



Got a Minute?

Partnership is a frequently used term in private equity – we refer to ourselves at SeaFort as “solid partners”. The concept has become a cliché, appearing in the pitch deck of nearly every firm in the industry. In reality, establishing a high performing partnership in any industry is exceptionally difficult. I believe the most critical partnership in the private equity industry is the one that forms between the management team of the PE investor and the senior management team of the companies in which it invests. In my experience, the best investment outcomes typically occur when there is a strong connection between these two groups, and I don’t think it’s a coincidence that the opposite is also true – bad partnerships tend to lead to bad outcomes. So how do you form good partnerships? Often when making an investment your ability to assess a management team is limited, and you need to rely on your instincts. Fundamentally, I want to deal with good people. While this is a vague descriptor, I look for managers that treat others the way they wish to be treated. Specifically, I value honesty, integrity, authenticity and humility. While these attributes must also be accompanied by strong business acumen and leadership abilities, the best management partners combine business and human expertise in way that results in admiration and respect from employees, customers, suppliers and shareholders. This typically leads to a successful business and a good investment outcome.



We understand that partnership is a two-way street, and we are constantly challenging ourselves to be good partners and assessing our performance from different angles. So how do we at SeaFort try to be good partners with the management teams of our portfolio companies? For starters, we identify what our skills are and equally importantly where our limitations lie. We recognize that we work with strong managers that have a deep understanding of their business and industry, and we demonstrate the appropriate level of respect and deference to these individuals. If I’m telling a CEO how to run their business day-to-day, then I haven’t done my job in selecting the right partner. At the same time, we recognize that it is our responsibility to bring fresh perspective and challenge the strategic thinking of our partners, in the hope of achieving continuous improvement. It is important to be accessible when needed, and to have a good understanding of your portfolio company businesses and the industries in which they operate so you can provide helpful perspective. We typically share expertise in the areas of M&A, capital allocation and strategic planning, but often times it’s the informal interactions that are just as valuable. In a small to medium sized business the president doesn’t always have a sounding board to simply express what’s on their mind and get candid feedback from a trusted partner. I take a lot of pride in getting a phone call that starts out as “Got a minute? I have an idea I want to get your opinion on”. These casual conversations can be incredibly valuable, and I believe are indicative of a great partnership.

I am very proud of the partnerships we have formed with the management teams of our portfolio companies. Seeing an investment produce the results you hoped for is very gratifying but succeeding alongside partners you have established a meaningful connection with is truly rewarding.

