Corporate Venture Exit Strategies

Bundl Venture Club

ROUNDTABLE SESSION MINUTES 10.07.2025

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KEY OUTTAKES

- **Apply the Two-Dimensional Exit Framework**
  Map ventures on strategic fit versus value-creation potential to decide between wind-down, harvest or divest paths.
- **Leverage a Sub-Strategy Playbook**
  Within each path, choose from silent closures, transparent sunsets, “zombie” holds, IP licensing, carve-outs or management buy-outs to optimise outcomes.
- **Prioritise Pre-Insolvency Asset Deals**
  Sell select assets before insolvency to capture higher recoveries, retain control over disclosures and avoid fire-sale discounts.
- **Harness Internal Right-of-First-Refusal**
  Offer assets first to sister ventures to preserve synergies, keep value within the group and block competitor entry.
- **Stand Up a Dedicated Exit Capability Squad**
  Assemble a cross-functional team (legal, finance, governance) to standardise processes, accelerate decision-making and ensure smooth handovers.

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Overcoming Barriers

The Big Challenge of Exiting Successfully?

Deciding when and how to exit is fraught with strategic, operational and stakeholder conflicts, risking value destruction if mismanaged.

CORPORATE BARRIERS

Complex Path Selection

Corporate teams wrestle with various exit routes without a clear way to judge which maximises value.

Use a strategic-fit versus value-creation matrix to map each venture, then follow pre-defined exit tests to guide the decision.

Stakeholder Misalignment

Boards, sponsors, and venture leads often disagree on timing, criteria and acceptable outcomes, stalling exits.

Establish a common governance playbook, frame each exit like an M&A deal to de-risk the proposal and secure rapid, unified approvals.

Value Leakage

Ad-hoc closures leave IP, talent and assets trapped or fire-sold, destroying recoverable value and future upside.

Prioritise pre-insolvency asset sales, negotiate internal rights-of-first-refusal and formalise asset carve-out workflows to preserve optionality.

FOCUS AREAS

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Member Challenges

A	Value-Salvaging Exit Paths	What are the exit paths to salvage value and critical trade-offs of each?
B	Decision-Making Process	Are there appropriate times to choose each exit path?
C	Stakeholder Alignment	How do we keep key partners moving in lock-step through the exit?
D	Transition & Upside Optionality	How do we cap downside *and* keep a call option on future upside?

ROUNDTABLE RECAP

Exit Strategies

A | Value-Salvaging Exit Paths

B | Decision-Making Process

C | Stakeholder Alignment

D | Transition & Upside Optionality

MEMBER QUESTIONS

- “How do we pick between wind-down, harvest and divest?”
- “What playbook of sub-strategies should we have at the ready?”
- “Can we switch exit paths mid-course if conditions change?”

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1 **Map Ventures on a Two-Dimensional Matrix**
Plot strategic fit versus value-creation potential to categorise each venture into wind-down, harvest or divest paths.

2 **Build a Sub-Strategy Playbook**
Create a "throwaway" MVP to validate key assumptions before building full ops around it.

3 **Enable Path Re-evaluation**
Embed quarterly stage gates—if a venture fails one exit test but meets another, pivot to the new path rather than force an outcome.

4 **Frame Every Exit Like an M&A Deal**
Use familiar carve-out governance, diligence templates and deal structures to de-risk approvals with sponsors.

5 **Embed Optionality from Day One**
Always include minority-stake retention or call/put rights to capture upside on any sale.

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Exit Strategies Matrix: Where Does Your Venture Sit?

Mapping the right route for every venture

KEY QUESTIONS & AXES

Strategic Fit

Does the venture contribute to achieving our (corporate's) long-term strategy?

Value-creation

Does the venture create or credibly promise economic value that can be captured by us **or** by an external buyer?

- Economic Proof
- Transferable Value
- Multiple Upside

What Are Your Optimal Exit Options?

Mapping the right route for every venture

OPTIONS RELEVANT TO YOUR SITUATION

Wind-down

Best-fit Situation

No realistic buyer and negligible harvest value.

