



Morty Singer joins Alex Rawlings on The Private Equity Podcast to discuss the importance of culture in private equity, investing in the consumer industry, and more.

Interviewing the leading private equity executives and unlocking the secrets of success. Welcome to the Private Equity Podcast with Alex Rawlings.

Alex Rawlings

Hello everybody and welcome back to the Raw Selection Private Equity Podcast. Joining us today is Morty Singer, Co-Managing Partner at Traub Capital Partners, a private equity firm investing exclusively in the consumer industry. Welcome and thank you very much for sharing your insights.

Morty Singer

Alex, it's great to be here with you. Thanks for having me.

Alex Rawlings:

So Morty, if you could give us a 60 to 90 second breakdown of you please.

Morty Singer:

Sure, as you can hear from my voice, come from across the pond a little bit like you, I would imagine. And I've been here my whole career really. And I started my career in banking at JP Morgan and then joined the late Marvin Traub and his firm and I've been basically at this company ever since - 20 years this year actually and about seven years ago, we created the private equity firm, which is called Traub Capital Partners, which is the sister company of Traub Consulting, and the two companies sit side by side. They are sister companies. I spend my,

most of my time, if not all of my time at Traub Capital now, but it's, we wanted to leverage the big tent, the big, the brand, the name, the history and use our secret sauce, hopefully to add some top spin to great companies that we buy.

Alex Rawlings:

20 years at one private equity firm that previously was more common, less common certainly now. So congratulations for sticking it out in in one firm and obviously progressing up through it.

What's one mistake that you see either private equity firms or portfolio companies making? What actions would you suggest to correct them please?

Morty Singer:

So I mean, I think one of the major mistakes that I think I'll start with portfolio companies, but it applies to, I think anyone in business. And I think it comes down to the same thing with GP's vis-à-vis their LP's, is an impulse to have a lack of transparency.

And one of the things that we work on very heavily in our first hundred days with our portfolio companies is to try and get them to a place to be comfortable with that sort of vulnerability of being able to communicate openly with us and hopefully we do the same thing with our stakeholders as well. Because ultimately, if we're a specialist firm, you'd hope that we're actually involved, right? We're not just showing up. We're actually being invited into the discussions. And you can imagine if you're a C-Suite executive at one of these portfolio company things and you have a problem, on the one hand, or you have an opportunity that you don't have the ability or the resources to unlock, calling the sponsor or the private equity firm to say, "I don't know how to do it", you might feel, oh my God, does that make me look weak? When, indeed if they do reach out and they do seek our help, support, thinking; for us, it's ultimately the, that's the alchemy, the Nirvana of the relationships we try to build. Because together, the sooner we can unlock an opportunity or fix the problem, obviously the better it is. And so, trying to nurture that relationship very, very quickly.

We spend a lot of time and money actually on trying to build those relationships and make sure that everyone is on the same page. So therefore that I guess the mistake is, you know, people throwing up walls and we try to make sure there aren't any.

Alex Rawlings:

How do you breakdown... you mentioned the spend of time and money on that. What actions are you taking to limit the walls, break down the walls?

Morty Singer:

So I think there are a few, a few things. A lot of it is collateral material and it starts with a culture deck, which we have. It's not a deck, it's actually, it's like, you know, a tome and it's like a piece of literature. And we sort of package it that way, so it feels very powerful and substantial and that it talks about who we are and how we show.

There's also a kit, an onboarding kit, about what we expect from them and how they should expect to use us and how it's a two-way street.

There's also a multimedia kit with interviews with our various portfolio company leadership members with us getting content from them as to examples and case studies of things that happened in their lives with us that we handled together so that there are real life examples of people in portfolio companies working together with us to fix things early on and often. And I think it's those kinds of actions that I think will eliminate the walls. Obviously there's always going to be tension, it's not necessarily the right word, but there's going to be some friction around them truly wanting to share everything all the time. We hope to get there as quickly as possible, and I think it's some of those tools that that really get us there quicker maybe than most.

