

Members, sponsors, friends and colleagues:

We are very pleased to present this summary recap from our March event titled "*Driving Profitability: a Financial & Expense Management Primer for CFOs.*" Based on the overwhelming response it has become quite clear to myself and our board that our approach and our curriculum is needed, required and appreciated by the Houston emerging business community.

Certainly, we appreciate your participation and look forward to our next two events which are detailed below. Since we are approximately 60% to our membership goal for our founding year, we recommend that you and your peers lock in your founding member rate. Additionally please feel free to bring your peers to our next meeting or let me know and I will personally invite them to attend one of our upcoming events.

While the detailed summary recap from our last event is detailed on the next pages, I would like to reconfirm the main takeaways I heard from our members, and illuminate how they connect with our next two upcoming events.

- First, we started the 2011 Curriculum by having Terry Peltis give us the "Playbook for Success in the New Economy" which outlined the focus and "How-Tos" to update and reengineer our business models.
- Then we dedicated two meetings to discuss the most effective revenue strategies for growth and our speakers have shared with us surefire tactics for growth and expansion.
- At our last meeting we turned our attention to ensuring our growth goals are met thru effective financial management, stewardship and management best practices.
- At our next few events we will focus on the core role of the CEO including CEO effectiveness and when and how to obtain outside help that is most relevant and creates wealth by being a more effective CEO.

It is true what our good friend, Rob Solomon, and recent panel speaker told us: "*Companies today must embrace change, embrace outsiders influence, grow, or the business is in jeopardy of dying.*" Our goal at TeXchange is to provide you with a forum for exchange and learning and hope that embraces your challenges. We look forward to seeing you at our next meetings.

Thank you for your patronage and support!

Sincerely,

Garry E. Meier  
Houston TeXchange Chairman  
[Houstopresident@texchange.org](mailto:Houstopresident@texchange.org)  
713.401.9647

## Upcoming Events

Topic: *"How Do Advisors & External Resources Enable Wealth Creation: Governance & Risk Management Perspectives"*

Date: Wednesday, May 11<sup>th</sup>, 2011



### Event Details:

Location: The Briar Club

Time: 6pm - 8:30pm

Cost: \$25 per person for dinner for members, \$35 for guests

Register now by simply emailing us with "RSVP" in the subject line.

*"How Do Advisors & External Resources Enable Wealth Creation: Governance & Risk Management Perspectives" You are the boss/leader... but who helps you?*

Wednesday, May 11<sup>th</sup>, 2011: Briar Club 6:00 PM

This seminar will address the purpose of governance, the roles of a company board and/or advisors, and when to obtain outside perspective when making investments or strategy decisions. Panelists will also discuss the difference between entrepreneurial and investment risk profiles.

1. *What's the purpose of governance and obtaining outside perspectives?*
2. *What's the difference between entrepreneurial and investment risk profiles?*
3. *What is the role of a Board and/or Advisors? How should you choose advisors?*

## Driving Profitability: Financial & Expense Management Recap

*Financial management essentials for growing now.* Thursday, March 31, 2011

This dinner seminar focused on the exchange of ideas on Financial and Expense Management for CEO's and covered the hallmarks of effective financial management, including how to identify the need for a controller or chief financial officer, what to expect from employees in those positions, and what investors require from a company's business model and reporting of financial information.

Panel Recap:

### 1. Question: Do you have effective financial management?

- Yes, if you everyone in the organization is aligned, developing and monitoring 8 to 12 KPIs in their roles, creating budgeting and forecasting that is within 5%. *"Effective reporting is one of the biggest indicators of leadership effectiveness."* Curtis Hartman, Main Street Capital Corp.
- Effective financial management means higher valuations, better lending terms, strategic options, and performance, and a scalable management platform.

### 2. What is the role and responsibilities of the CFO?

Controller roles and responsibilities:

1. Performance Comparison to Budget
2. Monthly Financial Statements
3. Flash reports or Key Metric KPI reports (could be focused on core business drivers which differ based on the maturity of the business and industry)
4. Unit Economics by Client, Personnel, Function, Location, Product
5. Profitability Ratios
6. Tax and Compliance

CFO roles and responsibilities:

1. Understanding of value drivers of the business and how to improve.
2. Provides forward looking perspective, analysis and recommendations regarding fundamental business levers: order-to-cash, margin rates, etc.
3. Equity Creation, Franchise Effects, Brand Equities
4. Financial Controls and Risk Management Controls
5. Ability market size the business, pricing intelligence, quasi COO role, manage the client and/or product lifecycles. Having an IT savvy CFO (full or part-time) is an imperative for many companies today.
6. Key supplier and key client management.
7. Strategic options.

*"The CFO moves finance and accounting (F&A) from a cost center to a profit center."* Jason Ludeke, Managing Partner Pummerin Investments

### 3. What does an investor require from the Business Model?

- Near real-time, frequent and interval scheduled financial reporting.