Relevant Strategies:

- **Formal closure:** dissolve entity, settle contracts & debts
- **Silent sunset:** freeze hiring/ marketing so it fades quietly
- **Transparent sunset:** announce exit, share learnings
- **"Zombie" hold:** keep shell alive only to protect licences/IP
- **Fold-in:** absorb useful tech or staff, then dissolve

Harvest

Best-fit Situation

Growth prospects are limited but there is some value from the venture that can be extracted.

Relevant Strategies:

- **Licence IP / data** (if possible)
- **Sell assets** (brand, equipment, contracts)
- **Redeploy talent** internally
- **Release working capital** (collect A/R, run down inventory)
- **Monetise Customer Contracts** or migrate customers

Divest

Best-fit Situation

The venture can create (or creates) value, but not for your organisation.

Relevant Strategies:

- **Strategic sale**
- **Financial sale** to PE/secondary investor
- **Spin-out / carve-out IPO** (retain ≤20% passive stake for future upside)
- **Management or founder buy-out**
- **Quick discounted exit** to cut distraction

What are trade-offs between exit options?

KEY CONSIDERATIONS

- 🎯 Trade-off tension is unavoidable
- 🎯 Execution discipline trumps theory
- 🎯 Timing drives success

	Divest	Harvest	Wind-down	Other Considerations
Value Realisation	High (if timed well)	Cash-cow yields but decays	Little direct value	Sell only if price beats future NPV.
Speed of Cash	Lump-sum at close	Drip over time	No inflow (just cost stop)	If near-term liquidity is critical → divest;
Complexity	Carve-out, DD, TSA	Ops optimisation	Closure logistics	The more shared systems and IP, the costlier a carve-out would become
Strategic option retained	None after sale	Can still sell/close later	Final decision	Harvest is the sole reversible path
Reputation impact	“Win-win” narrative	Low-profile	Potential backlash	Craft the exit narrative early as late wind-downs can trigger PR blowback
Team retention	Depends on buyer	Gradual attrition	Lay-offs inevitable	Retention or redeployment plans curb attrition during harvest/divest.
Governance complexity	Deal governance heavy	Ongoing but light	One-off legal closure	Divest requires most governance complexity: board & regulator sign-off
Risk of value leakage	Separation leaks possible	Erodes each year	Low once shut	Tight IP/data controls in carve-outs

Exit Strategies

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MEMBER QUESTIONS

- “What exact criteria trigger a decision to exit?”
- “Who owns the exit decision and when do they step in?”
- “How do we prevent endless debates over timing?”

Exit Tests	Set clear financial thresholds, market milestones and strategic alignment scores up front.
Assign a Snr Exit Owner	Nominate a venture sponsor accountable for monitoring tests and driving decisions.
Qrtly Exit Health Reviews	Schedule on-demand check-ins tied to test outcomes to avoid calendar-driven bureaucracy.
Tie Funding toReadiness	Structure stage-gated investment rounds so future funding hinges on passing exit tests.
Governance Templates	Pre-align legal, finance and operational workflows so decision-making is friction-free.

DECISION-MAKING

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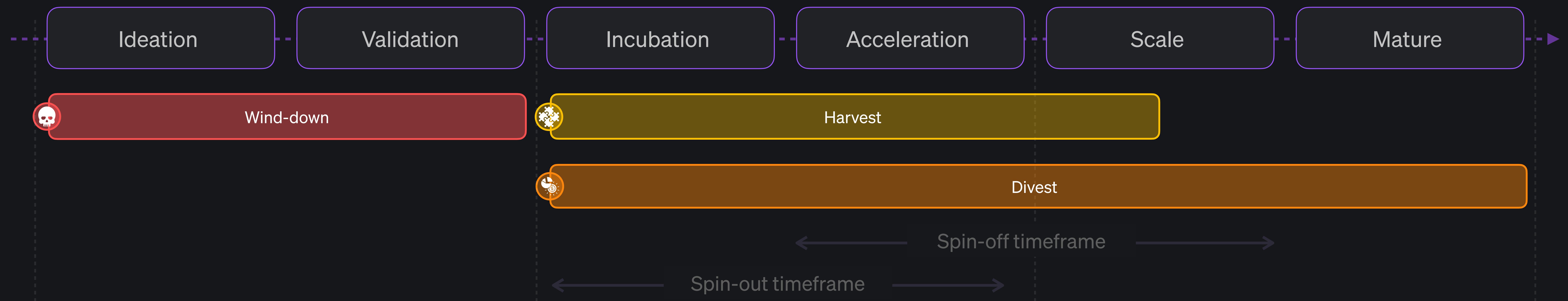
Engineering the highest-value salvage exits, on time