Alex Rawlings:

Really, really interesting how you build kind of tools and processes. Are you sharing this as a differentiating element to the firm during, obviously, an acquisition of the business? Is this something that comes in post? I'd guess you probably communicate this throughout.

Morty Singer:

Yes, it's interesting. If you think about the kinds of companies we buy... we're in the consumer industry, we tend to buy businesses that are quite established. They've been around for decades, they're not, they have not been around for years and venture fueled, venture capital fueled. They're family-owned often, they're either a corporate orphan or family-owned. The majority of them are family-owned businesses. When we show up to meet them, we end up talking to them, operator to operator, not as financier to operator and we end up finishing each other's sentences.

And when they learn about culture and our culture-led and engaged approach, they open up to us. And what's really interesting is how it's given us an edge, I think, in management presentations. It's given us an edge in building a relationship. And hopefully when push comes to shove, and if we're in a process, which sometimes we are, someone may pick us over someone else based on the fact that if they want to roll with us, roll an equity participation which we encourage, that they think that not only their investment will flourish with a group like ours, but their team members will flourish in a new era for the next period under our ownership.

And I think if you think of the types of families that own companies, they also forge relationships and close bonds with those people who help them get there. Right. They've got, you know, financial people and marketing people and salespeople and operating people and they build bonds with them, and they often treat them like family. And so, how those people end up - where they end up, where they land, where those people land means a lot to people. So, it is about the money. Of course they want to get the highest price for their company, but it's not always the most, not always the only driving factor. There are other things that go into it, so we want to make sure that people feel that we're a good home for the company they've built over the decades.

Alex Rawlings:

So culture's a really interesting one. It's what I regard as most recruiters as people in my world talk Mystics around it, nobody together understanding. They ask you what your culture is like you tell them it's fast-paced and moving forward. And it's really interesting you guys have delved

into that level of depth. Something prior to the podcast coming on here more he was obviously poking around and having a look at the firm, yourself.

So I've reviewed thousands of private equity websites and you're the first company that I've ever seen culture as a as a main header in the menu section. So give us a little bit of the story around why culture and I completely agree on that concept. It's my kind of perspective is, I speak with thousands of private equity or spoken with thousands of private equity firms across Europe and North America, and when they asked me what's the difference of selection and why are we different, what's our USP? I asked them back, what's your USP as a private equity firm and specialization and everything else is not a USP because everyone else is doing that. something I want to talk to you about as well.

Why did you go down the culture route and what led you down that area? Because for me it's the only genuine differentiation of any private equity firm anywhere because anybody else can invest capital, can be a specialist, can hire people from investment banking or consulting or from expect place. Culture's difficult to define. Why did you go down that route of differentiation?

Morty Singer:

So, you know, culture, people think of it as one of the soft sciences. It's actually an incredibly hard thing to accomplish and to codify. There are technology platforms that we use to help codify what culture is happening, not just within a portfolio company, but within a division of that portfolio company. So, you know, we have an ongoing and rolling ability to see how teams are performing, how they are flourishing or not, and what a sinking culture within a division could actually have a net effect on the whole company. If there's a bad manager in pick an area, pick a silo.

The cross functional effect of that team being dragged down can have a very negative effect on the entire company. Because if it's the operations division for example, you know, you can have the best sales team in the world, but if you can't get the products made and out the door, then because the team is unhappy or unwell or not flourishing, there are issues there. So, we use technology to codify and monitor how people are doing and then if that is not, if they're not well, try to intervene quickly and often.

I think culture is important to us because it's about people. The word company comes from the French word companion, which is an ally, a friend, right? So, if you are a group of people together trying to ally with each other with one ending in mind, you need those people to have a clear view of what they're supposed to be doing together, where they are going, what does the enterprise need such that the team can flourish and then as a result of that, the individual can have a fulfilling experience. And it's really in that order. It's enterprise first, team second and the individual last. It's putting everyone else first, it's a high humility to that action, right? It's if everyone's thinking about #1, then ultimately, they the company can't flourish.

