

Q&A

A diverse team is a strong team, says Argand Partners co-founder and partner Heather Faust

Q For emerging managers, a strong track record is extremely important. What is the best way to communicate a new firm's track record to prospective LPs?

Our experience was that the case-study elements of track record were just as important to LPs as the numbers. It is critical to provide past investors and former management teams as references. Investors will independently seek references as part of the diligence process, but it's important to provide access to individuals who can speak to detailed experience partnering with you in various ways. Additionally, communicating how you create value during the investment process and quantifying the impact of your actions at each portfolio company is essential.

Q Bringing in new talent is a critical aspect of growing an emerging management firm. Has covid-19 made teambuilding more difficult?

Most often emerging teams have a good understanding of the "day one team," and usually they have worked together before. When we formed Argand Partners, the majority of our team had worked together previously. Subsequently we added talented operating resources and implemented associate and intern programs. We continue to hire for these programs and had already incorporated remote working arrangements for our interns before the pandemic. We also believe it's critical to maintain and build



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culture and ensure new hires are well integrated into the organisation. We have continued to ramp up our use of technology to improve productivity and enable our day-to-day work and interactions, and during covid-19 we've been pleasantly surprised at how effective this is.

Q A significant portion of our LP respondents said formal diversity policies rank highly in what they look for in emerging managers. How can new managers balance the challenge of expanding the diversity in PE

while maintaining a compelling track record?

We believe that diversity helps create value. Significant research indicates a diverse team produces better decision-making and better outcomes, so long as the unique perspectives of each individual are encouraged, respected and considered in decision-making. One challenge for private equity is getting more capital into the hands of diverse managers to produce more track records that also prove this. In addition, active leadership and a deliberate vision is required to build diverse teams at all levels, so that diverse individuals can build track records, individually, and as part of a team.

Q How can team composition help to differentiate an emerging manager from its competitors?

Building a team to reflect our philosophy and investment approach was one of the things that excited us most about forming Argand. We have a very hands-on approach to managing our portfolio companies, and we wanted to bring on talent that could both support the firm and work with our investment and management teams to serve the portfolio. We are also a team with a multitude of demographic, cultural, personal and professional backgrounds and experience – and we don't lack for strong views and opinions across the team! We think this makes our decision-making and our investment processes stronger, and we are proud of the team we have built at Argand. ■