Choose your exit route before the window narrows: Each path demands its own lead-time, with the delayed decision, the runway only lengthens.



Wind-down - Kill fast, save cash

- Cheapest time to stop
- Minimal sunk brand equity
- Headcount still flexible

Harvest - Salvageable assets are present

- Diminishing-return phase
- Sweep surplus cash

Divest - Traction proven → sell

- Need traction to attract external investors
- Parent can still unwind shared IP & ops
- Clean cap-table for raising funds

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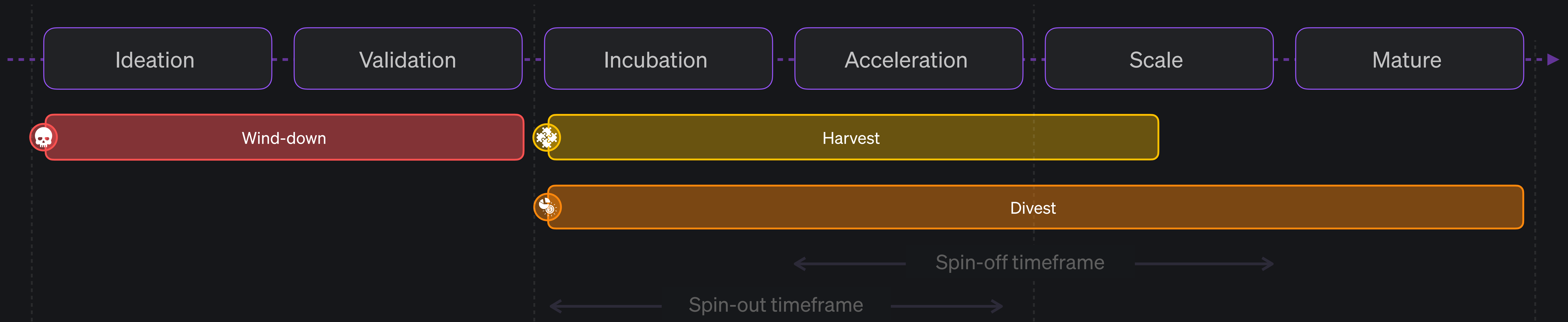
How can we opt for best fit exit path at each phase?

At each lifecycle gate, pressure-test the venture with the critical questions below to decide whether to keep scaling or pivot to the exit route that best protects and maximises value.



Critical questions to consider

Has the venture already failed the **strategic-fit and or early traction** test?

Is growth flattening but **surplus cash** emerging?

Do we have assets worth more than future growth?

Is **stand-alone growth** strong enough to attract external capital if strategic fit not present?

Would a **spin-off / carve-out IPO** deliver more value than keeping it?

Is there no buyer and no harvestable asset value left?

Exit Strategies

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MEMBER QUESTIONS

- "How do we get sponsors and venture teams aligned on exit timing and criteria?"
- "What oversight model prevents political stalls without overbearing governance?"
- "How do we lock in funding support through the exit?"

	CHALLENGE	SOLUTION
Misaligned Exit Criteria	Different performance thresholds stall or force exits.	Agree on unified exit tests: financial, market, and strategic up front in a shared playbook.
Fragmented Governance	Varying templates and review cadences create hand-off delays.	Use one standardised playbook with unified templates, RACI charts and milestone-decisions.
Sponsor Volatility	Shifting priorities lead to sudden funding cuts.	Secure written sponsorship mandates and tie funding tranches to passing exit-readiness tests

Where must we align *first* before we pull the trigger?