So what we believe in is team building, it's organizational structure, organizational design, coming into a company and often breaking what is historically in a family owned business, a hub and spoke management approach. So think of a hub. And then many spokes coming off of it. The owners of the family of said business are at the hub, and the spokes report into the

family. You know all roads lead to Rome. And oftentimes the spokes don't speak to each other in that kind of system. We spend a lot of time and effort Breaking the hub and spoke, creating the cross functional hierarchical team. And then being able to allow that team to flourish and design the strategy and then the tactics to execute that strategy with our assistance.

So, with people at the core and bringing coaches in and team builders, which some people think that's what... that's HR fluff. No, it's not HR fluff. Today, there is a real mechanism available and content available and resources available to do these things and if you invest behind them, the sustainability and therefore the risk mitigation of one's capital inside these businesses, we believe is very, very powerful.

So, culture to us is, you know, we say return on culture. How do we codify the return on culture, the ROC? And it's by investing in these pieces of content, these platforms, these technologies to allow us to derisk an investment. And it's a financial metric. This is something that we think is, you know, return on investment is one thing, but return on cultural investment is yet another. And I think that's something that we intend to continue to lean in on and drive.

In fact, there was a case study done by the Harvard Business School. On Traub Capital's, acquisition of Signature Brands and how we used culture as a change agent. Culture as a change agent is again probably not something that's very common today, but I think 20 years from now, it'll be far more common, not just in private equity, but in the business world at large.

Alex Rawlings:

So I think you could unpack a lot here more seeing and try and focus on some focus questions.

Culture in each portfolio company is obviously going to be different. Do you have – and it sounds like we've got a playbook, which I'm a big advocate of and every PE Firm in the world should be. Do you have a playbook that you put into every firm and does that have to be adapted depending on the business, the industry, the people, how? How does that kind of play out?

Morty Singer:

So look, we have certain values that we care about. We care about people's families and their lives outside of work. We care about the alchemy of the left and the right brain. We care about curiosity, being open minded to what's going on outside of our echo chambers. Right? So being open to new ideas and looking over the horizon. And around corners.

We care deeply about being honest, honesty, openness with each other, with our portfolio companies, so that we're not having difficult conversations and shouting at each other and we're not making statements and banging tables. We're asking questions of each other so that together we can have an honest conversation. And then obviously integrity. Integrity is thrown around a lot, but delivering on what you say you think you can do and intend to do. And that's ultimately a very powerful thing. And that starts with organizational design, because if you claim to do something and say you're going to do something, having the ability and the team members and the colleagues to deliver on that promise is part of it too. So it's not just on the individual, it's on the team. So I think those five buckets are a code that applies to any company.

Now we have our culture positivity minus ego equals. Trust is the algebra of our culture, $P - E = T$. You know positivity means you show up and you smile and you try and get everyone on the same page. No ego is humility, you know? Get rid of the, put your ego in your pocket. Stop banging the table. Stop. You know, making statements so that you're the genius and let everyone else have a voice in the room and together again, you'll get there. And when you do, that's when that trust really starts to cement. And we look for some of those things in our portfolio companies.

Some of the companies we've acquired have had very little culture and we've had to really start from a white canvas. Others have had a very distinct culture which kind of mirrored our own, which was great. So it doesn't mean that you know we won't get involved with companies that have a cultural, I guess wasteland as it were. But we find it very difficult to find, to back companies that I would say are steeped in a very toxic and environment. That's very hard to change. If there's no culture and a great culture, that's fine. But having to try and fix a very, very toxic culture is something that we would stay away from and indeed would be, I would, I would think a pillar, an investment pillar of our thesis as well.

Alex Rawlings:

Interesting having such a focus on culture and that uniqueness that it creates. I know that there'll be people listening, going, yeah, but you know, it's not that easy. And I'm sure that's, you know, be somebody claiming it's lost and whatever else and everyone's entitled to their opinion.

Morty Singer:

I'm used to that, don't worry. I'm sure it's all across the board.

