to the startup, this can justify a larger equity share. IP can be a significant asset, offering the startup a competitive advantage or a critical component of the product or service. Recognizing the value of IP through equity ensures that the contributors of the IP are motivated to continue developing and protecting these assets.

In the scenario of C, P, and G, these factors might explain any disparities in equity distribution. For instance, if G contributed significantly in the initial stages through IP or initial funding but later took on an advisory role, his larger initial equity stake could still be justified. However, continuous adjustments might be necessary as roles and contributions evolve to maintain fairness and motivation among all parties involved.

*3.3 – The new investor*

At the Demo Day they find another Business Angel, Franco, who proposes:

(a) To invest euros for percent of the company right away and euros to reach a total of 20 percent of the company after the acquisition of the first two business contracts;

b) To join the board of directors.

c) To help them select a person to help with marketing and business development.

Franco also asks to convert the company into an SPA and to divide the capital into 150000 (not 160, as text says, otherwise table would not make sense) making 16000 shares available as founders for stock options that will also motivate senior people to join and collaborate with the company.

*Complete the cap table to accommodate the entry of the new investor*.

Answer:

10% of the society immediately goes to Franco, so the others would subdivide the society over said 90%. So, we get

* Carlo 🡪
* Priscilla 🡪
* Giobatta 🡪
* Business angel 🡪
* Accelerator 🡪
* Franco 🡪

The post-money evaluation is given by:

So, the pre-money is:

|  |  |  |
| --- | --- | --- |
| **Shareholder** | **Quota** | **Capital** |
| Carlo |  |  |
| Priscilla |  |  |
| Giobatta |  |  |
| Business angel |  |  |
| Accelerator |  |  |
| Franco, new investor |  |  |
| **Total** |  |  |

Now, for the table, we would need to add for sure the stock options and Franco puts so to have a . Then, there are the stock options and a total of shares to be redistributed to the others. divides by 16.000 to get 10%.

Franco takes shares. The other would have to equally subdivide the quotas not considering Franco’s 20% by the other quotas.

I am not able to understand why these numbers appear and also the following exercises

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Descrizione generata automaticamenteAnd after achieving initial business results with transition to SPA and compressive issuance of shares, approximated the number of shares in whole

12)

*What is the equity value recognized by the investor after completing the investment of 300,000 euros?*

*(a) 1,500,000 euros*

*b) 1,000,000 euros*

*c) Other*

This is the post-money dividing Franco () total investment by , so .

Answer:

Equity valued by the investor is valued at .

A stock is worth

*3.4 – First commercial satisfactions*

C and P publish the site and organize events thanks in part to the accelerator that followed them and participate in trade shows, managing to close several contracts and thus securing the investment of Franco. They find an important channel that connects them with HVAC service centers.

This is a digital channel like Prontopro or Thumbstack. The business starts, thanks in part to the marketing manager chosen with Franco, and now it needs to grow. More money is needed. Business feedback confirms the business model. The Investment Readiness Level goes up and now it is a matter of growing by applying the now defined business model. Important managerial skills are needed.

From startup to scale-up phase, i.e., growth to conquer market rapidly. Franco proposes that the person selected for marketing take on a more key role. Some tensions arise among the team.

Charles begins to feel that his leadership role as the initial founder and originator is now less important and other skills are needed. Several hires begin to be needed, the organization needs to grow. Franco arranges meetings with the country's top Venture Capitalists and together with Carlo and Priscilla prepares the new pitch.

*In your opinion, this pitch should convey what key elements to attract Venture Capitalists interested in a scale-up phase? How should the pitch also address the potential internal team dynamics and leadership shifts to ensure a unified front?*

Answer:

*1. Emphasize Scalability and Market Potential:*

* *Strong Market Traction*: Detail the success of the initial business model, supported by metrics such as customer acquisition rates, retention figures, and the successful closing of several contracts.
* *Scalability of the Business Model*: Highlight how the business can be efficiently scaled, the size of the addressable market, and the digital channels that have been successfully leveraged, like the connection with HVAC service centers.

*2. Highlight Managerial and Operational Readiness:*

* *Experienced Management Team*: Introduce the key team members, especially the marketing manager whose role is expanding due to their proven effectiveness. Emphasize the experience and skills that align with the company’s current needs.
* *Strategic Vision*: Outline the strategic direction for the next 3-5 years, showing understanding of market dynamics and how the company plans to capitalize on them.

*3. Showcase Financial Health and Future Projections:*

* *Solid Financials*: Present the current financial health of the company and projected financials post-investment, highlighting how previous investments were utilized to generate growth.
* *Use of Funds:* Specify how the new funding will be used, such as for hiring key personnel, marketing, product development, or expanding into new markets.

*4. Address Internal Dynamics and Leadership Transition:*

* *Team Unity and Leadership Transition*: Address potential concerns about internal dynamics and leadership roles. Acknowledge the evolving roles within the company, emphasizing the ongoing value of founding members while also displaying how new roles and hires are crucial to the scale-up phase.
* *Leadership Role of Carlo*: Reinforce Carlo’s continued importance as a strategic leader and visionary who has guided the company from its inception and will continue to shape its future.

