

EVENT READINESS: IS YOUR IPO PMO READY?

REINVENTING PROJECT MANAGEMENT PRACTICES TO DRIVE COMPANIES TOWARD A SUCCESSFUL IPO

The high-risk, high-reward nature of becoming a public company in today's environment requires careful planning, expertise and proactive oversight. A Project Management Office (PMO) team experienced in event readiness planning and with corporate finance and capital markets expertise can act as a trusted advisor to executives throughout the preparation process, driving execution toward establishing a solid foundation for a company to operate post-initial public offering (IPO).public offering (IPO).

An IPO is a pivotal moment in a company's history, and will attract attention and scrutiny from new places

A seasoned IPO PMO will arrive with a toolkit complete with knowledge of best practices

INTRODUCTION

Project Management Offices are not new – they have been used on a wide variety of projects across industries to different degrees of effectiveness. Often associated with information technology (IT) projects, merger integration activities and other large-scale initiatives, PMOs traditionally have acted as taskmasters, holding people to timelines and work plans.

A PMO also is critical to a company preparing for an IPO, as executives, and chief financial officers (CFO) in particular, have time and resource constraints caused by the daily demands of their positions and, many times, are unfamiliar with the IPO experience. To properly prepare a company for an initial public offering, a PMO should have the corporate finance and capital markets expertise to advise and execute throughout the process, navigating the CFO team through common IPO risks and pitfalls.

IPOs: NO TIME FOR TRADITIONAL PMOs

The traditional Project Management Office establishes governance and reporting processes for a project and monitors daily progress of the work. The PMO, in this role, frequently is highly standardized and is commonly perceived as a task manager that lacks deep experience or subject matter expertise on project objectives and issues. As a result, the traditional PMO is limited in its ability to provide strategic advice, proactively raise issues and risks, and execute along the way. Since the IPO process is an enterprise endeavor impacting the entire organization, all facets of the process have to be managed – which requires a multidimensional view on processes and issues. The PMO has to be adept in handling complex projects that will affect people, processes and technology, as well as issues that relate to legal, compliance, control and other areas.

An IPO is a pivotal moment in a company's history, and it will attract attention and scrutiny from new places: the Securities and Exchange Commission (SEC) during the S-1 and clearance period, rating agencies, analysts and investors during and after the road show, and the business media when the IPO is announced. This coming-out party brings a spotlight to the company in all aspects. After the IPO, the company faces unfamiliar operating risks, including Sarbanes-Oxley (SOX) compliance, management certifications and reporting deadlines. By instituting a traditional PMO that is not accustomed to dealing with these issues and requirements, a company can miss opportunities to gain strategic insight and guidance on mitigating many of these risks.

REINVENTING THE PMO

To help navigate through these risks, an IPO PMO must quickly lead and contribute to the project. Rather than coming aboard and waiting for direction and updates from the executive sponsor, a seasoned IPO PMO will arrive with a toolkit complete with knowledge of best practices, templates, weekly reporting tools, checklists, governance frameworks and a methodology to immediately identify areas of strength, as well as process gaps. This initial assessment is important as it regularly provides executives with a fresh perspective on the progression toward an IPO, confirming or revising previous expectations and perceptions.

As a project, IPO preparedness is not unique in having multiple work streams and demanding timelines. However, because of the regulatory environment and associated compliance measures that come with going public, these projects especially can be complex and fraught with issues. Nearly every department is involved in IPO preparation, including accounting, tax, legal, treasury, human resources, communications and internal audit. IPO preparations normally are closely intertwined with other related initiatives that must be intensely monitored such as an accompanying debt refinancing; reporting requirements and compliance measures that must be in place prior to the filing; or a large IT project that needs to be completed to improve accounting systems and provide the necessary information to support SEC reporting requirements.

