

SEAT at the Table Case
WIRECO – Strategic Decision Brief
Deal or No Deal

Board Mandate

Directors are expected to act in the best interests of shareholders, ensure full disclosure of material information, evaluate management free of conflicts, and follow a defensible decision-making process. A decision is required within one week.

Situation Overview

WIRECO is a public telecommunications company formed through acquisitions across two models: a legacy deregulated services platform and a capital-intensive fiber infrastructure platform. The combined structure has created valuation challenges and strategic ambiguity.

Key Facts

- Stock declined from \$14 to approximately \$2.50
- Delisted from NASDAQ; now trading on secondary exchange
- 70% workforce reduction over multiple actions
- Significant executive turnover (CEO, COO, CFO)
- 1.5M stock options issued outside approved plan
- Prior failure to disclose executive compensation agreement
- The company faced 10 acquisition-related lawsuits (~\$10M each); 9 have been settled prior to the auction process
- Shareholder engagement has declined materially

Current Position

Operational metrics are improving. The company footprint has been reduced. Industry dynamics include deregulation, capital intensity, and competition. A European PE firm holds a significant stake. Board alignment is divided. Cash runway is estimated to be under 12 months absent additional capital.

Transaction Summary

Offer received: \$5.75 per share (~130% premium). Buyer is a strategic competitor. Decision required within one week. Auction process is nearing completion.

Governance Considerations

CEO holds a Change in Control (CIC) agreement (~4x compensation upon acceptance). The agreement was not previously disclosed. This raises conflict of interest, disclosure liability, and transaction risk concerns.

Decision Required

Determine whether to accept the offer and realize immediate value or continue independently and pursue a turnaround.

Core Question

Is it in the best interests of shareholders to sell now at a premium under imperfect governance conditions, or continue independently with execution and market risk?

Discussion Questions

1. What decision best satisfies fiduciary duties?
2. Is the board's process defensible if challenged?
3. How should the CEO's conflict and disclosure issue be handled?
4. What must occur over the next 12–18 months to justify rejecting the offer?

Pre-Meeting Perspective

"This is a compelling exit. A 130% premium in this environment is difficult to ignore."

"We are finally seeing operational traction. Selling now may sacrifice long-term value."

"The larger issue is process. If we proceed without addressing governance concerns, the decision itself could be challenged."