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Give me your poor, your stranded assets

PE firm Conjoin Group targets underperforming VC-funded companies

Financial trends and news by [Matt Bowman](#)
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The VC industry is poised for consolidation. A [Kauffman Foundation](#) study last month found that the industry must shrink to half its current size to become efficient—that figure has become common knowledge in VC circles. LPs coffers have shrunk and Sequoia's doomsday slides are looking prophetic.

This puts mid-stage companies at risk as VCs shift their shrinking funds to their more mature portfolio companies. While super-angels are picking up more of the early-stage rounds, any startup that raised early-stage rounds in 2006-2007 are under tremendous pressure to find profits or die slowly.

While solutions have ranged from a government bailout to an abandonment of the VC model, some investors see opportunity in the stranded assets. [The Conjoin Group](#), combines offshore outsourcing, venture capital funding and management consulting to help startups in North America improve their operations as funding becomes harder to secure.

The company, which officially launched in April, is headed by Richard Garnick, who previously grew [Wipro Technologies](#) from \$150 million to over \$2 billion run-rate. He's credited with leading transformation at Keane, Texas Instruments, Arrow and Avnet—the kind of guy who could become real popular in a recession.

With ConJoin, Garnick worked with Jefferson Partners to turn around their portfolio company [Avotus](#), a telecom expense management provider that had great promise but was burning through cash with no profits in sight. After ConJoin came on board and Garnick took over as CEO, the company improved EBITDA by over \$10 million in less than 3 quarters.

Of all the ideas floating around about where VC is headed, there's something refreshing about the idea of turning stranded assets into profitable businesses. ConJoin is just getting started, and intends to build a portfolio of five to ten transformational projects per year with additional funding of \$10 million to \$20 million per project.

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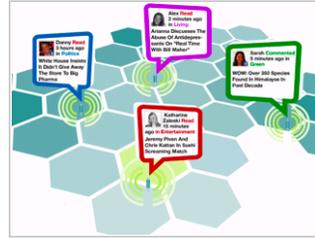
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