



**Expert Q&A**  
**With Steven Millner of Gen II Fund Services**

**How does Gen II support an emerging manager?**

**Steve Millner, Gen II Fund Services:**

Emerging managers, or first-time funds, are a unique opportunity set for us and, frankly, one that we really enjoy. Typically for us, first-time funds are three or four-deal professionals who've come together who want to become entrepreneurs. And that's exciting because we are entrepreneurs ourselves, so we get a seat at the table. We help our clients think through the ramifications of what it is going to take to launch the fund successfully. We have what we call a "boot camp" for first-time funds, where we usually allocate an hour to go through terms and how the fund's going to be managed. But what we really provide to a first-time fund is the ability to check the box as it relates to operating due diligence. LPs are looking at a first-time fund no differently than they look at an established fund; they expect to see certain institutional processes.

**What do emerging managers learn from this boot-camp format?**

**Millner:** The boot camp evolved serendipitously and we learned that it had success. What we find is that the principals of the firm know the deal flow, but they really haven't been involved in how to run the business of the business. Certain GPs are very sensitive to managing the IRR and there are techniques used—legitimate techniques—to help enhance the IRR. And we have a conversation about what that means.

**How do you help first-time managers think about running their business?**

**Millner:** We've learned that, while the managers are often focused on the returns they'll generate for their LPs, they also need to be thinking about the business of their business. And that can go from how the carry gets split to how management fees are structured to tax planning and personal planning. They need to also think about future-proofing their business because, remember, these funds have a 10 to 15-year life. Things change and they need to put in a dynamic to effect change. Oftentimes we find that the sponsors really haven't thought about that aspect of the business. So, by

dialogue and by engaging, we bring our experience of 25 years to the table to start to ask provocative questions.