Key Takeaways:

1. *"All businesses require a budget. Growth requires near-real time operational reporting (8 to 12 metrics) and financial reporting (flash reports or a dashboard)."* Jason Ludecke, Managing Partner Pummerin Investments.
2. Jeff Brown, Corum Group: *"Unit Economics is key to so many important aspects of the business: pricing, profitability, gross profit process improvement. Start at the top/revenue and work down."*
3. *"Performing due diligence on yourself is not only one of the best things you can do to prepare your business for the future; it will teach you something invaluable and it will certainly more than pay for itself."* Curtis Hartman, Senior Vice President Main Street Capital Corp.
4. *"How you plan for the future starts with a model and dashboard that is connected, aligns the business, and provides direction."* Garry E. Meier, Ephor Group Chairman and Founder and TeXchange Houston Chairman.

Table Leader Discussion and Q&A Summary Recap Notes:

Q: Who is your next hire? The COO or the CFO?

**A:** The short answer is that it depends on the qualities (strengths of the CEO). Depending on the maturity of the business, get the operational reporting (8 to 12 metrics) and financial dashboard and flash reports via an outsourced provider or part-time CFO.

Q: How do you calculate "Unit Economics"

**A:** It starts with your perspective, industry and where you came from, but should include:

- ✓ Benchmarking and Market Comparables
- ✓ Intelligence from pricing studies, industry, market and competitive

Q: What are the top three (3) seller failures?

**A:** The most common are:

1. Flawed financials and budgeting.
2. Lack of detailed understanding of Unit Economics by client, region, function, product, etc..
3. A "Realistic Ask." You need to get a substantiated and reference able 3<sup>rd</sup> party opinion.

Q: As a small cash strapped business where do I start? What can I do to bridge the gap?

**A:** Hire an outsourced provider or a part-time CFO on a project basis to setup your operational reports (8 to 12 metrics) and financial flash reports and dashboard.

Obviously each table and member has different and a most salient concept that was "understood" and hopefully adopted by the leader. Again as part of our mission please feel free to reach out to the membership or BOD for adding learning opportunities.

## 2011 PROGRAMS CONTENT CURRICULUM

Wednesday May 11: *How Do Advisors & External Resources Enable Wealth Creation Governance, Risks Management, & Perspectives.*

*You are the boss but who helps you?*

1. *What's the purpose of governance and obtaining outside perspectives?*
2. *What's the difference between entrepreneurial and investment risk profiles?*
3. *What is the role of a Board and/or Advisors? How should you choose advisors?*

Thursday July 21: *Management Effectiveness.*

*Meeting your growth objectives; what gets measured gets done.*

1. *Can you describe your business strategy in a Twitter moment?*
2. *Do your measurements mirror your business strategy?*
3. *What instructions does your management process provide you?*

Thursday September 15: *Leadership & People Effectiveness.*

1. *How do you know if you are an effective leader?*
2. *How do you demonstrate to an investor that your people are effective?*
3. *How do you know if and when progress and success is achieved?*

Thursday November 10: *Useful Capital& Financing.*

1. *What is the meaning of Useful Capital?*
2. *How do I determine if my capital provider is Useful or not?*
3. *How can Boards or advisors assist me with my financing options?*



Dear Members,

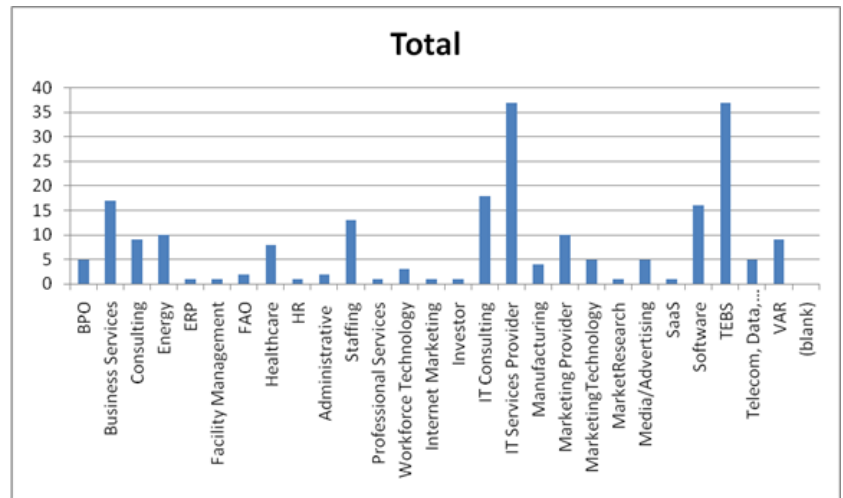
Houston TeXchange is nearly 60% to our goal for membership in our founding year, however as we indicated we could use your help in this critical initiative for the organization. We are seeking approximately 30 additional Founding Members that are founders or C-level executives of technology oriented enterprises with headquarters in Houston, Texas with approximately \$1 to \$20M in annual revenues.

