



Case Study

LoanFirst Technologies

LoanFirst Launches a Challenging Search for a Chief Executive Officer

This case study describes how Epsen Fuller & Associate's Partner, David Harap, executed an in-depth executive search for a CEO.

B2B e-MarketPlaces For the Lending Industry

There has been a tremendous amount of yet unfulfilled promise regarding the impact on B2B e-marketplaces within the financial services industry, specifically for lender institutions. Every major financial company, along with numerous start-ups including online loan aggregators and pure technology plays are aggressively pursuing this multi-billion market.

A Profile of LoanFirst Technologies

The company, headquartered in Austin, TX, was founded in 1999 and closed on \$7 million in first round funding in the Spring of 2000. The investors included established venture capitalists, Centerpoint Ventures, Verity Ventures, Vortex Partners and Techxas Ventures. LoanFirst provides an Internet lending exchange between auto dealers and lenders via a unique web-based application. Focusing on the under served small and middle market auto dealerships, their technology offers these dealers a virtual financing department. Auto dealers can apply for customer car loans online and in many cases receive multiple financing options in less than two minutes for their customers.

LoanFirst utilized a first-to-market metamediary business model. Their technical platform incorporates world class decisioning technology, with automated credit decision software developed by American Management Systems. Their model in allows direct and in-direct lenders to more efficiently access dealer loan requests in previously unpractical geographic markets.

The Challenge

Despite promising technology, LoanFirst had missed three deadlines for their product launch. The entrepreneur co-founders had difficulties managing the commercialization of the technology. They had signed up several lenders and auto-dealers, but were not able to launch their beta product. Our client needed a Chief Executive Officer who could ensure that the company met it milestones and goals, including effectively managing the final stages of product development and product launch. The CEO would also be expected to lead additional rounds of funding from institutional investors.

The Chief Executive Officer would be relied upon to provide the leadership and management skills necessary to ensure a smooth transition from the founders. This leader needed to be a creative thinker and strategic guru who could lead the company into other vertical markets beyond the automobile loan market. They sought someone with a unique combination of experiences; demonstrated experience and success with building and leading an early stage company and tenure in the financial services industry at a senior level.



The EPSEN FULLER & ASSOCIATES Solution – *The Human Capital Valuation System*SM

An extensive nation-wide executive search which provided a final slate of three superior candidates, each of whom demonstrated past performances that ideally met the objectives of LoanFirst. The following details the execution strategy:

- **Human Capital Needs AnalysisSM**
 1. Identify and detail the “*optimum performance profile*” focusing on core skills, competencies and critical objectives to be accomplished in the position;
 2. Analyze LoanFirst’s culture and the “*ideal behavioral attributes*” of the highly successful individual in this position.

- **Engage the Research Department**
 1. Strategize selected technology and financial services market segments that likely contain companies with similar challenges as they pertain to online credit and lending initiatives.
 2. The research department identifies the leading executives in targeted organizations, as well as develops organizational charts of the senior level management team.
 3. Utilizing our proprietary database, extensive network of contacts and sophisticated sourcing, identify an initial pool of potential candidates.

- **Engage the Recruiting Department**
 1. Contact the prospective candidates and share with them the compelling opportunity with LoanFirst.
 2. Ascertain their professional core skills and competencies; look for *past performance indicators* as they pertain to LoanFirst’s *critical performance objectives*.
 3. Gauge the candidate’s interest level and availability to seriously entertain this opportunity.

- **Conduct Interviews to Develop Slate of Finalists**
 1. Utilizing a multiple conversation strategy, determine the degree of skill and competency fit for LoanFirst’s CEO position.
 2. Continue interview process focusing on *behavioral attributes* that match client’s requirements.
 3. Reviewed the twelve most promising candidates with the Board of Directors.
 4. Upon reaching consensus, conducted an in person, 2-3 hour interview with the leading nine candidates.

- **Candidate Evaluation & Recommendation of Finalists**
 1. Our recommendation to the Board was to invite the three leading candidates to Austin for interviews with the investors and senior management team.
 2. Develop and submit written detailed candidate dossiers with our assessment and recommendation.
 3. Conduct in-depth reference interviews and background checks.
 4. Work closely with the Board of Directors throughout the final stages of candidate meetings.

- **Facilitate Offer, Negotiation and Acceptance of Selected Candidate**

The Results

Our extensive upfront analysis resulted in identifying several target market segments within the technology and financial services industries. They included software and Internet companies selling into the financial industry, brokerage and financial services with an online presence and traditional direct and in direct credit lenders. One hundred and twenty three targeted companies led to an initial candidate pool of one hundred and forty four executives. This group was reduced to one hundred and nine executives whose skills and competencies appeared to be a match to the search and would be approached by the recruiting team. Hundreds of telephone conversations, along with client input refined this number to nine candidates with whom we conducted full face-to-face interviews. We then submitted a slate of three finalists for the Board of Directors to meet. From that group, The Board had developed a lead candidate and a very strong back-up candidate. LoanFirst was recently sold to Associates First Capital, a wholly owned subsidiary of CitiGroup Inc.



The three final candidates:

Michael Cooper - CEO of Neuristics Corporation. Neuristics, a recent *Inc Magazine 500 Fastest Growing Emerging Business* recipient, is a software development and consulting company serving the credit card industry. Mr. Cooper led the successful launch of CreditXpert and the spin-off of its TruCredit.com subsidiary.

Robert Golitz - Executive Vice President at GMAC Corporation. Mr. Golitz was previously CEO of Bank Systems Association and CEO of CitiCorp Credit Services. He was also CIO and one of the first employees of AT&T Universal Card Services where he led the information technology group as the company when from a start-up to 15 million cardholders in the first 2.5 years.

Mark O'Neil - Division President of CARMAX, a \$2.4 billion division of Circuit City Stores. He received \$200 million in seed capital from the parent company; he led a successful national launch of this innovative concept in car retailing. He had previously been President of a parent company that owned 25 car dealerships and Senior Manager with McKinsey & Company.

Initiate Research by Strategizing Multiple Target Industries & Companies

