

“Pennies to nickels, nickels to dimes, dimes to quarters”



is a saying you hear often at Venture Back Office. This is one of the philosophies that sets us apart from others in our industry – *we take the time to understand what is in the numbers* vs. simply processing them. Many times when we begin working with a new client, we identify one or two significant items that save them tens of thousands of dollars. More often though, since firms are generally managed well and run lean, we identify small and medium items that, when added up, turn into meaningful savings over time. Following is a partial list of items we typically look at when we work with our clients:

Personnel Items

Organizational Analysis – We look to see who is doing what and quantify the costs. Often times through these analyses significant dollars can be saved.

Partner’s Compensation – Paying too much? Is it structured correctly? With all the changes occurring in the industry, we have seen creative changes in this area that better match compensation with performance.

Outsourcing back office responsibilities – Typically a 17-20% savings is seen by outsourcing back office functions.

Conferences – An important part of the industry, but can you get more out of them? How do you get discounts for attending and stand out from the crowd?

Sponsorships – Are you achieving the objective you hoped for? Are there cheaper and better ways to get the same PR and recognition?

Meals & Entertainment – Is what you are spending reasonable for a firm your size? How can you do more with less?

Travel – Are you receiving the discounts you should? Is it a free-for-all on how travel gets approved and booked? Can you get more out of a trip? Even small firms can see significant savings with a few easy changes.

Benefits – What are reasonable and customary? Are there better solutions available? Are you paying for things your staff does not care about? Are there benefit programs you can implement but don’t cost you anything?

Back Office as a Profit Center – If you have a good back office team, can they generate revenue?

Venture Partner Arrangements – What should be included? What are the typical rates paid? Does your professional liability insurance cover them?

Auto Reimbursements – What is reasonable and customary? Can you charge your portfolio companies?

Subscriptions – Do you really need all of them? Can you switch formats or subscription periods to save money?

Information Technology Items

Cell Phones – What is reasonable and customary reimbursement? Is consolidating to one plan beneficial? Is it better to standardize on one type of device?

T-1’s – When was the last time to you re-negotiated your agreement? Do you have too little or too much bandwidth?

Computer Maintenance – Generally a huge opportunity here as firms vary significantly in what they pay and the level of service they receive.

Web Site Costs – What is reasonable and customary? How important is keeping the site current and how can you do it cost efficiently?

SPAM Filtering – Tired of all those junk emails that your expensive filter is missing? Are you using the latest, most cost effective solution?

Paperless Systems – Do they really save you money?

LP Reporting Systems – Are they worth it? Are there more cost effective solutions out there?

Contingency Plans – Is yours current and cost effective? With all the technology changes, today’s solutions are much more economical than ever before.

General and Administrative Items

Bank Fees – Are the fees you pay reasonable? We see fees vary from client to client, for no apparent reason.

LOC Fees – What should you be paying in today's market? Are you leveraging your portfolio company's relationships to your advantage?

Record retention – Do you have policies and procedures in place? Do you spend wasted time looking for information?

Legal Retainers – Should you be pre-negotiating your annual legal fees? Are you getting the best service for your money?

Professional Fees – What are reasonable and customary fees? Should your back office staff be doing more of the work themselves?

Dues – Are you paying based on the funds paying management fees or the total of all your funds?

Office Supplies – Why do they always cost so much? What is a standard per person amount?

Postage/Overnight Fees – Are there controls in place to minimize the costs? Are there better ways to distribute information to your Limited Partners?

Insurance – Do you have the right coverage? When was the last time you received a competitive quote?

Operations

Annual Meetings – What should you be spending on these meeting? What formats do LP's like to see? Are staff presentations concise and complete?

Deal Flow – How efficient are you at processing incoming deals? Are the right deals being focused on?

Portfolio Dashboards - Do you have tools to summarize the status and progress of your investments? Do your exit values and timing hold together with the company's capital needs?

Weekly Meetings – How efficient are they? Does your format and agenda work effectively? Is your team prepared when they arrive? Have you ever computed the hourly costs?

General Process Review – Are your processes achieving their desired objective? Are they cost effective? Do you need additional controls in place given all the fraud that is occurring in the market place?

LPA and LLC Agreement Review – Are expenses being charged to the proper place? For your next fund, have market conditions changed where you can charge the fund for additional expenses?

Supporting Earlier Funds – Do you have funds no longer paying management fees? Contact us to learn ways to reduce their operational costs.

Facilities

Leases – What is reasonable and customary? Are you stuck with too much space? Do you really need to take on more? Are your equipment leases costing you more than you realize?

Off-site Storage – When was the last time you did a purge? Do you really need all the stuff stored?

Phone Lines – When was the last time you looked at your infrastructure costs in this area? Do you still need all your lines? Are there cheaper and more efficient solutions?

Virtual Offices – Do you need bricks and mortar? We are seeing more and more firms becoming virtual or partially virtual. The industry is changing and the days of lush offices are passing. Limited Partner's are now more appreciative than ever of creative solutions in this area.

Want to know the answers to these questions?

Put our experience to work for you today.

Call for a free benchmarking report for your fund or management company.

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