



## Four Operating Strategies for a Competitive Advantage

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### Video description

Neeta Rastogi Singh, COO of Activant Capital Group, shares four operating strategies firms can use to compete in a crowded marketplace.

### Video transcription

#### **Chapter 1: As LP demands for information like ESG increase, develop a scaled response.**

Starting at 00:15

As the COO of a firm, of our fund size, with you know, with a couple of billion of assets under management I wear a lot of hats. And one of the most important ones is liaising with our limited partners.

One of the most important trends that I have been seeing over time is their need for more information. And, as we have larger LPs coming onboard we've been focused on generating more information for them, being more communicative, more often.

And, we haven't been doing that just for our large LPs, we're just setting the procedures in place to make sure that we're capturing all of that information in a systematic way. So that we can provide all of that information in ILPA templates and whatever it may be that they're requiring.

Um, another key area that LPs have been focused on is ESG. And, while we're not ESG investors, I for one feel that this is a very welcome push. I think it's been a great tailwind for all sorts of ESG factors that we should all be thinking about to make the world that we work in and invest in better. And so, to that point, again we don't make our investment decisions based on ESG, but we do take into account ESG factors when we write our investment memos. We have a full page focused directly on the factors that we can actually help with during our operational influence with companies. And so that's incredibly important to us, and to our LPs to see that we're doing some of that and thinking about it.

## Chapter 2: In the face of intensifying competition and downside risk, double down on quality.

Starting at 01:56

I'm sure all of you have experienced some form of crossover investors coming into your market. That's happening especially in the growth market where you've got early-stage investors wanting to continue to take advantage of the opportunities that they had with their portfolio companies and coming upstream, if you will, into the growth market.

And then a lot of crossover investors coming downstream to the earlier stage. So, there's a tremendous amount of capital and it's incredibly competitive. And valuations are quite high as well, we've been experiencing that and navigating that, mainly by trying to find the absolute best assets in each of our thesis areas. Because those are the assets that will survive a downturn.

And I've been around long enough to know that there are going to be downturns. And part of my job as the COO and your jobs, is to manage downside risk for the firm. So, thinking several years ahead, and making sure that your structures and portfolio companies are set up to manage and function well within a downturn. And a lot of that comes into play in the way that we manage risk management across the firm and portfolio.

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## Chapter 3: To build your best team, first leverage high-quality service providers, then prioritize each full-time hire.

Starting at 03:26

When you first start out in fund one, fund two, I feel that it's most important to provide - to find the best service providers. Because then you're surrounding yourself on the operational side with the best advice and teams of people and experts who do only that one thing on a daily basis. As opposed to the 70 different jobs that you do on a daily basis.

And so, for us, from fund one through three, it was incredibly important for us to find the best service providers and make that an extension of my office. I have a tremendous relationship and a very open relationship with each of our service providers, where they truly understand our philosophy, and our operational styles so that they can work within that style with me and with our team.

And that's the most important thing to us here at Activant, and it's brought us all a lot of success. Now, over time, as our firm and our funds gained in complexity it was important to start thinking about how to strategically grow our business and our personnel, and the operational team here.

And most recently we brought on a wonderful controller, she has clearly brought a tremendous amount of value around the processes that we have in place that will allow us to continue to scale.

And so over time, as we grow further and further, when I think about the hats that I'm wearing and the ones that I want to take off it's the ones that can very easily become a full-time job for somebody that will just elevate the firm to a different level.

I think the next one will most likely be marketing and investor relations, because you know limited partners require more attention, more information and it's always better to be able to have a proactive finger on the pulse of what their needs are given that they are our most important clients.

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## Chapter 4: To Scale faster and better, hire ahead of the growth curve.

Starting at 05:38

As growth investors we give our portfolio companies money to actually spend ahead of their growth in order to prompt hypergrowth. The same statue really applies here for us.

As we think about our future funds, we need to grow in advance of that to make sure that we have the right expertise in place. Both in house and within our service providers, to maintain the growth trajectory that we're on and to make sure that we're providing the best services to both of our portfolio companies, our team, and to our limited partners.

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