

By Jennifer Forrest

As many a GP has had to find out in the past decade, managing a leadership succession can make or break a firm - and a perfect recipe to navigate that inevitable milestone has yet to be crafted. Instead, each house has to find the roadmap and execution strategy that works for its own unique make-up and stakeholders.

Earth Capital - an early mover in the now crucial impact space - opted for three zeros when it came to negotiating its own transition: zero secrets, zero impulse decisions and zero ignorance. For its co-founder Gordon Power, which had been leading the firm for the past 14 years, a change in management had always been on the cards and communicated within the team.

Now, the baton is being passed to newly appointed CEO Avent Bezuidenhout and COO and head of investor relations Elise Hockley. Meanwhile, Power moves from chief investment officer to chair. As part of the succession plan, Bradley Jones has been appointed as senior investment manager to lead the firm's deal origination and value creation. Kay Nelson is now financial controller, becoming a key figure within the operations team.

Although the whole team would joke with Power that he'd be in the role forever, it turns out he had been working towards a succession from a long way back, Bezuidenhout and Hockley say. "We began planning for the succession quite ahead of time, to make sure we could develop those relationships, and people knew it was coming," Bezuidenhout says. "Spending time on these types of changes is paramount for their success."

Bezuidenhout joined Earth Capital two years ago as an investment director, and was promoted to head of investment last January. The pandemic inspired the transition, as the opportunity to "stop, think and learn" helped everyone reach the same conclusion - that it was the right time for some fresh faces. "The opportunity to pause and reflect is exactly what we did with our portfolio companies, and I'm sure most GPs did, so we used that as an opportunity to do the exact same internally," Hockley says. "When we're moving forwards and building LP relationships, it's a constant process to reassess what we're doing well and look at where things should change."

TRANSPARENCY AND ACCOUNTABILITY

Hockley has been involved with Earth Capital for over four years, and has most recently served as its head of communications. Her career spanning operations, investor relations and communications lends itself well to her new position.

She sees transparency and accountability at the heart of her duties: "In this market, through all of

the turbulence and macroeconomic uncertainty, I'm so conscious that everyone is asking a lot of questions and has a lot of concerns. It's really important to me that we make the time to give investors the attention they deserve and answer their questions in detail.

"We provide educational roundtables and inform them on the areas they tell us they want to learn more about. But also, we're making sure that what we're telling them is underpinned by verified data. It's so important that

our investors have confidence in us, especially when people are rightfully confused and perhaps even scared."

Hockley says that Earth Capital is focused on delivering a boutique-style, diverse approach to LP relations, as needs can vary noticeably: some LPs are happy with quarterly updates and their newsletter content, she says, whereas others want to attend webinars and meet-the-manager events.

Trust and a strong working relationship are key attributes LPs want to see in any GP they back,

and a transition to a new leadership certainly reinforces that need. On that point, Hockley says that her and Bezuidenhout's skills complement each other well: "Avent had an amazing track record in PE and VC, focusing on value creation within the portfolio. My background with operations, marketing and investor relations has ensured stakeholders feel comfortable with this transition. We've known each other for over a decade, so we've got a good working relationship and trust is very much there."



EARTH CAPITAL: ENERGETIC TRANSITION

In an exclusive interview, Earth Capital's newly appointed CEO Avent Bezuidenhout and Elise Hockley, COO and head of investor relations, discuss the firm's recent succession, its own sustainability journey and its future plans.



EARTH'S CORE

Beyond personal dynamics, a traditional pitfall to navigate as part of a succession is whether or not the DNA of the firm will carry over. In the case of Earth Capital, as the name implies, the firm can point to an edge in a market where every GP is looking to burnish its green credentials: a demonstrable, long-term focus on investing sustainably.

"We've got this legacy of the Earth Capital name to look after and take forward," Bezuidenhout says. "It's already been here for 14 years and it's always been sustainability-focused. Belief and passion for the subject are ingrained throughout the company."

That being said, Bezuidenhout is the first to admit her career hasn't always been focused on sustainability: "I came from an investing background, but when I joined Earth Capital, I was new to sustainability. It's something I cared about personally, but I hadn't had the opportunity to professionally explore what peaked my interest... It's been a steep learning curve."