Timelines are long (the typical IPO requires 18 to 24 months of preparation), and the PMO must plan events in great detail and continuously track and challenge the dates. Further, routine

EVENT READINESS: IS YOUR PMO READY?

reporting that communicates status, issues and outcomes is crucial to the process. Markets are volatile, and conditions can change fast so the company also must be prepared to act on short notice. By prioritizing the preparation work during the initial planning phase, the experienced PMO will be ready and able to accelerate the time frame and then assist teams in executing. Initially, the size and number of tasks to be completed may seem daunting, but the PMO will help break up the assignments into prioritized, discrete work streams across departments — fully understanding the burden this places on employees.

THE IMPORTANCE OF RESOURCE MANAGEMENT AND COMMUNICATION

With dozens of employees throughout the organization contributing to the preparation process, it is imperative that the PMO effectively manage resources and priorities. The PMO must identify areas where a department may be thinly staffed or lacking specific expertise or resources, address issues and offer solutions to team leaders. The Project Management Office also must help oversee the use of external resources so that costs are managed against an approved budget and ensure that knowledge is transferred to the company before an external consultant or advisor exits.

One of the keys to effective resource management, of course, is communication. The PMO needs to act as a point through which all internal and external communications flow, directing each activity to relevant teams and resources. This is one of the most critical roles a PMO can play, given the number of teams involved, ranging from internal accounting and legal groups to the company's SEC counsel, bankers and other advisors or consultants. The PMO must know when to raise issues with executives and establish a balance of reporting that keeps them informed at the appropriate level of detail.

The PMO needs to be the trusted advisor to the executive sponsor in preparing for unique IPO challenges

AN EXPERIENCED AND TRUSTED ADVISOR

Perhaps most important, the PMO needs to be the trusted advisor to the executive sponsor (who often is the CFO or his/her designee) in preparing for unique IPO challenges and having the technical knowledge to understand the requirements leading up to a public company filing. The PMO must act as a single point of contact for all IPO-related matters. Further, an experienced IPO PMO team complements functional expertise in preparing for the IPO. The team can step in and fill gaps or assist in areas such as SOX compliance, risk management, financial planning, accounting remediation, strategic communications and investor relations, and cash management. With that knowledge and skill set, the PMO not only is speaking the same language as the groups it is managing, but it also can support work tasks as needed.

ENSURING A SUCCESSFUL TRANSACTION AND TRANSITION

The high stakes of an IPO require careful and diligent oversight. The payoff can be large, but the risks may be great — government regulators, rating agencies, independent counsel and underwriters all must give their consent at some point in the process. Then the company will come under careful examination by analysts and investors during its road show and the period leading up to the IPO date.

As a public company, the enterprise must adhere to new SEC reporting guidelines and Sarbanes-Oxley. Executives are responsible for ensuring that risks associated with these reporting and compliance requirements are anticipated and addressed; however, leaders also must focus on operating the business and meeting performance targets. IPO analysts and investors will be eager to hear the story, evaluate the business plan and set their expectations. But executives cannot afford to dedicate time exclusively to managing the IPO process and,

EVENT READINESS: IS YOUR PMO READY?

instead, need an experienced PMO that can act as a trusted advisor, leading the process of preparing for the IPO and then operating as a public company after the transaction.

THE REINVENTED PMO

At FTI Consulting, the experienced IPO project management team helps companies evaluate IPO requirements from the perspective of people, processes and technology. We work with executives to quickly grasp all aspects of a company's overall strategy, including identifying and raising issues, navigating common pitfalls and quantifying costs through a detailed assessment. Once an agreed-upon path has been selected, FTI Consulting offers a dedicated group of professionals with extensive IPO experience who can furnish specific solutions and, as your trusted advisor, work closely through the implementation phase.

FTI Consulting is a global business advisory firm that provides multidisciplinary solutions to complex challenges and opportunities. With the full array of depth of thought combined with the global expertise of leading professionals, we are committed to protecting and enhancing the enterprise value of our clients. Through its Office of the CFO Solutions, FTI Consulting is ready to implement a reinvented PMO and support your quest to become a public company.



OfficeoftheCFO@fticonsulting.com
fticonsulting.com/OfficeoftheCFO

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring.

www.fticonsulting.com

©2012 FTI Consulting, Inc. All rights reserved.