



Private Equity Invests in Franchise Company

Your company's investment in Cherie Hearts ...What are the factors/ considerations that attracted you to this franchise company?

[Cherie Hearts is in a space that Tembusu like and are familiar with having a partner who is the founder of Raffles Education, Singapore 's largest listed private education company. Also importantly, CH meets most of our investment criteria - it has a scalable business model, strong customer franchise and strong management team who has stuck together since the company's inception.]

Will you invest in some more franchise companies?

[Of course we will. As a fund manager, we are always on the look out for good scalable companies irrespective whether they already develop a franchise system or not. Obviously, the fact that it is a company with a developed franchise is a clear testimony to its scalability as a business, which is exactly what we are looking for from the perspective of a growth fund.]

How big a proportion of your overall investments will be in franchise companies?

[We have no fixed quantum on how much will the proportion be. Given what we have today, CH is the only company that has its own franchise system in the true sense of the word although many of our existing portfolio companies have strong customer franchise in terms of loyalty, stickiness and brand. We are certainly looking for more of such companies.]

Do you expect franchising to contribute more to your turnover in the next few years?

[Tembusu Partners is a private equity manager and derives its revenue primarily from management fees. We have not adopted franchising as way to grow our business. But to the extend that we have managed to form a JV investment management with Nanjing High-tech Venture Capital Management in less than three years of our operation is in a way indicative of our potential to replicate our business model in terms of our best practices, systems and procedures.]

What is your vision for the company going forward?

[I see Tembusu Partners evolving itself from a pure private equity firm to be a leading, multi-fund management company with its roots in Singapore and its canopy spreading across the region and beyond. We did not name our firm after a tree, Tembusu, if not for its longevity, hardy nature and its Singapore roots.]

What do you see happening, as far as private equity firms' interests are concerned, in the next six months to a year?

[We see green shoots sprouting and taking roots in many sectors. As far as our portfolio is concerned, we anticipate a couple of IPOs in the pipeline (one in Malaysia and the other in HK), a trade sale and overall strengthening in their balance sheets and improvements in operating performance. We are cautiously optimistic and believe that our investments will emerge stronger and leaner from the worst slump we have seen in recent decades.]

What has been the biggest challenge for you in managing Tembusu?

[Committed and loyal people! Competing for talents is the name of the game. It is happening at two levels - attracting and retaining professionals in the private equity trade and finding good entrepreneurs on whom we can back. As a firm founded by entrepreneurs, we have evolved an entrepreneurial culture which is not always in synch with the more bureaucratic nature of a professional private equity firms. But it is a perfect fit with the sort of companies we are investing in. The owner-managers who populate the types of companies of interests to us like our speed of response, our pragmatic and hands-off approach and most importantly our "can do" spirit of enterprise!]

Social Enterprise: Do you have plans, privately or via another vehicle, to encourage or support certain 'social enterprises'? Why or why not? Any comments concerning the Global Entrepolis held in 12 November 2009?

[As Tembusu Partners is still in its third year of operations, we will need to focus on developing a sustainable business model for the next 2-3 years before considering any support for a social enterprise.]