

Focus. Alignment. Clarity. Execution.

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As a good steward of our investors' capital, a core principle of Driehaus Private Equity is "We build businesses in partnership with dedicated, like-minded management teams." We accomplish this by investing a great deal of time building and strengthening relationships with our portfolio companies. We contribute a meaningful amount of time because we believe it necessary to invest more than just capital, but also our time, resources and network. In this sense of "investment," I spend at least fifty percent of my week on-site engaged with prospective and portfolio investment teams, meeting and working with everyone from senior management to front line employees. The goal of this one-on-one interaction is to ensure that we're *Focused, Aligned* and *Clear* as we *Execute* our growth plan. Such interaction is invaluable for building mutual trust and developing a true understanding of the people behind the words and numbers.

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FOCUS. Face-to-face interactions focus communication on the portfolio company to further deepen our knowledge of the business' many facets, which can't always occur during a time constrained board meeting or a conference call.

Listening to a management team discuss its progress towards achieving growth objectives, discussing growth obstacles with sales managers and account executives, and being a sounding board to middle management are examples of the focused dialogue that transpires during this in-person interaction with a portfolio business. Such ad hoc discussions not only generate a greater appreciation for the obstacles management must overcome to generate value, but also provide insights in how we, as partners, can best assist the business to overcome those obstacles.

Apart from discussing the business, this casual setting gives all of us an opportunity to discuss what's on each other's mind including personal career aspirations, thoughts on the competitive landscape and the ever-changing market opportunity. Often times, the most productive of discussions take place on topics that were not on either party's agenda, but merely arise during the course of the conversation. So many productive discussions with management teams would not have occurred if we were on a call.

ALIGNMENT. Prior to funding an investment, Driehaus Private Equity spends considerable time establishing and confirming alignment of objectives

and strategy between ourselves and management. We find such alignment critical to successfully building value via organic growth. We also find that post-investment face-to-face interaction is necessary to maintain that alignment. The focused and captive time invested with management hones our vision for the business to respond to market and industry dynamics. We find such alignment is not possible when interacting with management solely in a time-constrained board meeting. By discussing our agendas more thoroughly, in a less pressured environment, we gain a greater understanding of management's perspectives and needs. We use the insights gained to tailor the support we deliver to achieve the vision, thus strengthening the alignment and cementing our relationship as partners in the business. Our portfolio CEOs are moving so fast that they value the concrete actions we take on their behalf. We see ourselves as one, high-performance team, and that is earned through trust.

CLARITY. Regular face time and in-depth strategy conversations provide the clarity needed to structure the plan that will take the business to the next level. We need to understand how to support the business as well as be a good steward

of our investors' capital. Recently, discussions with a management team gave us a greater appreciation of the team's strength and led us to support a more aggressive growth plan. On a separate occasion, face time clarified an executive's reluctance to pursue faster growth because he lacked confidence in his team's abilities. Following our conversation, we worked with the executive to rebuild his team and complement the team with persons exhibiting the capabilities required to pursue aggressive growth. Additionally, interacting with employees throughout the business lets us clarify the business' objectives to them and reaffirm our goals as an investor. It allows us to demonstrate that we are truly a partner dedicated to the success of the business. Similarly, we provide senior management with clarity into our thoughts, concerns and aspirations for the businesses.

EXECUTION. Face time, alignment of objectives and clarity of goals generates action items for both management and DPE to further strengthen and grow the business. As an investor, we don't know how we can contribute to the business' success until we appreciate what they need. Similarly, management does not appreciate the extent of our capabili-

ties at Driehaus Private Equity until we exhibit them...and we earn the right to exhibit them. After each visit, I review the list of action items we've created and draft an email to management. The email reiterates the tasks to be executed, shares any insights into the challenges and thanks them not only for their time but their commitment to our shared business.

While some investors may consider the time spent outside of board meetings as unnecessary, as growth investors, we consider it essential to building profitable and sustainable business. We see ourselves contributing more than just capital to a business — we contribute our network, our experiences, our support, and the knowledge, network and support of our Council of Entrepreneurs and Operators: a group of experienced business professionals who share our passion for building great businesses. We believe this makes the difference for our management teams and investors.

If you would like to learn more about Driehaus Private Equity, LLC or to discuss our investment philosophy, please contact us at info@driehauspe.com or (312) 932-3605.



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