



Stanford Search Fund Conference 2019

Summary and Key Learnings

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1: Opening Remarks and Keynote by H. Irving Grousbeck

Wow, what a way to start the conference. Prof Irv Grousbeck was instrumental in popularising Search Funds in the 1980s but it was fascinating to hear him talk on Leadership and what it takes to transition into being the new CEO of an organisation, and how the Search Fund model provides mentorship (from investors) which can help the CEO and organisation succeed.

2: Capital Allocation, Roll Ups, High ROI Projects

A panel session with CEOs of a small, medium and large organisation not just talking about the philosophy of capital allocation and shareholder returns but deconstructing what has happened over time to create value for their shareholders. The lessons are universal:

- Use debt wisely to fund growth and manage your debt relationships as if they were a strategic partner;
- Avoid capital raising unless necessary (which means the business has to be sound and financially structured appropriately from the start);
- Where you have excess cash, don't hang on to it; return it as early as possible to your shareholders; and
- You don't have to just pay dividends, also consider buying back shares, as this can create superior returns for remaining shareholders.

3: Persuasion

[Professor Zakary Tormala](#) (Laurence W. Lane Professor of Behavioural Science and Marketing) is an experimental social psychologist who works in the areas of attitudes, persuasion, and social influence. His research on these topics seeks to shed light on the factors that open and close attitudes, beliefs, and behaviours to change.

The research that he and his team have done in this area are ground breaking. Here is a taster of his research entitled ["The role of certainty and uncertainty in persuasion."](#)

4: Managing Growing Enterprises

A fantastic session in the true Stanford Case Study dialectic mode. The topic was the importance of "A-players" in growing enterprises.

The key takeout – as a CEO you need to get A-players on your leadership team as they outperform B and C-players. What’s more, they hire other A-players, whereas a B or C-players will never hire an A-player which means performance is exponentially different.

We think that this is an excellent conversation to have in any business. Interestingly, both Lui and Ak had a long conversation on defining what an A-player is. Is it different from organisation to organisation? From culture to culture, etc? Do all A-players have to be of one kind or can “Stayers” (long term good performers in a business) be classed as A-players in the same way that “High Achievers” or “True Believers (in the purpose and vision of a business) are?

5: Dean’s Remarks

We were delighted to be introduced to the Dean of Stanford Graduate School of Business, [Professor Jonathan Levin](#). In his address to the 350+ conference attendees, he openly spoke to the challenges that the University – like all businesses – is facing and addressing.

The pressing needs of staying profitable, remaining relevant to the next gen of students as well as to past generations of alumni, addressing the issues of diversity in all its forms, etc are never far from his mind as he stewards the School into the 2020s.

His understanding and support for the role of Stanford GSB in building connections and networks with aspiring acquisition entrepreneurs, the investment community and the wider Search eco-system was energetically and clearly communicated.

6: CEO Panel

Three amazing CEO’s talked about their own leadership journeys. It was refreshing to hear these CEOs openly and vulnerably talk about their highs and lows, how they continue to develop themselves and scale their businesses, and how they keep themselves sane, healthy and open to opportunities.

To top things off, the many conversations we had over drinks, breakfasts, coffees (Yes! Stanford had coffee carts with good espresso!), and lunch added real texture and depth to the visit. We met owners who had sold to Searchers because of the ‘caring energy’ that seems to permeate the search fund

community. They realised that their ‘baby’ would be looked after, their staff – who are like family – would be well tended to and that this was more than a transaction.

The whole ecosystem is incredibly generous in terms of giving time, sharing resources, linking and connecting people to people etc. It’s a part of the Search culture championed since inception by Prof Irv Grousbeck and his peers over 35 years ago until today. Their “pay it forward” context speaks to an “abundance attitude” and one we aspire to adopt and continue as we – in small part – help to engender and support the build out of the community in Australia.



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