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Death By PowerPoint Why Your AGM Is Boring— and How To Fix It

*A discussion with Andrea Auerbach
of Cambridge Associates and
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Is your annual general meeting a snoozefest? It better not be: there's no better opportunity to engage—and impress—your investors. Here, two private capital veterans reveal the best ways to make your AGM stand out.

The Experts



Andrea Auerbach
Managing Director,
Cambridge Associates



Rebecca Converse
Managing Director,
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Privcap: What makes a good AGM? A bad one?

Andrea Auerbach, Cambridge Associates: I think I've personally attended over 500 in my career. I'd say that a good AGM has an atmosphere of communication and partnership, sort of treating LPs like they're old friends that you haven't seen in a while, while also providing them with information regarding their investments. The best AGM's have CEOs and management teams present and available for questions, either presenting or simply mingling with the LPs, with plenty of breaks for approaching various team members. This interaction is bolstered with details laid out in the annual meeting materials. Also, a good AGM is focused; in my opinion it's best to avoid side events or distractions.

In terms of a bad AGM, my colleagues and I have two basic versions. One is a boondoggle AGM by a fund manager who's inappropriately self-congratulatory, while also being in denial about the challenges in their organization or portfolio. These also have few or no supporting materials, no CEOs, and very controlled remarks.

The second version is a "Stepford" annual meeting. That's an overly scripted or canned presentation that is light on detail, where everything is great and nothing is wrong.

It sounds like the attempts to bribe you with a boondoggle have failed.

Auerbach: When you attend that many annual meetings in a year, you want to get in, get exactly the information you need, look people in the eye, make those connections, get the direct story, and keep moving. This is not the only annual meeting most of your LPs are attending. It's probably one of a dozen, maybe 30. Focusing on what your LPs really need from you and giving it to them in a way that is digestible is a high value activity.

Right, so hiring Jay Leno to tell jokes does not move the needle for you.

Auerbach: Not so much.

Rebecca, let's hear your versions of great AGMs and painful ones.

Converse: Recently I went to an annual meeting of a firm with 30 fund staff, the CEOs, and their investors. It was conversational, the CEO had natural and engaging presentations, the investors were asking a lot of questions, and the managers gave input in places where it made sense for them. The meeting was more of a dialogue and less of the manager talking at the investors with a scripted presentation.

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Top 5 Ways to Improve Your AGM

- 1 **Use video show them why they should feel good about you.** It's a powerful, concise way to show a firm's culture and investment strategy, and to feature some team members who won't be on stage at the meeting.
- 2 **Keep data and facts simple and straightforward.** The printed AGM materials can be in-depth but keep stage presentations streamlined. A polished introduction that includes video, strong imagery and graphics, does wonders to communicate the message that AGM attendees need to know.
- 3 **Share the good news.** Make sure to include content created and earned for your firm and your investments. Third party articles, interviews and thoughtful content remind investors that they made a good decision investing with you.
- 4 **Don't waste time and money on site visits:** Instead of carting a 100 LP's to a portfolio company, show them the CEO, staff, culture and growth of their investment in a brief video. It's also valuable to investors that are unable to attend the AGM.
- 5 **Highlight your expertise and insights.** Having a CEO walk on stage to his or her favorite song from college does not necessarily make him or her relatable. Use a visual alternative to kick off a CEO's remarks. It shouldn't be a commercial for the firm; instead, highlight the talent that's investing the LPs money.

On the flip side, there are sometimes GP faux pas that make everybody uncomfortable. One is throwing a team member under the bus for something that you see as a mistake, when perhaps it was just an overlooked detail. Calling out a colleague with "Oh, so-and-so, this number is wrong." That makes others uncomfortable.

The other major fumble is when GP's don't focus their presentation. Meaning they drone on without minding time or attention spans. That is equally as awkward for everyone.

Andrea, you mentioned information about portfolio companies. Is that primarily what LPs want when they attend an annual meeting?

Auerbach: LPs have a range of information they need depending on their level of commitment. When we're in an AGM, we're looking for granular financial performance and operating information so that we can track those companies year to year. That's of great value. However, provide those details in the annual meeting materials, not the GP visual presentation. The presentation should be a high-level report rather than a litany of endless slides.

What are some tools GPs can use to make the presentations more useful?

Converse: One of the tools GPs can deploy to make the AGM more effective is to have a good base of materials. Meaning make

sure you provide consistent information for every company. Regardless of how the company is doing, regardless of its focus, include key financial information on performance, structure of investment and debt. If the investors have that information for every company on hand while you cover the basics in the presentation, it really frees up time to discuss the company in a more conversant way. No one likes listening to or remembers dozens of slides.

Auerbach: To those GPs concerned about providing that level of detail, keep in mind that LPs have a confidentiality agreement with the GP. The most successful annual meetings I've seen are where the GPs really rely on that confidentiality and just give the LPs what they want. Then use the meeting to provide more color around the numbers. This is a 12-year relationship of attending those annual meetings. We're going to be there next year, so just tell us what's going on and we'll come back a year from now and get caught up again.