Alex Rawlings:

But I'm going to have to guess. I'm sure you're not going to say no to this, but I'm having guessed that this makes you a more attractive private equity firm from a founder perspective of they've got something different here and... Does this drive in bound opportunities for you or at the very least drive the level of OK, tell me a bit about that because everyone else is just talking about capital and the fact that they've got, you know, Johnny used to be a CEO of a similar business ten years ago, something like that.

Morty Singer:

So I think it, it absolutely drives top of the funnel deal flow. People come to us. People think of us as an operator led mindset, a business builder mindset and especially for those people who don't want to sell outright, people who want to stick around for another period and role, very attractive. I also think it gets us a little bit of top spin on conversion.

I mean as I said earlier, it gets us, it gets us really into the running in a way that, frankly, an early stage emerging manager such as ourselves probably shouldn't necessarily have been able to pull off some of the deals we did, frankly. They were big deals and two deals were, you know, twice the size of as advertised, the deals we hoped to do. And it was because, you know, of the relationship we built and the trust that they put in us. And when they rolled with us. So I think that it's something that is hard, yes, but it's very achievable. But it has to be approached

scientifically. You can't just show up with a nice little booklet and wave it in their faces and say, hey, we're really nice people. It's not about being nice people. It's about being careful. It's about being mindful. It's about having respect for people. And even respect in the hardest conversations.

It's not like we're not making difficult choices here. We have to go into companies and make tough calls. And when things need to be done, sometimes people have to obviously be laid off. But it's also how you make cuts to businesses, how you transition people out, with dignity and respect. And I think the other thing that does is that, how you treat someone that is going out the door will also land very well with the people who remain. Because they will feel, you know what these that's how I'm going to be treated. If should, God forbid, that happen to me. I think it's really about treating people as humans and not as numbers on an org chart. And that's worked very well for us so far.

Alex Rawlings:

Reminds me of the Gary Vaynerchuk mantra of treat people as well on the way in, treat people as well on the way out as you do on the way in. I think that's an interesting.

Morty Singer:

Well, I call myself a disciple of his. And you know, I couldn't agree more. And he has this whole thing about kindness and how you treat people. And I'm a full, full subscriber to that approach.

And it's again, it's really interesting if you talk to Wall Street. Wall Street probably is a little insecure about some of these words, right? About kindness and culture, and does it make you look weak? And I would argue no, If you're able to have the tough conversations or the honest conversations. Most people hide from them and they get someone else to do the dirty work. If you can do it yourself and look someone in the eye and tell them what they need to hear, whether it's about the fact that you're not happy with the performance or you're not happy with them personally and they may have to be let go. Then I think that actually builds a lot of respect and it's a very hard thing to do and it takes some courage.

And I think a specialist firm like ours that has a cadre of partners but also colleagues that have run companies before, we have a different approach, a different ability to be able to do that and we think that's where our differentiation lies.

Alex Rawlings:

I mean I could talk all day about culture and certainly something we've spent a lot of investment as well, on internally of how do we drive and develop. You've certainly done a better job than we have in quantifying that. And I'm truly impressed by how using that as a differentiator that I think is the only real differentiator in private equity in its true sense beyond 1000 years as a brand or whatever else. Private equity's not really been around that long.

So just look at your investment thesis. You've gone down the specialisation route, which again is something I champion both internally with how we operate, private equity recruitment specialists and then specialist in niches of that. But within the private equity world of people being specialists.

Was that how the firm began and why the specialization in consumer businesses?

Morty Singer:

So, the company is 30 years old. And I joined it 20 years ago and we've created the private equity firm seven years ago. And we have always been a specialist in the consumer industry and we run people's businesses for them on the consulting side of the house. It is a platform, frankly, many other private equity firms engage the consulting business to help optimize their portfolio companies.

And I would say to the late Marvin Traub, who was The Who, that's why his name was on the door. It was his name at the company at the beginning and we honor him by keeping it there because of how he approached businesses. But he would say, I would say to him, look we have a portfolio of companies. We don't own them, but we look after them, we manage them, we oversee them on behalf of ownership. Why don't we start a private equity firm? And God bless him, at the time he was 87 years old and he said, look, I'm not picking green bananas, thank you very much. So you guys can have at it one day when I'm gone.