Our membership is composed of C-level executives and community leaders. Our membership demographics are as follows:

Revenue Distribution:

| Annual Revenue | %   |
|----------------|-----|
| \$1M to \$5M   | 67% |
| \$5M to \$10M  | 13% |
| \$10M to \$20M | 7%  |
| \$20M to \$50M | 5%  |
| >\$50M         | 8%  |

Industry Distribution:



Most Sincerely,

Garry E. Meier  
Houston TeXchange Chairman  
[Houstonpresident@texchange.org](mailto:Houstonpresident@texchange.org)  
713.401.9647

Joining TeXchange: Please fill out the registration form below.

- Annual Membership Fee for Founding Members: \$140 per year & per meeting of \$25.00 (price of dinner!). Guests fee is \$35.00 per dinner event. Non-members may attend up to two events per year.

Preferred Method of Payment:

- Credit Card  Check *(please staple check)*  
Type:            MC      Visa      AE  
#: \_\_\_\_\_  
CVV Code: \_\_\_\_\_  
Expiration: \_\_\_\_\_

Contact Details:      Please fill in the blanks below and staple a business card.

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Company: \_\_\_\_\_ Email: \_\_\_\_\_  
Address: \_\_\_\_\_ Phone: \_\_\_\_\_

Which of the following best describes you? *(Check one)*

- CEO/ President                       Investor / Advisor                       Other: \_\_\_\_\_  
 Entrepreneur                               Service Provider

*What are your primary interests? (Check all that apply)*

- Strategy & The "New Economy"  
 Go-To-Market, Revenues, & Sales  
 Operational Effectiveness  
 Capital and Banking/Financial  
 Knowledge & Learning  
 Management Best Practices  
 Leadership  
 Useful and Effective advisors  
 Other: \_\_\_\_\_



## TeXchange Houston Chapter Announces 2011 Curriculum for Technology Executives

**WHO:** The Houston Chapter of Technology Entrepreneurs' Exchange, ([www.TeXchange.org](http://www.TeXchange.org)) a non-profit organization focused on providing Houston entrepreneurs and executives engaged in technology-oriented businesses with an open forum for networking, learning and the open exchange of ideas. TeXchange provides a relevant network of local and regional business leaders who interact at a series of learning oriented events and seminars for continuing business education. TeXchange also has chapters in Austin and Dallas.

Additional information about TeXchange's Board of Directors and sponsors is available at [www.TeXchange.org](http://www.TeXchange.org).

**WHAT:** The Houston Chapter of TeXchange has developed a full curriculum of seminars and events for 2011. Each seminar features successful executives and industry experts who serve as speakers and/or panelists on emerging business issues, management, growth and expansion, and financial topics. All TeXchange events are open to members and non-members guests.

The event fee, which includes dinner, is \$25 for TeXchange members and \$35 for non-members. Speaker and panelist information will be announced four to six weeks in advance of seminars via the TeXchange Web site at [www.TeXchange.org](http://www.TeXchange.org).

**WHEN:** All TeXchange events are hosted from 6:00 to 8:30 P.M. Central Time on Thursday evenings with the following schedule of activities:

6:00 p.m. - Networking and Cocktail Reception  
6:30 p.m. - Program and Dinner  
7:30 p.m. - Table Discussions, Presentations and Q&A Session  
8:20 p.m. - Closing Comments

The following events are scheduled for 2011:

**Thursday, March 31, 2011**  
"Financial & Expense Management"

This seminar will cover the hallmarks of effective financial management, including how to identify the need for a controller or chief financial officer, what to expect from employees in those positions, and what investors require from a company's business model and reporting of financial information.

**Wednesday, May 11, 2011**  
*"How Do Advisors & External Resources Enable Wealth Creation: Governance, Risks Management & Perspectives"*

This seminar will address the purpose of governance, the roles of a company board and/or advisors, and when to obtain outside perspective when making investments or strategy decisions. Panelists will also discuss the difference between entrepreneurial and investment risk profiles.



**Thursday, July 21, 2011**  
"Management Effectiveness"

This panel seminar will challenge participants to condense their business strategy into a so-called "Twitter moment," as well as determine if a company's measurements mirror and compliment its business strategy. The panel will also discuss the need for a company's management process to translate into regular action items for performance consistency, growth and improvement of the business model.

**Thursday September 15, 2011**  
"Leadership & People Effectiveness"

This seminar will discuss leadership skills as well as effectiveness. The speaker will present tips on making sure that all stakeholders believe in the business, its mission, objective, values and abilities of a company's employees, as well as tips on measuring progress and success in leadership skills.

**Thursday November 10, 2011**  
"Useful Capital & Financing"

This seminar will present information on financing options, including how to identify "useful capital" providers and tips on ways that boards or advisors can be helpful when considering financing options.

**WHERE:** All TeXchange events will be hosted at the Briar Club:  
2603 Timmons Lane  
Houston, Texas 77027

**MEDIA CONTACT:**  
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