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CFO Spotlight: John Bruno, CFO of Nexus Systems

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1. When you are not working, how do you spend your downtime (hobbies, activities, etc.)?

I love to exercise. I work out about four days a week, usually in the morning. I'm an early riser and wake up around 5am most weekdays. Starting the day with a good workout gets me pumped! I usually run on my basement treadmill while watching Netflix (I just finished and highly recommend *Longmire*).

My three children are grown, so, other than exercising, I watch college football and basketball. I also enjoy reading. To my wife's chagrin, I try to make food a hobby—it's the Italian in me. Before I finish one meal, I need to know what the next will be.

2. What is your biggest accomplishment of your career?

Successfully structuring and closing a large recap round of financing. It was our fifth round of funding, and our early investors at the bottom of the preference stack were "fatigued." However, our most recent investors were still jazzed about the company and at the top of the preference stack. The early investor demanded a total recap (\$3M pre-money and next money in owned the company), or to fire sale the company. The recent investors at the top of the preference stack did not want to give up all their preferences in a total recap and were bullish on our prospects. So I spent many tense days negotiating between the two investors. There was no movement—it was a stalemate. In addition, we had a large term loan that was about to start amortizing principal. It was then I architected a plan I referred to as the "double trigger" recap.

The first trigger was structured to waive some of the dividends the early investors (A, B, and C), that had been accruing for 7+ years, and for the senior D investors to reduce their preference-multiple upon exit. This would allow \$8M+ in bridge money to flow into the company, and set us up to meet our second trigger. The second trigger was pulled when we raised a Qualified Financing of at least \$5M in new equity financing. If we could pull this trigger, then the Ds would be required to reduce their preferences further; however, the A, B and Cs would then convert to common, removing all preferences below the Ds. The early investors would be worst off.

This structure's natural beauty was that it gave both the early and recent investors an incentive to stay the course and not tear the company apart. The first trigger's purpose was to keep the A, B, and C investors in the consortium, with the hope we would sell the company in the next twelve





months, and that—with the reduced senior preferences from the first trigger—they would make more money. They did not believe we would be able to raise Qualified Financing.

The second trigger was to incent the D investors to stay the course and help the Management Team raise another round. If we did, the A, B and C investors would be converted to common. The happy ending was this: we did raise a large Qualified Financing, and the second trigger was pulled! It was not an amicable financing to say the least. Therefore, post financing, the early investor resigned from the Board. He admitted he was divisive during the entire process, trying to force a sale with every move. I came out of this process with a new fondness for Jefferson's Reserve Bourbon, in a Manhattan.

3. How do you balance the demands from work with those of the family?

Very carefully. It comes down to two things for me:

- a. Never stop trying – This is a daily, ongoing effort. You can't take it lightly and it won't take care of itself. Self-awareness is of utmost importance in making this work year after year. Flexibility is crucial. For example, when I started my MBA at George Mason University, taking night classes, my wife and I had an agreement. After dinner, I would go to the basement and study for a few hours, so I had the weekend free to help with our 2-year-old daughter. Then a year later, we had our second daughter—my wife immediately said all bets were off, and I could not study at home. I had to take care of my children. She was right, of course. I started waking up at 4:30am to go to the office, studying until I started work at 9am.
- b. Always set expectations for yourself and others on a weekly basis – Each Sunday, my wife and I discuss what “non-ordinary course” activity we have coming up at work and personally. Then, when the day comes for something out of the ordinary, we send a “reminder text,” saying, “I have a meeting tonight, see you at 10,” and so on. This way, my wife is already prepared for the fact that I won't be home until 10:00pm because I had a meeting after work. She does the same for me when she is going to be home late. (She does a better job of this, by the way.)

4. A CFO is typically a confidante of the CEO, how did you gain their trust?

No surprise that the best way to gain a person's trust is to be trustworthy. This means you need to “say what you do and do what you say.” Provide open, honest, straightforward advice anytime you think it may help. Under promise and over deliver all the time. Put their needs ahead of your own—and always find a good CEO match for yourself, in the first place.

5. Do you have a personal mantra, words of wisdom or favorite inspirational quote?

I would say my personal mantra is “why do tomorrow what you can do today.” I have a keen sense of urgency and efficiency. I enjoy diving head first into something new, like a forensic account, and putting processes and controls in place before delegating appropriately. Then moving on to my next project.





In business, I have met some really smart people, and they can be a blast to work with. However, over time, I have developed a rule for intelligent people: “smart people don’t get to act ignorant.” From experience, some smart people like to act ignorant when it benefits them. For example, when someone tells me, “I did not think you needed my signature on the Board Consent since you already had a majority,” this reads: “I am holding up the process.” Similarly, “Sorry I did not get back to you, I assumed you moved forward without my approval since the deadline had passed,” reads: “Now, it is your problem—and fault.” Sorry, smart people don’t get to act stupid.

6. What characteristics do you value most when hiring new finance talent for your team?

Driven/Doer -- Self-motivated people accomplish so much more than the average person. They have their own ideas and innovative methods to solve business issues. The old saying “if you want something done, look for the busiest person” definitely applies here.

Dependability – Do what they say, and say what they do. They are always available in the evening or on weekends to answer a question, or do some quick work.

Communication/Effectiveness – They speak and write clearly. So much of business is about how you communicate with other people. You are not effective if no one understands or can communicate with you, even if you are an intelligent and dependable person.

7. What are the 3 most important components for your personal and professional success?

First is my wife. Personally, she loves me. Professionally, she is my closest confidant and advisor—has been for 27+ years. I would be nowhere without her support. Second is fear. I have none (except for heights, ☺). I don’t shy away from anything because it is complicated, difficult, time-consuming, or other. Once in a long while, I may bite off more than I can chew, but this occurs very infrequently. Third is honesty, with myself and others, and valuing other people. You must show that you value others, in life and business. If people can’t see and feel that you value them, you will never be able to live, work with, and lead them.