But the thesis came from taking the approach and the mindset and the abilities that I learned and Geoff Lurie learned at the consulting side of our house and applying it to, you know, owning the companies ourselves. And so Brian Crosby came and joined us. We wanted that, that third equal partner in the trio. I'm the revenue guy, I'm the strategic arrow, as it were. Geoff is the optimizing arrow. He's a serial optimizer of companies. He was the CEO of The North Face and turned that around and sold it to VF Corp and many other companies like it. So he takes all the good work we do at the top line and he brings it to the bottom line. And Brian is Brian Crosby is a bona fide dyed in the wool Private Equity executive who has been doing this his whole career in consumer.

So we care about certain kinds of consumer businesses, and not just any consumer business. We like businesses that have been around for many years. As I told you before. But if we if you were to think of our portfolio companies, each of them as airplanes with two wings. There are two things keeping those planes in the air, right, the air under each wing, one of them is the enthusiast consumer. And the other thing is a powerful brand.

And the enthusiast consumer does two things. The enthusiast consumer cares about the activity that they love and that your service or product provides them into their life. And we like them because they're sticky. They stay with you. If you're giving them the right service, they don't just, they don't just switch out. You know, if you play tennis, if you have a tennis racket, you probably had the same brand of tennis racket your whole life. It's the same thing with golf.

So ultimately, yes, there's competition, but in the areas that we focus, that loyal customer is very important. The other thing they do is that they tell their friends about you so your marketing costs go down, so. It's the, it's. Quality hyper efficiency is a fancy way of saying a word of mouth, and there's a ratio in consumer investing which is LTV to CAC, lifetime value divided by CAC, customer acquisition cost and you want to have that ratio be the number to be as high as possible. Your LTV is longer with an enthusiast consumer. And your CAC is lower because they tell everyone about you. They evangelize on your behalf. So that's one of the wings.

The other wing of the plane is the brand. We don't buy companies that have unknown brands that are...the companies we buy have brands that have been around for decades. They are in the collective subconscious of the consumer. They are businesses that are perennial in nature that people, consumers come back to them, year over year for whatever reason, because either they're an enthusiast consumer or it's an activity that is required and we are the dominant player in that activity.

We own, for example, the Betty Crocker dessert decorating business. Birthdays come every year. Halloween comes every year. Christmas and Thanksgiving come every year. And it's we sort of power American celebrations that are perennial. So those brands that are powerful and those enthusiast consumers in that case, the young parents and families that want to get their children around the kitchen table for a tradition, a quite affordable tradition, actually. It doesn't cost much money to bake a cake or a brownie or a cookie. And so we are that we power that for the American consumer. And I think those two sides of our strategy are incredibly powerful for de-risking yet again and investment into the consumer industry.

Alex Rawlings:

Answer again shows the depth of the investment thesis and not just investing in consumer businesses. We invest in businesses with brands. This criteria. That criteria. I think that's really, really interesting what you've built there.

Pulling out all your unique selling points here mostly, but another interesting thing that I obviously researched about you is that you have your own podcast. Obviously a big advocate of podcasts hence this. What inspired? Well, firstly I think you might. There's two or three private equity firms I know that have podcasts, but not the size that you have and the concept world is only just beginning from a private equity driving media driving content. What inspired you guys to do a podcast and what benefits have you seen from it?

Morty Singer:

Well, as a consumer brand expert, I believe that we are in the age of being one's own influencer. You need to put yourself out there. You need to network. You need to tell. Your story and the best part about having our own podcast now for five years, is that I use it as a networking tool. I meet people, I meet great CEO's, they share the interview with their relationships, so they get to know about us. And I use it as a reference tool when I meet people. So for me, I don't really... I love it if lots of people listen and they do, which is quite gratifying. But really my use case for it is when I meet a CEO of a company that I'm really interested in, I tell them, look, you might be interested in my conversation with Johnny Smith over there because he had. He was in a similar situation to you at one point, and the conversation might be interesting to you. So I kind of use it strategically as an introduction to who I am and to my way of thinking. And it's really helpful and I've enjoyed it. So as you know. It takes work, but it's quite fulfilling once you, once you get on the other side of organizing yourself.

