

# CEO SURVIVAL GUIDE.

→ How to thrive as a CEO of an APAC-based business following the injection of Private Equity or High Net Worth Individual capital

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# Forward

## **The nature of our business brings us into regular contact with both CEOs and investors.**

During our conversations, it became clear that running a successful private equity (PE) or High Net Worth Individual (HNWI) invested business takes a leader with certain skills and attributes.

When looking at valuations and maturity, the environment, especially in the U.S., is more developed in the West. But when looking at trends, it's safe to say we will see increased activity in Asia. Looking at the fast growing industry of esports, 66% of investments in this area came from within Asia last year. Investors are obviously keen about the huge consumer base in Asia and see this region as a growth engine.

Running a private investment-backed business anywhere in the world presents a whole new set of challenges for commercial leaders. In Asia, not only are there PE firms looking to invest in media, sport, technology and content, but a plethora of HNWIs and family offices. Recent statistics revealed that nearly three quarters of PE portfolio company CEOs are replaced within the investment lifecycle of a deal (from acquisition to exit), with nearly two-thirds of those replacements happening in the first 24 months. To better understand these challenges and how to overcome them, we talked to CEOs and regional leaders of seven businesses in this space in Asia.

I hope you enjoy this report on the secrets to being successful as a CEO of an invested business in Asia.

Helen Soulsby

## 2 Secrets of Success

### MANAGING YOUR INVESTORS

Investor management is a common theme. As one CEO we spoke to noted: ‘so much is out of our control.’ CEOs need to be adept politicians and invest time and effort in their investors.

Patrick Murphy, of Catalyst Media, said: ‘Managing investors can be fairly time-draining which, when not managed effectively, can be a source of frustration. Besides time, there will be challenges in terms of reporting, explanations and account managements to overcome. But anytime you borrow money, this is a fact of life.’

HNWIs offer another set of challenges. Michael Dhulst, of Super League Triathlon, said: ‘beware of the passion project.’ While it is desirable to have an investor who loves and believes in the company, lines need to be drawn early on. Over-enthusiasm can lead to micromanagement, limiting CEOs in their drive for success. Investors can also be tempted to pull strings and override decisions at the eleventh hour.

A non-Board structure can also make it lonely at the top. Jeff Chue, of T2 APAC, said: ‘A board is a sounding board for issues across all areas of the business. You get consensus, and the luxury of having peers to provide different perspectives. With HNWIs, all decisions are made by the CEO alone and that CEO has the closest relationship with the investor – a challenging brief.’

Much also depends on the nature of the business. As Tim Martin, from Rugby Pass, points out, success in Sports OTT is not defined yet. ‘Just because you are investing a heap of money, that doesn’t mean you are winning – it just means you are investing a heap of money.’ For businesses reliant on keeping the private investment coming, they have to make sure that the story they are telling investors remains attractive.

Private investors do not necessarily bring industry expertise to the table but can provide strategic insight, and contacts to unlock additional revenue.

Mark Britt, of iflix, said: ‘We get advice and counsel and perspective from our investors. We are in the waves, fighting daily, but as they are not, they see the full picture and can also call upon their experience and perspective to help us better solve business challenges.’

He continued: ‘What we really need, however, is a shared belief. Following PE funding, there can be a tremendous amount of uncertainty, leaving many to desire to return to what we did pre-PE cash. Bureaucracy can kick in and people look for someone to blame when problems arise. As a result, it can be difficult for established companies to embrace change as significant change often manifests fear. From my perspective, our investors can help us maintain our focus on what is really important and what isn’t.’

‘Managing Investors can be time-draining, and a source of frustration.’

– PATRICK MURPHY, CATALYST MEDIA

‘We are in the waves, fighting daily. As our investors are not, they see the full picture and help us solve business challenges.’

