

Osgoode's Private Equity Transactions

Cross-Border Executive Recruiting

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Source of the Challenge

1. Strong preference for Canadian executives
2. Challenge finding some profiles in Canada



Key Drivers of Search Strategy



Company Needs

- Market dynamics
 - Competitive dynamics
 - Gap analysis
- Candidate Profile



Candidate Pool

- Pool size
 - Geographic distribution
 - Supply & Demand
- } Search Strategy



Creative Ways to Recruit Stars

- Expat relocation
- Commuter executive
- Non-US Origin in US
- Canada-phile
- Step-up candidate
- Board augmentation
- Older candidates



Company Assets / Deficits

- Business opportunity
 - Market Opportunity
 - Business Model / Go to Market
 - Competitive Edge
 - Company's Customers
- Location

Candidate Market Dynamics

Resources

Existing Executives and
Board

Company Culture Solution
Innovation/Tech

Role opportunity & Responsibility

Cap Table

Composition/Dilution



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Key Take-Aways

- Focus on objective rather than “Canadian”
- Do not assume US candidates are unaffordable
- Improve odds with creative solutions
- Leverage non-compensation assets



Impact of Current Environment

- Look for Stars that may be in transition
- Opportunity to Top-grade your executive team
- Opportunity for many executives to re-price their options by moving away from current situation
- Opportunity to Top-grade your board
- Create a skills matrix and execute a talent strategy
- Consider all aspects of compensation



Elements of the Deal

Base Salary

- Starting salary
- Guaranteed raises
- Raises based on events

Short Term Bonus

- Multi-year guarantees
- No pro-ratio in 1st year
- Target conversation
- No short term bonus

Long Term Bonus

- Cash
- Options - % of base
- Restricted Stock
- Event triggered

Termination Clauses

- Termination with or without cause
- Termination ranges
- Elements of termination

Sign-On Bonus

- Make whole
- Multi-year
- Fit employee on with current salary structure & pay more

Others in the Deal

- Spouse
- Accountant
- Financial Advisor
- Attorney

Options

- Up-front
- Out-of-money grants
- Performance/event related grants
- Guarantees of future grants
- Synthetic options on stock of current employer

Co-Investing

- Ability to buy in at the venture capital price
- At beginning
- Later rounds
- Loans to do this

Loans

- Way to pay people out
- May be housing differential mechanisms
- May be forgiven over time
- Clause regarding buyback in case of termination
- Watch SOX regulations

Relocation

- Up-front payments vs. pay for costs
- May be hidden way to increase offer
- Understand cost of living differentials



About Dora Vell

Dora Vell is Managing Partner of Vell Executive Search, a boutique executive search firm in Boston. Ms. Vell has successfully completed numerous board member and C-level executive searches – including CEOs, COOs, CIOs, and Vice Presidents – at both public and VC-funded companies.

Ms. Vell was a partner in the Heidrick & Struggles technology practice for seven years. Prior to her career as a search professional, Dora Vell successfully managed both a 100-person development project and a \$150 million P&L at IBM experiences that prove useful in sales and marketing searches as well as with GM, CEO, and COO searches.

As the holder of 7 worldwide patents, Dora has an unusually technical background for a search executive, but one that helps her better understand the needs of technology clients and more insightfully probe prospective candidates for appropriate fit to the search profile.

Ms. Vell holds dual citizenship in the US and Canada. Ms. Vell received an MBA from the University of Toronto, a Master in Computer Science from the University of Waterloo and a Bachelor in Computer Science from Carleton.



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