Before we decide anything, we ask: *Where does the board need immediate alignment?* Where the core tension and the tempo each route demands?

01. Wind-down

Stakeholder Focus:
Speed

Governance Cadence
A single board resolution triggers an X-week action clock.

Why important?
Rapid execution stops cost bleed and morale decay.

02. Harvesting

Stakeholder Focus:
Discipline

Governance Cadence
A steady ongoing oversight with light touch governance

Why important?
Discipline prevents a drift back to growth mode and focus on cost cuts

03. Divest

Stakeholder Focu :
Clean separation

Governance Cadence
A sub-committee drives the sale; the board steps in at valuation

Why important?
Focused oversight preserves valuation and accelerates closing.

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How can we then turn strategy into action?

Once that tempo is set, we shift to execution. The must-do moves that keep everyone aligned on the execution's plan.

01. Wind-down

- [ ] Finalise the **closure plan** and lock the shutdown **deadlines.**
- [ ] Complete every **legal** and regulatory filing on schedule.
- [ ] **Communicate** the exit plan clearly to employees/other stakeholders

02. Harvesting

- [ ] Impose **strict cost discipline**
- [ ] **Tighten working capital levels:** run down inventory, etc.
- [ ] **Set guardrails** to avoid investment risks: i.e. bonus

03. Divest

- [ ] Pin down the **optimal deal timing and structure.**
- [ ] Establish **lean governance** to steer the transaction
- [ ] Make the venture **stand-alone-ready** to boost buyer confidence.

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MEMBER QUESTIONS

- “How do we avoid value leakage during handover?”
- “What mechanisms preserve future upside?”
- “Who owns the operational transition?”

Pre-empt Value Leakage

Corporate ventures often see their best assets fire-sold once formal insolvency starts.

Execute targeted, pre-insolvency carve-outs of IP, talent and brand and negotiate cherry-picked asset deals to capture superior recoveries.

Identify Future Upside

One-off exits without contractual wrap-arounds foreclose participation in any rebound or strategic pivot.

Embed call/put options or minority-stake retention clauses in every sale and carve-out to secure a share of future value creation.