– MARK BRITT, IFLIX

## 2 Secrets of Success

Geoff Meyer, who leads Ironman across APAC, has seen this first hand, having worked under both Providence Equity Partners (PEP) and now Dalian Wanda: 'Providence led us through a period of rapid growth – their experience in scaling businesses was essential. Having Wanda as an owner has given us an immediate access point into China and the immediate resources we need to succeed there. We instantly became a more diverse company on every level.'

Andrew Stott, of Stott Advisory, noted that company founders often struggle to trust investors to add value to their business. 'Many founders are so passionate and convinced by their idea that they simply can't believe that anyone else can understand it like them.'

He continued: 'Embrace the investors' experience. If you work hard to establish a good relationship with your investors that is based on trust – in both directions – then it's human nature that those investors are more likely to work hard for you.'

### REGIONAL DIFFERENCES: USA VS A 'REST OF THE WORLD' MINDSET

Asia is a true montage. From afar, it forms a coherent picture but only those who are operating in the region would be able to tell you that every market is distinct from the other. Murphy was frank about the challenges of implementing a very American business culture. 'We set ourselves up to be a quasi-cultural bridge between the U.S. and countries like China or Singapore. Yes, even Singapore. For all its 'Western ways', it is still unique in its practices, and these differences need to be tactfully explained to investors,' he said.

Dhulst commented: 'Asia is often viewed from those without on-the-ground experience through the prism of extreme hype and investment. I have to constantly manage upward in terms of growth expectation.'

Mark McFarlane of Minute Media thinks regional leaders need to be cognisant of the investment direction. 'Asia is often seen as an essential market to extend global footprint; driving growth in both perceived and actual equity value,' he said. 'Building scale and engagement across the region is achievable but challenging, and you have to be ready to tackle each market with a tailored approach.'

### THE POWER OF THE TEAM

When asked what makes for a successful investor-backed company, the CEOs were unanimous in their response: faith, trust and teamwork.

Dhulst said: 'Any kind of start-up or new project depends on the team and the people. It's important that everyone has open conversations to leverage their strengths and acknowledge their weaknesses. Of course, the business idea must be right, but it simply has no chance of working if the team isn't right – investors, co-founders and the management team all rowing in the same direction to make it work.'

'Many founders are so passionate and convinced by their idea they lose perspective. Embrace the investors' experience.'

— ANDREW STOTT, STOTT ADVISORY

'Asia is often viewed from those without on-the-ground experience through the prism of extreme hype and investment. Managing growth expectations is a constant battle.'

— MICHAEL DHULST, SUPER LEAGUE TRIATHLON

## 2 Secrets of Success

Often the sands beneath the CEO's feet will shift without warning, placing greater importance on having a robust senior leadership team to "share the pain and have the same attitude." People often wonder how important it is to the CEO to hire those who have had similar experience. Except for the Chief Financial Officer role, most of the leaders thought not. Understanding their business environment and being attuned to the risk vs. reward scenario is enough.

Those who thrive with increased responsibility and exposure are also highly desirable. McFarlane said: 'I might prefer someone who has experienced the fast pace and change of a start-up, but ultimately I need people who are not afraid of trying, or of learning from failure.'

The environment is challenging. Britt said: 'Safety nets are taken away. We look for high intellectual horsepower, humility and curiosity. The key for our investors is finding people who can drive business growth and successfully operate without large-scale resources that cut profit margins and ultimately do not benefit our customers.'

**'Ultimately, I need people who are not afraid of trying, or of learning from failure.'**

**— MARK MCFARLANE, MINUTE MEDIA**

## 2 Secrets of Success

### EYEING THE EXIT

Many CEOs said that their immediate Key Performance Indicators (KPIs) did not change post-investment. Investors had already bought into their business. The real change was in the longer term strategic plans, shifting from growth to margin to profitability.

Meyer said: 'With Providence, the initial focus was on athlete experience, systems, structure, then growth. Now with Wanda, the foundation is there, so growth and therefore profit comes across many platforms not just IRONMAN, but running, cycling and ultratrail.'

