Lead Left Interview – Mark Habner (Part 2)

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This week we continue our conversation with Mark Habner, Co-Founder and CEO of the BeckWay Group. Beckway provides operating capabilities to private equity firms and their portfolio companies. In his current role Mark leads BeckWay Group's three divisions, TalentFinders, Trailblazers and Tracking Technologies. ***Second of two parts – View part one*****.**

The Lead Ledt: Could you give us a case study of your work?

Mark Habner: One of our Operating Partners was the PMO for a merger. The management team had completed one acquisition but not integrated, and then had two more lined up. They needed someone to work alongside them and both execute the merger & integration, but also develop the playbook for the following acquisitions. That allowed them to do more deals, more quickly. We work closely with the sponsor, keeping them updated along the way.

TLL: Based on your experience, what are the top three mistakes sponsors make on the operating front?

MH: Underinvesting in changing management with acquisitions. Then failing to properly on-board their personnel. We see situations where the sponsor makes five acquisitions and keeps five different systems and reports! You need to develop a playbook.

And failing to invest in an on-site PMO. It typically takes two-three months to appropriately support on initiatives and establish reporting. You need to prioritize to capture the low hanging fruit on things like procurement. You can't tackle 30 different initiatives at once. A PMO will accelerate the EBITDA gains.

It often feels like sponsors are either smothering the management team or ignoring them. Then either nothing gets done or things aren't prioritized if the sponsor isn't focused. A good PMO gives visibility to progress and confidence to the owner. Providing a clear value path isn't rocket science, but it's good discipline.

I would also add that PE funds often make the mistake of thinking management teams can manage consultants, but often they can't. You end up with scope creep and expense creep. You need experienced assistance to choose the right consultants and stay on top of them.

TLL: How do you see the future of private equity from your seat?

MH: GPs are increasingly under threat of being disintermediated by LPs. The trend on co-investing will continue. LPs will continue to explore having more in-house capabilities. The GP model is a maturing asset class. Returns are down as competitors continue to enter the game.

TLL: How many people work at BeckWay?

MH: We have forty professionals across our three platforms, but leveraging the rolodex of our Operating Partners, we have about 1500 proven operations executives in the BeckWay network. We use them in our search work. We need a personal relationship with someone proven to get into our network. We were successful recently in placing our first CEO candidate from this network.

TLL: What's been your biggest surprise since kicking off the new venture?

MH: How long it's taken to people to migrate away from Excel to a better mousetrap like VectorMarks. Everyone is so jammed and on the go. Trying something new is tough. Our product looks like Excel for that very reason.

TLL: How steep is the learning curve?

MH: It's a flat gradient. It takes ten minutes to learn. Not complicated at all. Clients ask, can I rely on these numbers? The challenge is adding new features.

TLL: Mark, as an English major I would be remiss if I didn't ask you to relate how your firm's name – BeckWay – came to be?

MH: Great question – it originates from Stein**beck** and Heming**way,** with the vision that our team are representative of the pragmatic, strong characters in their novels.

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