



How to Make Your Pitch Stand Out GP Branding

Matthew Malone, Privcap:

Hi, I'm Matt Malone from Privcap. We're here today to talk about fundraising and one of the most important aspects of the process, which is defining the GP brand. I'm joined today by Jim Rutherford of Pine Brook Partners, and Hussein Khalifa from MVision Private Equity Advisors. Welcome, gentlemen.

Jim Rutherford, Pine Brook Partners:

Thank you, Matt.

Hussein Khalifa, MVision:

Thank you.

Malone:

Let's start off with a question about some of the considerations that go into devising an overall brand strategy for a GP. What's the process? What's the approach? What are some considerations that need to be taken into account?

Rutherford:

Matt, in today's private equity world, given the proliferation of the number of funds and the number of strategies, it's very important to differentiate the GP. What you need to start with is what does your firm do that's different from others? It's always best to start with the bedrock of the basics: is it geography? Is it size of deal? Is it sector? Is it the style in which you invest? Is it your operational performance capability or other aspects of what you do? So... what differentiates—that's the starting point, but I'd also say it's very important when communicating to the wider audience to be conscious of what resonates because what you, the manager or the GP thinks differentiates may or may not be important to the market, at least at a given time. So, it's important to have an ear to what resonates and what points you want to emphasize, because at different points in time, it may be the style of investment growth versus buyouts. It may be size or size of fund versus size of deal. Those kinds of things resonate, whereas they may not necessarily truly differentiate.

Malone: Once you define the broader strategy for a fund, how do you ensure that that message is articulated organization-wide so that everyone in the firm is speaking the same language and presenting the same firm, essentially, to the outside world and to investors?

Khalifa: I think you need to make sure, first of all, that you're not trying to sell a philosophy or a campaign that hasn't been absorbed by your own firm. The first step is making sure that everybody at your firm actually believes that, and that's from the founding partners down to the youngest analyst. It's important to be able to articulate that in-house, to make sure it actually fits into what you're doing and it's not something set apart that some very clever IR person is just going out on his own. Because we've seen some firms that have been very successful at doing that and those individuals are out there speaking at conferences and panels and giving interviews, but if you start digging and spending time with the rest of the firm, you realize there's a far cry between what's being sold to the LP community and the way that GP actually thinks of himself.

Rutherford: It's important, particularly in today's market, that LPs nowadays—and they've been doing this for a while—will absolutely go talk to your junior-most people. So, if the story is different as they talk to different people in the organization, red flags go up. It is important, as Hussein said, to make sure that is consistent. I'll give you an example: we recently redesigned our website. We make sure on our website (the developer made sure) that before they even started the project, they talked to everybody in the firm so that the message that came through and that ultimately got out there was a message that resonated not just from the senior-most partners, but from the entire firm. Then, we follow up and make sure that as we in the marketing group, or our senior-most partners, are thinking about new ways of communicating, we're spreading that out to the rest of the organization. It's important to have this interactive dialogue with the whole firm, not just have those of us in the IR and marketing function in a dark room off by ourselves creating these things.

Khalifa: I think that's the natural evolution of the way firms have gone. If you go back a few years, many firms were really cast in the founder's shadow and it was their personalities and their success that was really being marketed. The IR department would work alongside that and disseminate that into the

market. Now, it's important that the firm have an independent culture that is free from any single individual.

Malone: At times, there's a tendency to rely on pedigree in the industry to differentiate yourself when, oftentimes, it's not a point of differentiation that it's three guys from Harvard who come out of JP Morgan. How do you get beyond the simple, more transparent points of differentiation and really drill in and express to an LP your individual value proposition?

Rutherford: It will not sell to an LP that you just have three, four or five smart guys who come from a particular firm or a particular business school. They need to be doing something that is definable and differentiated. As a firm that does a lot of work in the energy sector, there's a lot of industry speak that doesn't resonate very well with the average LP. So, you have to find a way of translating the important elements of that in ways that the average, highly-educated LP—who may not be sector-educated—can understand.

Khalifa: I think a lot of the pedigree aspect is taken for granted in today's world. In fact, there are some LPs that say, "Listen, that's a great business school. That's a great investment bank you worked for, but that's the same as everybody else I have in my portfolio. I'm looking for something a little bit different."

Malone: When you get beyond the generalist PE fund and into more specialist or niche strategies, is there a challenge when you get put into a particular bucket of, again, differentiating yourself? Again, how do you go about expressing your unique strengths or the uniqueness of your own strategy?

Rutherford: We are a dual-sector fund, so we definitely have an appeal to those who are interested in sectors. It's usually not the shortest of conversations, but what's important is to get a few messages out quickly—sector fund, dual-sector approach, specialization. If that resonates, then we can go deeper.

The other important thing in a world where there are a lot of LPs, we all have to realize, is that we can't be everything to everybody. Part of our job is to find the investors who resonate with the strategy, because as tempting as it is to try to surf across all the buckets and be bucket agnostic, that can be a bigger trap than being stuck in a bucket.

Khalifa:

It goes back to what you were saying at the beginning: make sure you know your investor and what they're looking for so that there's a right match.