At iflix, they originally had two plans – the next 30 days and the next 30 years. External investment changed that. Britt said: 'We had to grow up and build better internal processes to match the planning horizons of larger organisations. It's a huge challenge - retaining our agility while continuing to build a new culture.'

Despite the varying business size and industry they are in, all CEOs we spoke to stressed the need to be adaptable and to embrace the ambiguity. A highly disruptive environment, a region in which the pace is fast and unpredictable, and a complex investment structure calls for bold and decisive navigation.

Britt noted the importance of having a shared focus with investors, and ensuring that everyone from the team, senior leadership and investors alike have complete clarity on the end game. The destination is more important than the journey (often bumpy after a capital injection).

He said: 'There will be significant disruption, change and planning issues, but you must keep your eyes on the destination as that isn't up for debate. I've had to become a more emotionally available leader. Strategy and processes are not enough to inspire anymore; it is the overarching mission staff buy into now.'

Murphy even suggested a 'more Buddhist approach to leadership' – more flexible, open-minded and accepting. When working in an unstructured and fast-growing environment, he used the analogy of being a great cook, giving the different ingredients the deserved treatment.

'There will be significant disruption, change, and planning issues following investment. But keep your eyes on the destination, as that isn't up for debate.'

— MARK BRITT, IFILIX

## 3 What are the traits of a successful CEO?

When investors come into a business, there is little room for stubbornness or parochial thinking. There will be egos and expectations to manage. Here are what our interviewees think will make the leader of a privately-invested business successful:

### BEING NIMBLE

The ability to embrace ambiguity and transparency were the qualities most valued. In highly fluid industries like sport, media, content and technology being able to see and seize opportunities is key.

### CHARISMA AND COMMUNICATION

The leaders highlighted the need to rally stakeholders toward the eventual end goal:

‘Clarity of communication is essential, as is knowing when to tell people what they need to hear. Be open and transparent and do not under any circumstances play political games.’ – Tim Martin

Stott suggests that when owned by a HNWI, a CEO needs to be a force of personality – someone who is capable of being as much of a figurehead and a compelling story teller as the billionaire owner.

### HIGH INSTITUTIONAL IQ

Private investments have a time horizon and strategic aims must align. Stott said: ‘The most successful invested companies have leaders who have done it before and if they haven’t, they’ve been smart enough to understand their investors’ demands and used advisors who have experience in this area.’





## 4 What would you tell a new CEO at an invested company?

### Protect Your Stakeholders

CHUE, T2 APAC

'Take the hit. At times you'll need to shield your investor, at other times your staff,' he said. He also described the role of a CEO as 'someone really capable of multi-tasking – in reality, it's being a CEO, COO, CFO, CMO, and CTO, all rolled into one.'

### Choose Wisely

DHULST, SUPERLEAGUE TRIATHLON

'If you have the luxury, choose your investor(s) wisely. We spent a lot of time to ensure we knew who our investor was. Not just on the surface. A deep understanding of who they are will help on the journey.'

### No Surprises

MARTIN, RUGBYPASS

'Sometimes things don't go as planned and if you can't go to your investor and tell them your biggest problems, it is just not going to work. Maintain an open dialogue and deliver bad news early.'

### Product and People

MCFARLANE, MINUTE MEDIA

'My advice is to nail the product first. Constantly innovate and be brave on change management, even when you're winning.'

### Put the Customer First

MEYER, IRONMAN

In Ironman's case, it was the athlete experience that created the phenomenon. He said: 'Lose that and you lose your business. Of course you can't be naive and ignore the balance sheet, but never lose sight of what got you here.'

### Aiming for the Sweet Spot

MURPHY, CATALYST MEDIA

'Our investor brought something other than money to the table – the ICC contract and the investment. It gave us a significant foundation to grow and meant we were genuinely in it together'

### Unite Your Team

BRITT, IFLIX

Britt concludes: 'Truly believe in the vision. It's going to be harder than you ever feared and more meaningful and more satisfying than you ever hoped.'

