

Staying connected on compliance issues

Communicating with other executives in operations and compliance helps to stay on top of best practices in the private equity industry, New Heritage Capital chief operating officer and chief compliance officer Nickie Norris tells *Dominic Diogson*

Q In your role as a COO and CCO what have you learned during your time at New Heritage Capital?

Nickie Norris: One of the biggest challenges for a small firm like ours is how to learn and adopt the industry's best practices that many of the bigger firms are doing, but with a much more limited budget. I've made it a point to create networks with other COOs, CFOs, and CCOs that allow us to really share best practices. As an example, my most valuable network on compliance, regulatory issues, operations and finance has been a group called PERT, which is the Private Equity Regulatory Task Force – part of the Association for Corporate Growth.

On compliance, we've built a very strong program. My entire partnership takes compliance seriously. We haven't had any specific challenges, but we always focus on the issues that we know the regulators are focused on, too. Our goal is to have increased transparency with LPs in all the areas they want and need — including good processes and good disclosures around fees and expenses, valuations, and potential conflicts of interest.

As our firm continues to grow, I think the key is implementing best practices in all areas, including compliance.

Q Are there any compliance issues to watch out for?

NN: We try to focus on our efforts on the areas of greater potential risk. We



Norris: a key way to share best practices among COOs, CFOs and CCOs

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make sure fees and expenses are transparent and allocated correctly, make sure we follow and document our co-investment policy, make sure our valuations are done consistently quarter to quarter and that they're transparent and shared appropriately with LPs. We are careful to always follow our code of ethics, including political contributions. We're focused on making sure that our data is secure, that we have good IT solutions in place and good employee training around cybersecurity.

Q Do you outsource part of your work?

NN: We don't outsource finance or compliance, but we do use an outsourced IT provider. We also utilize great third-party resources for audit, tax and legal.

Q How does your firm incentivize its employees?

NN: Obviously, we want to be competitive on compensation and carry. But I think a key differentiator in our firm is both the collaborative, team-oriented culture and the access to senior leadership. For example, our junior team members are present in all of our internal partner meetings. They're present at all of our portfolio company board meetings. They are a part of the key strategy discussions with management around how to grow a business and how to add value at the board level. Private equity is an apprenticeship business. Our junior people learn most by being part of a collaborative and respectful culture that has access to our partners and our C-level portfolio company executives. ■

Nickie Norris is an advisory board member of the CFOs & COOs Forum 2019.