

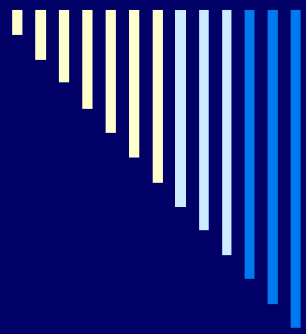
Answers to Un Asked Questions

*A smart guy will avoid errors ...
that a wise guy can solve*

David Seligman

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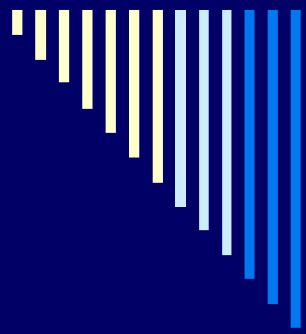
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Advisors

Understanding how to work with advisors
But making your own decisions

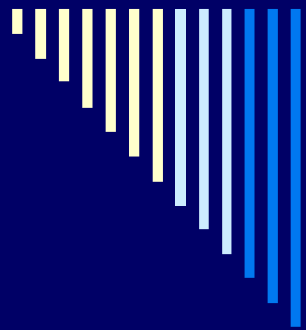
- **The CFO is a Jack of All Trades (CPA, Economics, Lawyer, Insurance Agent and above all a Sales Person)**
 - **Example 1: The Tax Advisors will advise the best “Pure” tax advice, but it will not necessarily fit into the “Real Life”**
 - **Example 2: The Marketing Advisors will advise the best location from “Marketing” point of view, but only the CFO can see the full picture of Operations, Labor, Cost etc.**
 - **Example 3: Legal can advise the best text for Employment Agreement, but the lawyer never faced an un-happy employee that needs to sign this**



Advisors (Cont.)

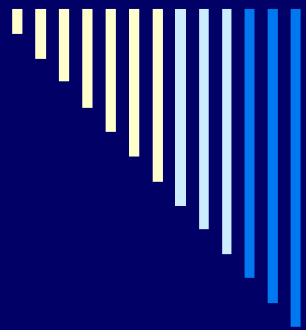
Understanding how to work with advisors
But making your own decisions

- The secret is to “Gather” all advice, “Digest” all the advice, “Consolidate” all the advice and then (and only then) to present the “Consolidated Recommendation”.
- The recommendation may not be 100% as advised by professionals, but it would be the best compromise between all advisors
- Above all:
 - **“Answers to un asked questions”**



Cap Table

- **Cap Table at formation**
 - **Ensure no tax issues upon issuance of shares to founders**
 - **Tax issues upon issuance of shares to service providers**
 - **Avoid investments in subs which create an inherited conflict**
- **ESOP**
 - **ESOP amount, calculate form TOP to BOTTOM as Wise versa**
 - **No \$0 price and post termination**
 - **ESOP tax issues to contractors**
 - **409A to US persons**
- **Reporting**
 - **Create a cap table from start and not from last round**



OUTSOURING BOOKKEEPING

- **Seems a logical solution but.....**
 - **Not managed by real experienced CFO, but more like providing Controller service**
 - **Running on low margin, hence providing the bare minimum**
- **Not serving the true Customer**
 - **The CEO ignores official financials (because too complex, too late)**
 - **Providing solution to government agencies, not for true financial management**
- **Examples**
 - **Timing of expenses tied to invoice process**
 - **Minimal trial balance not supporting budget**
 - **No true business reports (HR, Sales, Inventory etc.)**



Other “CFO” Topics (sample only)

➤ **HR**

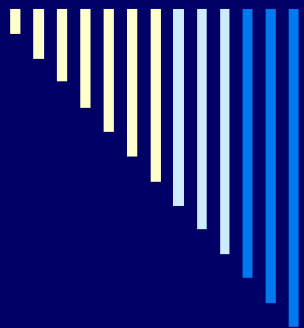
- **Commission plans while rapid growth (not % of sales)**
- **Maintain Database for M&A**

➤ **Investor Relations**

- **Think not of what you want to say, but of what audience can listen to**
- **What you do and why, not how you do it**

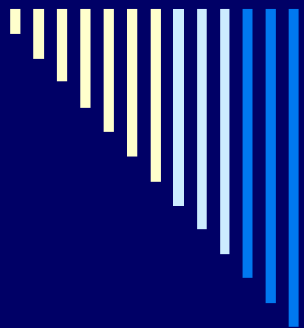
➤ **Insurance**

- **Not only D&O**
- **Also Product Liability, Ciber etc.**



Be a TRUE partner

- **What if**
 - **You were hired as a demand of investors**
 - **Not given resources**
 - **Acting as Controller with a VP Finance title**
 - **Taken as a given**
- **Then they go and hire a seasoned CFO just before an IPO**
- **Be a TRUE partner**
 - **Bring the added value with timely and informative reports**
 - **Added value above bookkeeping,**
- **Take finance out of the back room to the front of the company**



About David Seligman

David Seligman is an experienced CFO:

- **29 years in 5 public companies (NASDAQ: LNOP, RVSN, NURM and ELOS + TASE: SONO) and several start-up companies,**
- **In large and small companies, in both the US and Israel**
- **With excellent NASDAQ track record (including a successful IPO, NASDAQ: RVSN)**
- **Strong business background**
 - **A successful turnover situation in an extremely stressful environment (NASDAQ: NURM) and,**
 - **A quick and efficient M&A transaction.**



Thank You

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