## 5 Participants

### Tim Martin, RugbyPass

#### ABOUT THE COMPANY

RugbyPass is the largest online rugby platform in the world. It is the official rights holder and streaming platform for premium rugby across 30+ Asian and European markets. More than 1200 live major rugby streams are streamed OTT every year.

#### TIM MARTIN, FOUNDER AND CEO

Tim is the founder of Coliseum Sport Media and CEO of RugbyPass. After a career in advertising, Tim set out to revolutionise sports consumption. His initial OTT offering was Premier League Pass in New Zealand after securing the rights away from Sky. Tim now leads RugbyPass from his base in Singapore.

#### INVESTMENT STRUCTURE AND TEAM SIZE

Cooper [PE FIRM]	(51%)
Discovery Channels	(23.5%)
Tim Martin	(25.5%)

18 staff across offices in Singapore, Dublin and Cape Town plus additional freelance content producers.

### Patrick Murphy, Catalyst Media

#### ABOUT THE COMPANY

Catalyst Media Group Ltd. is a Hong Kong based sports marketing company with subsidiaries in Shanghai, Singapore and Switzerland. In partnership with its sister company Relevant Sports, it operates the International Champions Cup, with particular responsibility for Asia Pacific. In addition, it markets and produces the media rights to the competition on a global basis.

#### PATRICK MURPHY, FOUNDER AND CHAIR

Patrick is Founder & Chairman of Catalyst, and also sits on the Board of Fortis Sports & Synergy (Chair). Prior to Catalyst, he had a 12 year career at Team marketing, culminating in the role of Managing Director Sponsorship & Media Rights, and also held roles at ESPN.

#### INVESTMENT STRUCTURE AND TEAM SIZE

JJM Holdings	(51%)
RSE ventures	(49%)

25 staff across offices in Hong Kong, Shanghai, Lausanne and Singapore.

### Michael Dhulst, Super League Triathlon

#### ABOUT THE COMPANY

Headquartered in Singapore, Super League Triathlon is the pinnacle of triathlons, delivering a series of global events, culminating in the crowning of the best male and female triathlete in the world. It is the brainchild of former World Champion Australian triathlete Chris McCormack, Michael Dhulst and Leonid Boguslavsky.

#### MICHAEL DHULST, CO-FOUNDER AND CEO

After a career at Volkswagen which took him to China, Michael followed his passion to become a full-time Ironman athlete. He then followed a period of entrepreneurial projects centred around triathlons, endurance and sports, before founding SuperLeague triathlon in 2015.

#### INVESTMENT STRUCTURE AND TEAM SIZE

One HNWI who is a minority stakeholder.

### Jeff Chue, T2APAC

#### ABOUT THE COMPANY

T2 Asia-Pacific Table Tennis League (T2APAC) is the region's first and only pan-regional professional table tennis league, featuring 24 of the world's best professional players, over 200 matches. The format delivers hundreds of hours of adaptive programming catering for the growing consumption of multi-media content.

#### JEFFREY CHUE, CHIEF EXECUTIVE & COMMISSIONER

Originally a Sports Lawyer, Jeff has had a 20 year career across a multitude of sports properties and events including FIFA, BWF Badminton

## 5 Participants

SuperSeries, Asian PGA Tour (now Asian Tour) and the International Sepaktakraw Federation (ISTAF).

### INVESTMENT STRUCTURE AND TEAM SIZE

One HNWI who committed to a 10-year investment plan.

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### Mark McFarlane, Minute Media

#### ABOUT THE COMPANY

Minute Media was founded in Israel in 2012 with the aim to build the world's largest digital football community. Today, its platforms – 90MIN, 12UP and DBLTAP – connect consumers with timely, snackable content. Its newsrooms and video studios publish 1000 original pieces of content a day in 12 languages, with 85 million watching 250 million original videos a month on its sites.