*5. Communicate Investment Readiness Level:*

* *Increased Investment Readiness*: Explain that the company’s improved Investment Readiness Level signifies a lower risk and higher potential for rapid growth and returns, making it an attractive opportunity for VCs.

*Is it time to present a quantitative business model or business plan with numbers prospective, but which are based on verified assumptions? Justify the choice.*

Answer:

Yes, it is the appropriate time to present a quantitative business model or business plan with prospective numbers based on verified assumptions. This approach is crucial for a few reasons:

1. *Credibility with Investors*: Venture capitalists expect detailed, number-based projections to assess the potential return on investment. Data-driven plans demonstrate professionalism and preparedness.
2. *Market Validation*: Presenting numbers based on verified assumptions shows that the business understands and has tested the market, lending further credibility to the scalability and viability of the business model.
3. *Strategic Planning*: Detailed financial projections help in strategizing for growth, resource allocation, and management, ensuring that the company can meet its targets and adjust its strategies, as necessary.

In essence, quantitative details backed by solid assumptions are fundamental to securing investment and guiding the company’s growth during the scale-up phase.

Given we are inside of an advanced stage, now the pitch needs to show the results obtained and show trust in growing. This uses a quantitative pitch with concrete numbers, basically.

*4. The Venture Capital*

Thanks to the accelerator program, the team had entered the radar of venture capitalists to whom they they present themselves by telling about their achievements. One of them decides to invest 2 Mln for 20 percent of the company and asks as conditions:

1) Liquidation preference with participation

2) That the founders and previous investors provide at least 20 thousand shares for stock option plans

3) That one member be appointed to the board of directors and that this member assume the role of vice chairperson of the board with responsibility for investor relations.

A venture capital is impressed with the business plan and decides to invest.

*Complete the cap table.*

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Descrizione generata automaticamenteAnswer:

is + the he wants

Share value =

*4.1 – The growth*

As the company grows, C and P are a little uneasy because they realize they have sold a major stake to G who has never really committed to the company. So they ask investors to help them take over the shares.

The venture capital agrees, the VC makes a euro loan to the company, which uses the money to buy G's shares and make them available for a plan of stock options intended for C and P.

What is the value of of the company's shares acquired by Giobatta being offered 400,000 euros?

*Complete the cap table after taking over Giobatta's shares.*

Answer:

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Descrizione generata automaticamente

Value of shares purchased:

*4.2 – Growth problems*

As the economy grows, so do the financial needs and management problems so Venture Capital proposes to appoint the VP he selected as CEO and C, who until then held the position, becomes chairman of the board. The VC gives leverage on his willingness to invest again and help find new investors to force the decision.

*What are the potential implications of the venture capitalist's proposal to appoint their selected VP as CEO, and what should be considered when deciding whether to accept this condition for further investment?*

Answer:

The proposal by a venture capitalist to appoint their chosen VP as the CEO of a company, while the current CEO transitions to the role of Chairman, can profoundly influence the company's direction and internal dynamics. Such a move could lead to enhanced control for the VC over business decisions, which might be beneficial if their experience and network are leveraged effectively. However, it could also cause tension if their goals do not align well with those of the company's founders or other stakeholders.

When a VC pushes for such significant changes as a condition for further investment, it is essential to critically evaluate the alignment between the proposed CEO's vision and the company’s long-term goals. The compatibility of the new CEO with the existing team is also crucial, as leadership transitions can significantly impact company morale and culture. The credentials and management style of the VC’s candidate should be scrutinized to ensure they have a track record that inspires confidence.

Moreover, the company must consider the terms of the VC's investment—what are they asking in return, and how might these demands affect the company's autonomy in future decisions? It's also vital to communicate openly with current leadership and key team members to understand the potential impacts of such a transition on the company’s dynamics.

Ultimately, the decision to accept a VC's proposal involves weighing the potential strategic benefits against the risks of increased investor control and possible shifts in company culture. It's about balancing the immediate financial support and the strategic opportunities it might unlock with the long-term vision and independence of the company. Making such a decision requires thoughtful consideration of how these changes would position the company for future growth and whether they uphold the foundational principles upon which the company was built.

*4.3 – Purchasing proposal*

Fortunately, a company proposes to buy out 100% of the company for 9 million, and due to the current situation, problems and tensions among the team, a negative business cycle, etc., the VCs decide to sell and force the founders to do so as well.

The company is sold for 9mln.

*Calculate how much each partner receives by considering that the VC asked for liquidation preference with participation and that he lent 400,000 euros to the company that must be returned to him.*

(Liquidation preference with participation means that in the distribution of the proceeds he is first returned what he invested and then what is left is distributed pro rata).

*Complete the table by indicating how much each shareholder receives*.

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Descrizione generata automaticamenteAnswer:

VC takes immediately so