Alex Rawlings:

Yeah. Once you kind of build enough steam to then have somebody else to organize it for you, it tends to be my real benefit on that one because it's fairly time intensive and getting these things off the ground. But once you've done a few, it all plays into itself.

What do you love about private equity and what do you dislike about it?

Morty Singer:

I love business building. You know, we are builders at heart. We enjoy supporting people and teams. We have creative juices and we love being able to deploy them in service of our companies. We enjoy and get excited about the opportunities that we feel we can uncover for our portfolio companies and help drive change. And you know quite frankly that's how private equity started.

You know Brian Crosby, my partner was trained by Mr. Kohlberg of Kohlberg and Company, one of the one of the godfathers of the industry. Obviously, he was one of the founders of KKR and went off on his own as everyone knows, but he was the old school approach. Let's back good companies. Let's back good people. Let's support them and lift them. And financial engineering is something that came later. And I'm not suggesting that we don't use structure and we don't do fancy footwork of our own when it comes to structure and corporate finance. But I would say, you know, the lion's share of our strategy is business building, which we love and harkens back to the origin story of private equity.

And actually, that's probably the thing I don't like about private equity is how misunderstood it is. It's 2 words that that do strike that, that that they strike fear into the heart of portfolio companies when they are being acquired because the brand of private equity, I think has been tarnished over the decades. And I like the idea that there is an ability for us and others to bring back the brand of private equity to what the origin story was as evidenced by Mr. Kohlberg and his teams back in the in the 80s and 90s and beyond to really go back to basics and to back teams. And I think that's something that for me is what I like to get out of my career. Yeah, I'd like to be successful in return lots of money to our investors. But I would also like to think that we were able to make a change in the perception of in one small way, one drop in the ocean, but maybe there'll be other drops in that ocean that follow us, is to how to use culture use team building, use organizational design and structure to de risks and stand up great teams that can deliver great returns.

Alex Rawlings:

What are your influences, Morty? What do you read, watch, listen to that you would recommend that others check out?

Morty Singer:

I'm a big student of the Stoics, so I like all the references of Marcus Aurelius and Epictetus and Seneca. No, I do not sit down and read the classics because they're very difficult to get through. But I do, I am a disciple of Ryan Holiday, who is the who's, I guess the 21st century stoic, and he's got many books. The *Daily Stoic* being one of them, *The Obstacle is the Way*, *Ego is the Enemy*. These are all books that he's written that I have read and give out his gifts a lot. And I listen to his podcast. So he that's one thing that I would highly. And I'd also recommend that we touched on him following Gary Vee, Gary Vaynerchuk, who is, I think, a just a wonderful thinker of how the world is changing. And I love Professor Galloway. Scott Galloway is a professor at NYU Stern Business School. He's the professor of marketing, a professor of marketing. He has two podcasts, one of which is the Prof G Show and the other one is Pivot, which she does with

Kara Swisher. I listen to both of those every day, every week, and it's just a kind of a wonderful view of the world. So yeah, I mean, that's just a few of them. I guess I could go on. But I won't bore you with that.

Alex Rawlings:

I appreciate that. So if anybody wishes to reach out to you more as you post this podcast, how best do they get in touch with yourself please?

Morty Singer:

My e-mail is on our website but msinger@traubcapitalpartners.com and love to meet people, love to have people on the podcast and I really enjoyed speaking with you today.

Alex Rawlings:

Perfect. Well, we'll definitely put that in there. Thank you very much. I really appreciate the insight here Morty. You've given us lots to think about, lots of private equity investors to think about, and lots of portfolio executives to consider of how they're running their organizations and certainly that huge piece focusing around culture and how we're driving that. So, thank you very much for coming on and sharing your insights.

Morty Singer:

Thanks, Alex. Thanks so much for having me.

Alex Rawlings:

And as always, thank you very much for everybody listening for joining us.

[Listen on the Private Equity Podcast >](#)

[Listen on The Safari >](#)