



Requirements

- Define CFO role
- Attract candidates
- Select best candidate

Results

- Developed CFO profile
- Built board and management consensus on new CFO role
- Conducted executive search on time, on target
- New CFO position filled on schedule

Company Snapshot

Ownership	Public
Industry	Electronics Manufacturing
Revenue	\$21M 65% growth
Location	Norton, MA

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—Grant Bennett, CEO
CPS Technologies

CPS TECHNOLOGIES

Looking to create a new CFO role in the company and conduct an executive search, CPS Technologies turned to Jim Johnston of Johnston Company. Johnston provided CPS with unique CFO competence and a strategic approach that included advising the senior management team and Board of Directors and helping them define the new role of CFO to fit into their team. Johnston completed the search for a new CFO, on time and on target.

THE COMPANY

CPS is the world leader in developing components which significantly improve reliability in electronic applications which thermally cycle. These applications include motor control modules for trains, hybrid and electric vehicles, inverters for wind turbines, and heat spreaders for network switches and routers. Aluminum silicon carbide is the basis for CPS’ business. The company is also doing research and development in ceramic armor. As a component of armor for vehicles, CPS’ metal-matrix composites provide the required ballistic protection at a lower weight than other alternatives. CPS has enormous opportunities for improvements in its manufacturing processes. Revenue has grown significantly to currently \$21M, a 65% year-over-year increase.

THE CHALLENGE & REQUIREMENTS

CPS Technologies is a publicly traded company in the electronics manufacturing and high growth alternative energy market. With its exclusive mix of patents, manufacturing equipment and methods, business processes, and cooperative client relationships, CPS was in a strong position in the market for continued growth. As investors began to notice CPS, the company decided to formalize investor relations activity and actively pursue more compelling ways to communicate its story. At the same time, on the operations and manufacturing side, the company sought better insight into company performance and improved data collection and reporting.

Looking ahead, CPS wants to ensure that each member of the management team will have P&L visibility, decision-making authority and accountability for performance. The new position, Chief Financial Officer, will play a key role by generating relevant financial and accounting information and managing the process. CEO Grant Bennett: “It was the right time to create a CFO position in the management team, and we needed someone who truly understands the CFO role to help us find the right CFO for us.”

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Johnston Company provides part-time CFO and controller services, executive search, and invitation-only CEO gatherings.

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THE SEARCH PROCESS

CEO Grant Bennett brought Jim Johnston on board for what he described as two fundamentally different, yet related, requirements – first, help the management team assess its strengths and weaknesses; secondly find a CFO who would fit into that team: "It was a little unusual in that Jim first met with each member of the senior management team and Board of Directors and asked tough questions; he made everyone think about where total skills needed to be strengthened. Once we all agreed on what the new role would be, he designed a search specifically for us."

Jim Johnston's CFO search strategy included a ranking system based on the results of his interviews with senior management. Johnston and the CPS team identified several important factors: strong manufacturing experience; public company background; understanding of investor relations; ability to bridge between the finance and operations world; capability to be flexible, bold, creative, and work in a company culture with many entrenched habits. Johnston used these factors to identify suitable candidates and help weigh their fit throughout the interview process. CEO Bennett: "Jim's systematic approach was very effective to develop many candidates and narrow the field quickly and successfully. It was vital that Jim coached us through the process of figuring out what we wanted and needed to ensure a successful fit within our team."

THE RESULTS

Johnston completed the executive search on time and on target. According to CEO Grant Bennett: "We got the right man for the job—Ralph Norwood, our new CFO, is a great fit. He has been able to step in and start to make a difference from the very beginning."

The search process Johnston designed, interviewing both the Board of Directors and the senior management team and getting them to collaborate to create and define the new CFO's role, was particularly effective and successful. "Jim is a great listener, and he did an excellent job helping us coalesce. His own background as a seasoned CFO helped him relate to the needs of our board members and management team. He could easily recognize what they needed and temper it with his experience and understanding of the role and market."

Bennett had used recruiters in the past to fill various positions in the company, but for his CFO search he wanted to work with someone with a high level of commitment, who could also understand the role of the CFO, how to define and design it, and its importance in a company. "Jim does not come from your typical executive search firm. I consider this an asset to our CFO search. First and foremost Jim is a CFO, as opposed to simply a recruiter. He also has developed a sixth sense for what is real and what's not, and he is able to go back and forth between finances and operations, and at the same time drive a very effective search process."