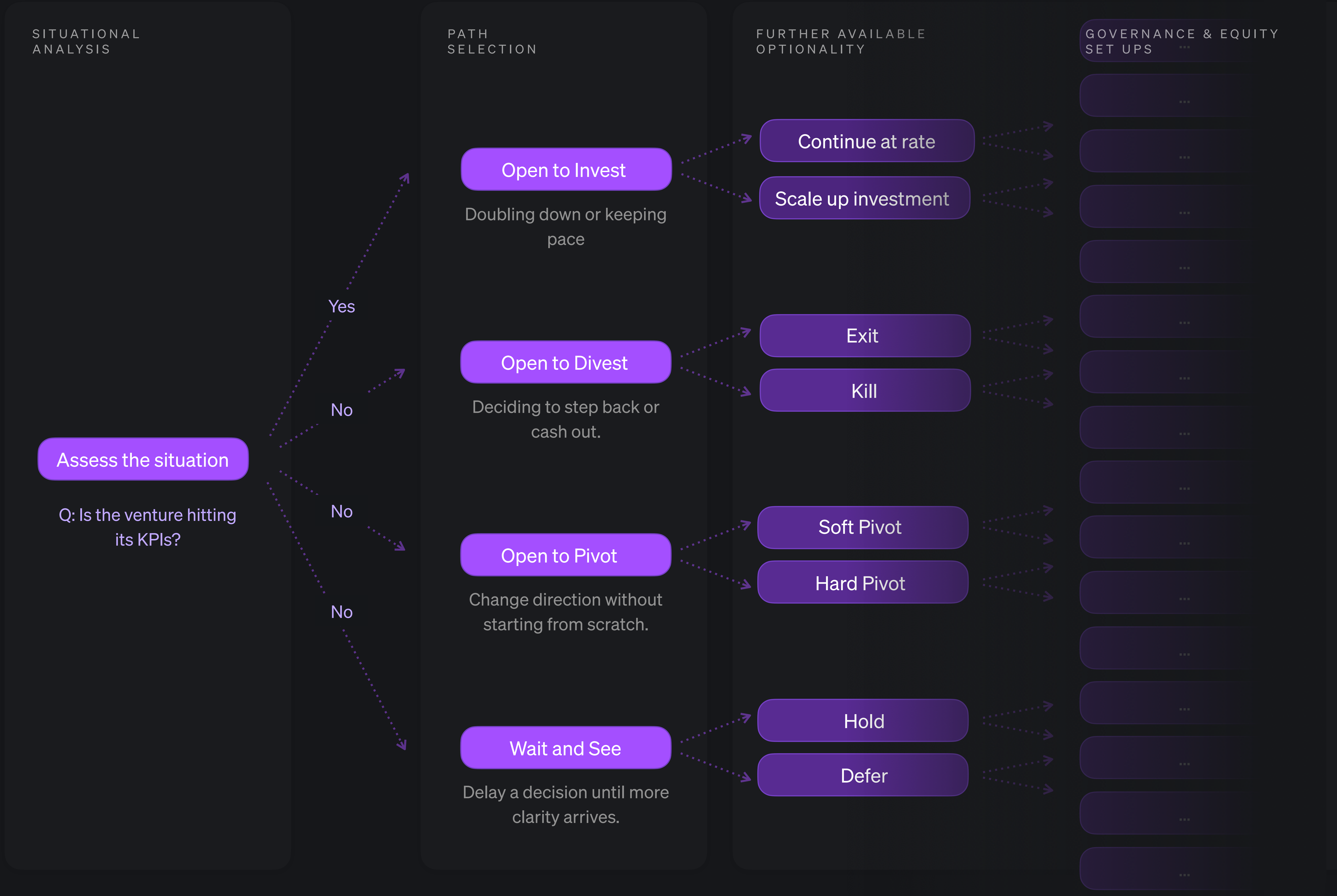
Assign Transition Ownership

Ad-hoc handovers without a clear owner lead to stalled operations and value leakage.

Stand up a dedicated, cross-functional exit squad led by a transition manager to own legal, financial and operational handovers end-to-end.

Turn real-option choices into concrete actions

The decision tree frames your choice as a real option you can exercise. Walking those branches step-by-step funnels you from high-level intent to a concrete actions.



The Hidden Costs of Indecision

The hidden “costs” of indecision

WHY WAITING COSTS MONEY

Pausing an exit decision can feel safe. Yet every extra month quietly drags three levers in the wrong direction: cash burn, strategic options, and market timing.

01. Cash Burn Carry

Every month of burn slices straight off eventual sale proceeds—delay long enough and divest falls below liquidation value.

02. Strategic options are time-bound

Declining KPIs while you wait can shut the divest door entirely, downgrading you to a lower-value harvest or wind-down.

03. Opportunity cost of redeployable capital

Capital locked in limbo can’t chase higher-IRR bets, so even a later “successful” exit drags down portfolio returns.

04. Market-window decay

Multiples can compress fast; delay can turn a premium sale into a discounted divestiture.

The hidden “costs” of indecision

WHY WAITING COSTS MONEY

Pausing an exit decision can feel safe. Yet every extra month quietly drags three levers in the wrong direction: cash burn, strategic options, and market timing.

01. Cash burn

Every month erodes exit value. Wait too long, and you risk falling below liquidation.

02. Fewer exit options

Declining KPIs can close the door on a divestment leaving fewer paths forward.

03. Locked capital

Capital stuck in low-performing ventures can’t be reinvested in higher-return bets.

04. Market-window decay

Exit multiples can drop fast. Delay too long, and a premium deal becomes a discount sale.