The timing of her joining has played in her favour, she notes. Post-pandemic life meant she could take courses and join webinars to educate herself, and finally, attend conferences - all of

which filled her time with working out what her sustainable passions were: "It was interesting to start my time at Earth Capital mid-pandemic for a number of reasons, but the thing that caught me was everyone's excitement to start attending conferences again. I was walking into those rooms with a completely new perspective. Coming new to a sector was really brilliant, as I could grow my network, in a way we didn't make the time to pre-pandemic."

The sustainable niche for Earth Capital is cleantech businesses, with proven technologies and existing revenues in excess of £1m, that either mitigate the effects of climate change across the energy, food and water sectors, or accelerate the transition to net zero.

This summer, Earth Capital launched Sustainable Energy Holdings, a UK-based bioenergy generation company. The deal merged four of its portfolio companies: Eccleshall Biomass, Limelight Energy, Black Dog Biogas and Bright Light Energy, all of which are low-carbon bioenergy-generation assets.

The ESG-centric approach doesn't stop at the portfolio, either, with diversity and inclusion being a core focus for Earth Capital's own



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Avent Bezuidenhout

development, Bezuidenhout and Hockley say. A smaller team means more scope to think broadly about recruitment and the role D&I can play in gaining more diverse contributions, but also in enacting change quicker. "Because we're a small team, we have the privilege of being able to pick people really carefully, and take time with our recruitment," explains Bezuidenhout.

REPUTATION, RESOURCES, AND RICHARD

Bezuidenhout and Hockley highlight that Earth Capital's toolkit relies on three key elements, with the first one being the firm's reputation. Bezuidenhout says that as "guardians of the Earth Capital brand", winning deals and maintaining that brand is paramount in that regard. "We work really hard to build up our public reputation, and that in turn means that people can really understand what we're about and what we're bringing to them. I always make sure to introduce prospective companies to our existing portfolio companies, so they can have open conversations without us involved, work out on their own how we contribute, where we may or may not be helpful, and get a real understanding about how we work, all from the people that we work with."

The second pillar is resources that the firm can deploy to support its investees. The Earth Dividend is a portfolio management and sustainable management tool that has gained momentum in just the last few years and is now reaching global audiences, as the team explains they are in discussions with PE and VC funds in the US and the Middle East. Both Bezuidenhout and Hockley are excited to see what the future may hold for the framework, as they begin exploring long-term options to licence and digitise the tool even further.

The last key component singled out by Bezuidenhout and Hockley to explain what makes Earth Capital work is Richard Burrett. The firm's chief sustainability officer is a figurehead who management deem crucial to its success. "Our portfolio companies really value the expertise that comes from Richard, as he spends a lot of one-on-one time with each and every one of them," Hockley explains.

ON THE HORIZON

While the immediate term will be focused on maintaining LP relationships, value creation within the existing portfolio and continuing to ensure that the power transition is as seamless as possible, Bezuidenhout and Hockley are both looking forward to pursuing new developments as well.

One key theme of the new strategy is a greater focus on co-investments. Earth Capital was never one to shy away from the benefits of co-investing, yet given the new management's current priorities of establishing and maintaining LP relationships, they will be pursuing co-investment opportunities even further.

Working on a deal-by-deal basis, Earth Capital plans to commit at least £1m of its own capital, plus £5m per transaction. Says Hockley: "We see it as long-term relationship building, pre-fund. We want to build relationships with investors who are also interested in these areas and making a positive impact and adding value."

One of the cons of co-investing is the inevitable dilution of decision making among the various investors involved. To overcome this, Bezuidenhout describes the framework Earth Capital establishes pre-deal, to make sure everyone understands the value creation plan, and how best to work with management teams: "We sign the framework agreement with the co-investors, as an overarching philosophy of how the deals will be run, the payment structures and the division of roles in that relationship. The next important thing is looking after the investors post-deal, which means keeping them updated on how it's going and how we're adding value."

Beyond this, the team will be turning its attention to fundraising, working towards its first fund under the new management team. The new vehicle will target £100m, and plans to support its new co-investment strategy. "We're incredibly conscious of the risks for investors committing to a fund right now, so we'll be spending a lot of time working with LPs to overcome those concerns, and keeping them updated on how we work on our deals," Bezuidenhout says. "It's important we get everything right now, in order to raise that capital when the right time comes." ●