#### MARK MCFARLANE, GENERAL MANAGER, APAC

In a 15 year career, Mark has focused on commercial, sales and partnership roles in the broadcast and media sector. Working at Eurosport across Europe and Asia, he moved to lead Fox's commercial partnerships charge across the region before joining Minute Media as GM.

#### INVESTMENT STRUCTURE AND TEAM SIZE

Series F closed. Now the company is backed by leading venture capital firms and strategic investors including Battery Ventures, Dawn Capital, Gemini Israel Ventures, North Base Media, ProSieben, Qumra Capital, Goldman Sachs, La Maison, Vintage Investment Partners, Remagine Ventures and Kreos Capital.

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### Mark Britt, iflix

#### ABOUT THE COMPANY

iflix was founded by Catcha Group and Evolution Media to become the world's leading entertainment service for emerging markets. It was created for the rapidly growing middle-class population and their increasing demand for great

content, wherever, whenever. iflix launched its service in Malaysia and the Philippines in 2015 and subsequently in the Middle East and Africa with a current global footprint of 28 territories worldwide.

#### MARK BRITT, CO-FOUNDER AND CEO

Mark is an experienced leader of technology, content and marketing led businesses. Prior to joining iflix, he was CEO of Nine Entertainment Co's digital arm Mi9 and oversaw its SVOD investments and start-up ventures portfolio.

#### INVESTMENT STRUCTURE AND TEAM SIZE

Series C funding closed in 2017 which saw Hearst join Liberty Global, Sky, Catcha Group and Evolution Media as lead investors.

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### Geoff Meyer, Ironman®

#### ABOUT THE COMPANY

Born in 1978, the iconic IRONMAN® Series of events is the largest participation sports platform in the world. Recognised for excellence through distinguished events, world-class athletes and quality products, IRONMAN has grown to become a global sensation, with more than 190 events across 5 unique brands.

#### GEOFF MEYER, MANAGING DIRECTOR ASIA

After USM, owners and organisers of the world-renowned Noosa triathlon, was acquired by Ironman in 2012, Geoff became APAC CEO. Then with the growth of the company and focus on Asia, the region was split and he moved to Singapore to focus on Asia as Managing Director of Asia.

#### INVESTMENT STRUCTURE AND TEAM SIZE

Ironman is owned by the World Triathlon Corporation, which was acquired by Wanda Group from Providence Equity for \$650m in 2016.

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# 5 Participants

## **Andrew Stott, Stott Advisory**

### **ABOUT THE COMPANY**

Stott Advisory was founded and is run by Andrew Stott who is a TMT, HealthTech and Fin-Tech advisory and investment firm investor and advisor. Andrew was a corporate lawyer and the regional managing partner in Asia for two global law firms before establishing Stott Advisory.

He is a board advisor, investor and director of numerous development capital stage companies which have raised HNWI and/or private equity capital in the media and technology sectors and advises the U.S., U.K., European and Asian MNCs, private equity and venture capital investors on their Asia expansion strategies, including merger and acquisitions, investment deals and strategic joint ventures.

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## 6 About SRi

SRi is a boutique global executive search and consulting firm focused on media, content, technology and sport.

We work as one partner-led team with staff based in key global markets across eleven offices on four continents. We offer dedicated and specific sector, function and region expertise. Our services include executive search, board assessment, succession planning, salary benchmarking, advising clients on their internal and external hiring strategy, new market entry and multi-vacancy projects.



### Helen Soulsby

Managing Partner for the APAC region at SRi, Helen Soulsby leads a multilingual and multinational team of 14 from the Singapore office. She has been championing SRi's growth in Asia for the past seven years, stretching SRi's network to include South East Asia, China and Hong Kong, South Korea and Japan.

A discerning advisor with deep market knowledge, Helen leads senior-level searches across the ever-converging media, sport, entertainment and technology sectors for agencies, content owners, media companies and brands

**[hsoulsby@sriexecutive.com](mailto:hsoulsby@sriexecutive.com)**