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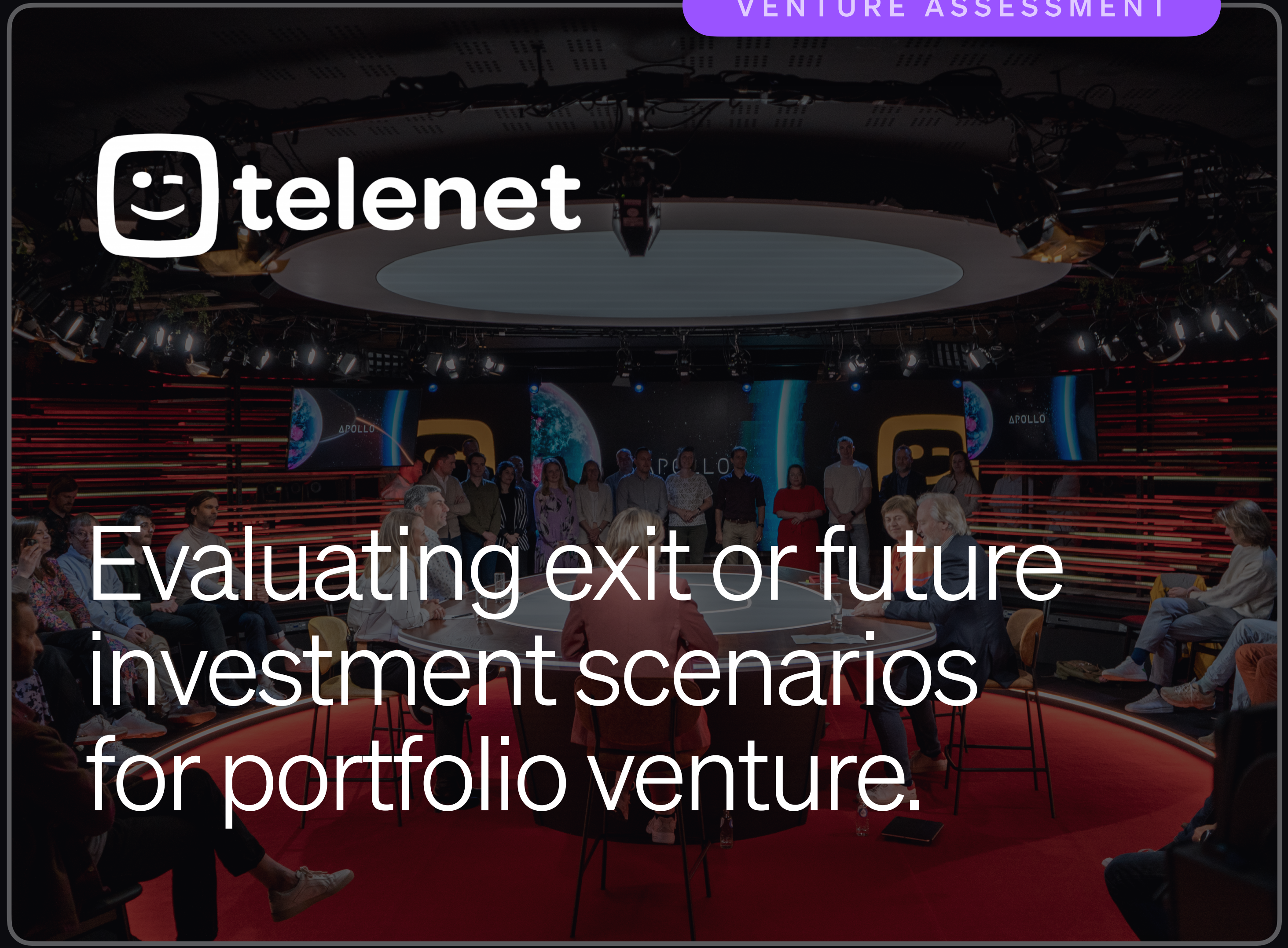
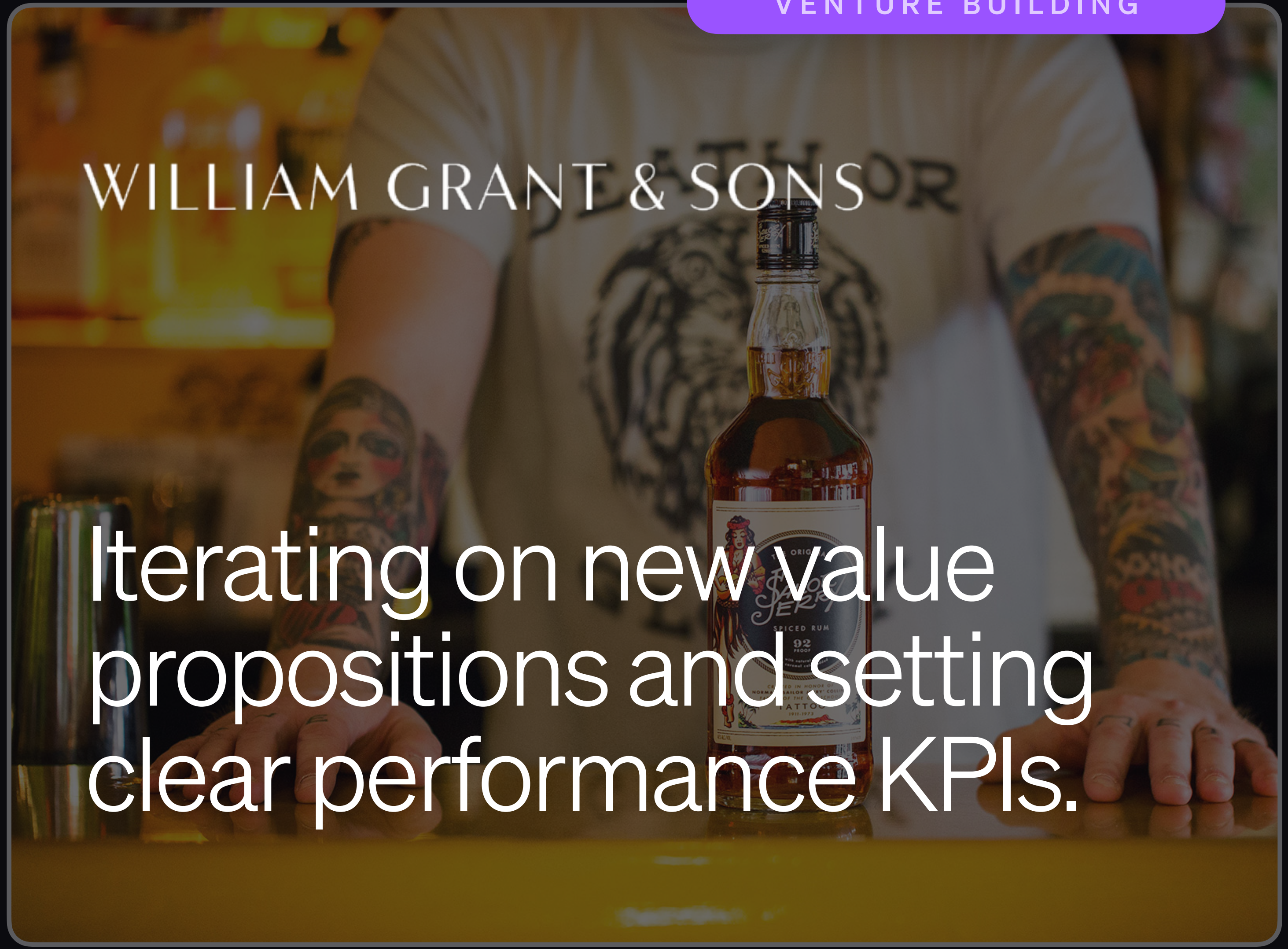
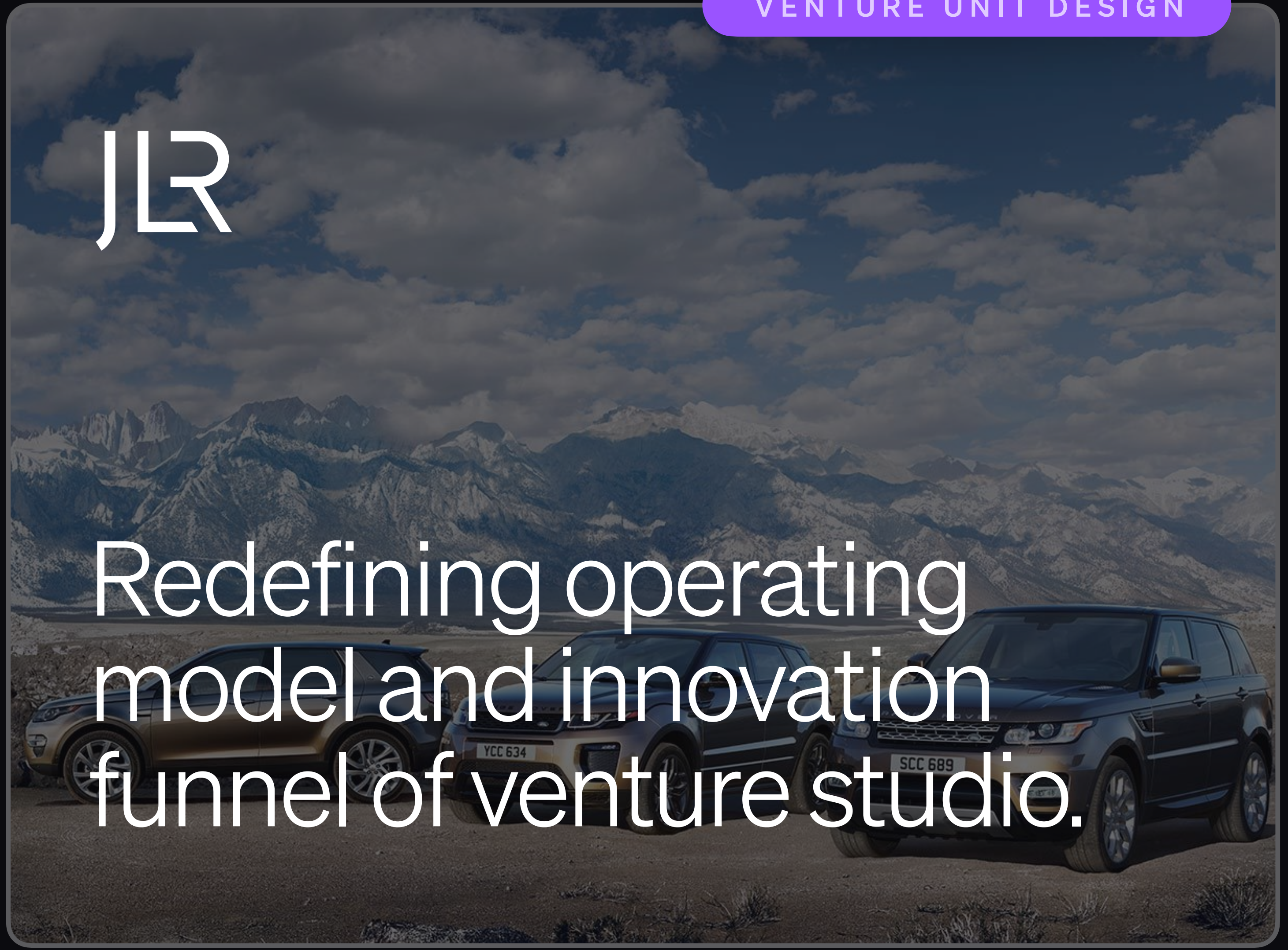
Deciding When and How to Exit Ventures







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Looking for frameworks to guide key venture decisions? Reach out to thomas@bundl.com for more info on how we can help.

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Want to dive further into these insights?

Reach out to me or the members who attended.

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