What's the best kind of presentation from a CEO at an AGM?

Auerbach: I look forward to live CEO presentations, because of all the individuals that may present at an annual meeting; a CEO is most likely to go a little off script, which is really what you're in the room for. I was at an annual meeting earlier this month where all the CEOs were present, and you could sit with them during a meal, and ask questions about their company. You get the best understanding of a CEO's thinking in that small group setting, or when GPs have breakout rooms where a bunch of LPs can go in and talk to the management teams of various companies.

What's a good way to work with a CEO who is going to be presenting to make sure that they're on message and not going to go off the rails?

Converse: I recommend having one or two practice sessions prior to the meeting. They don't need to be live or in person, but you can just get on the phone and run through the slides a few times. This is especially

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helpful to make sure the slides really represent what the CEO wants to communicate. Then there's also time allocation, making sure that they work through the information investors want to hear, like if you have a large CAPEX project coming, or if you are doing some cost savings initiatives. I want to give them a better idea of what the investors are looking for, and tease that out of the presentation.

What's the best way to deliver bad news?

Converse: With bad news, you do yourself more favors if you're just open and honest. The negative reactions you get around bad news are, more often than not, because it probably should have been disclosed before, and you didn't. If people feel like they understand what's going on, the reactions to negative news will be a lot different than if they feel like it's something that they didn't see coming.

Auerbach: If the news is really bad, hopefully we hear about it before we walk into the annual meeting. Take the bad news on the chin, stand up and own it, and communicate it as early as possible in the annual meeting. This signals alignment, transparency, with long-term partners. Create an environment where any questions get addressed. Never save your bad news for the bitter end.

Should the entire investment team attend the annual meeting, including junior professionals?

Auerbach: I like to see the junior investment professionals there. They are the future of that firm, and they're also up to their elbows in a lot of activity. It's a great way for LPs to get a little more information and color from a slightly different perspective. To the extent it can be done, and it's affordable, I like to see that kind of interaction.

Converse: I agree. It's nice for them to interact with the investors and staff. This helps round out their experience, bring it

all together, and give them a different view into what's going on with the firm overall.

For the GP materials, do you prefer to get them beforehand or to get them afterwards?

Auerbach: Always before. Always. Preferably before, or when I walk in the room, I'd like them in front of me. I just don't understand withholding materials until after the meeting. What is the concern there? That we might ask an informed question? I don't get it.

Converse: I agree, but I would say one thing is that you shouldn't expect that people have read your sometimes 150- to 200-page deck in advance. That is why a concise live presentation is critical.

How do you feel about social events and dinners the evening before?

Auerbach: I think the origin story of the dinner is that a lot of people come in the night before, and wouldn't it be welcoming to have a dinner for them? That's now bloomed into something that's just completely part of an annual meeting experience.

I would encourage dispersing your team around the event. Encourage your team to get to introduce themselves. It's another opportunity for LPs and GPs to build that rapport for the next 12 years.

Converse: Typically, we tell GPs, "Hey, you guys go to table one, you go to table two." We do this because if you're a GP, relying on people to disperse themselves never works. You all end up sitting with your peers, which is counterproductive.

What about using videos and other multimedia to spice things up?

Auerbach: One can create quite a compelling story with videos these days. Using multimedia to augment or enhance that experience is just one tool in the arsenal of communications tools. It's not a substitute for the interaction that I've traveled hundreds

of miles to get to, but a complement that gives the LP's a visual representation of the companies they have invested in.

What is the optimal length and substance for a presentation on a portfolio company?

Converse: Time and time again I've learned from our surveys that once you go over 20 to 25 minutes with a CEO presentation, people start to lose touch.

Auerbach: I think if the right level of data is provided in the main print materials, then that portfolio company presentation can take a more creative direction.

What's important about allowing audience questions, and do you have any suggestions for the best way for these questions to make it up on stage?

Auerbach: Oftentimes when there is a discussion happening at an annual meeting, a GP will quickly just stop their presentation and go, "Any questions?" They then literally roll to the next thing immediately. There's actually not enough uncomfortable silence to actually get a question out, and you're in a large group setting where a lot of people are like, "Well, I do have a question, but I'm not sure if it's important for most of the people in the room—but it's important to me. Should I ask this question?"

GPs should at all times encourage, stop, and pause for questions. If I'm in the room, and I have a question, I would like it addressed and answered. If it's very similar to someone else's question, great, but nothing sends a stronger message of "I heard you" than literally just standing there and saying it.

Converse: I think too that there might be some misconception that questions are not positive, and the lack of questions is positive. I'm not sure that I really go along with that. Questions are great for showing people are engaged and connecting with what you're saying. That's exactly what the AGM is all about. ■