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New Turnaround Firm Open For Business

Timothy Hay | 02 April 2009

A venture capitalist and a veteran tech executive are teaming up to launch ConJoin Group LLC with the aim of helping investors turn around underperforming start-ups in their portfolios.

ConJoin and Jefferson Partners - the VC firm backing the new initiative - can take on five to 10 projects a year, and are looking for companies with sales of between \$25 million and \$200 million that are doing "high labor-intensive stuff, such as back-office processing," said Richard Garnick, ConJoin's chairman and chief executive.

Garnick is the former chief executive of software services provider WPro Ltd. and is the current CEO of Avotus Corp., a software company that Jefferson Partners took private several years ago and which the ConJoin principals say they brought to cash-flow break-even after a restructuring.

David Folk, managing general partner at Jefferson Partners, will join Garnick in leading ConJoin.

Jefferson Partners has given ConJoin \$9.5 million in seed funding to launch the venture, Garnick said, and pledged to make hundreds of millions more available should ConJoin need it.

ConJoin will take a stake in the companies it helps, Garnick said. The firm will sometimes shake up a company's leadership and outsource labor, as was done with Avotus.

"I would argue that I saved jobs," Garnick said. "If I didn't do it, there would be no jobs. This is intensive care. If the patient has cancer, we amputate the arm to save the rest of the body."

ConJoin has offices in Boston, Toronto and Mumbai, the firm said. The firm currently has 200 employees in India alone, and hopes to scale up to 5,000 employees within three years.

Firms doing similar turnaround work have seen an uptick in business since the credit crisis began, with Diablo Management Corp., Regent Pacific Management Corp. and Sherwood Partners LLC telling VentureWire recently they've fielded an increasing number of calls from venture capitalists whose portfolio companies may be feeling the pinch of an economic downturn. In some cases, those firms advise the investors on whether it's better to cut their losses and shut down some of the companies.

With Jefferson Partners backing, ConJoin looks to restructure struggling start-ups.

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