

AIMA CANADA FOUNDER INTERVIEWS

AIMA

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Founding Partner & CEO

FirePower Capital



- **Year launched firm:** 2009
- **Number of employees at launch:** 1
- **Number of employees today:** 66
- **Number of funds at launch:** 1
- **Number of funds today:** 3
- **Strategies managed:** 2
- **Investor channels covered today:** UHNW, Single/Multi-Family Office, Institutional
- **Firm prior to launching current business:** VC Investor

1 Why did you decide to launch your business?

We believe that lower mid-market entrepreneurs deserve the same level of service as enterprise businesses, especially when it comes to growth capital and advisory. Our business has been, and will remain, exclusively focused on the Canadian mid-market by providing private debt, private equity, and M&A advisory services to this subset of operators.

2 What does it take to succeed in Canada as an alternative manager?

Discipline and consistency. Discipline in your investment philosophy, due diligence, underwriting processes, and execution is crucial to ensure every investment is treated with the same level of scrutiny. Consistent execution of your investment strategy means you can confidently construct a portfolio that is well-equipped to endure market fluctuations and earn credibility and trust with your investors.

3 Tell us about your growth story. Any particular early-day struggles or success stories that stand out in your mind?

Our Private Credit business was formed in 2016 with its first loan going to a growing software business. This loan required a workout and provided us with an excellent learning experience of a hands-on turnaround, and it turned out to be one of our highest-performing investments (based on IRR) to date. This instilled a sense of tenacity and a 'never accept loss' mentality in our entire team, which continues to this day.

4 What are you most proud of looking back at your entrepreneurial journey?

Growing FirePower from being just me, a desk, a chair, and a phone, to now employing almost 70 finance professionals across a variety of specialties is a great achievement. Looking around the room and seeing the caliber of people I work with is a humbling thing.

5 What has been the hardest part of your entrepreneurial journey?

Building a brand in a sector that requires a track record means competing with household names that already have a vast infrastructure and investor trust we did not have in the early days. This meant winning clients one entrepreneur at a time. This instilled a level of grit and determination in many of our early employees that cannot be taught.

6 What wisdom do you have now that you wish you knew at launch?

Patience is a necessity, and truly difficult for entrepreneurs. This is especially crucial when building something that needs to be meticulously constructed over time. You cannot buy investor confidence or client trust; this must be earned over years of building the proper foundation. Only then will you truly have a quality brand.

7 What sort of talent are you looking for in your team?

We look for a diversity of skill sets, loyalty, work ethic, grit, and out-of-the-box thinking. These attributes ensure a range of specialties are at the table helping one another through problems. Equally important, we want all our employees to 'act like owners' in every part of their jobs. We find those with this mentality have the drive and sense of responsibility to ensure all tasks are completed to the best of their ability and nothing slips through the cracks.

8 How do you think about diversity, equity and inclusion at your firm?

Avoiding 'group think' is a necessity; over 50% of employees at FirePower were not born in Canada. To get the best from people, they need to feel safe. Feeling safe means people are willing to express who they are authentically, without the fear of judgement. Not only because it's the right thing in life, but because it's the right business decision too.

9 How do you think about innovation at your firm?

Coming from a tech VC background, we believed it was imperative to embrace technology in every facet of our business. From our vantage point, if you don't embrace technology, you will fail. It isn't a choice anymore. Everything from portfolio management to deal origination has technology baked into our processes. We equip our team to ensure they have the right tools in the toolbox to exceed expectations.

10 What are your 3-5 year goals for your business as you look ahead?

We believe we have found our niche as a lower mid-market specialist, providing growth capital to established entrepreneurs. We'd like to continue to carve out this corner of the market as an eco-system for entrepreneurs. Our tertiary services under FirePower Capital include Private Credit, Private Equity, Investment Banking and Data Science, enabling us to work with companies of all sizes.

11 Why is it important that Canada supports alternative managers?

If Canada hopes to create global brands, we need to provide entrepreneurs with the proper building blocks. When looking at the US and capital options available to businesses, the options are far more diverse, even if adjusting for size. If we want to compete on the global stage, supporting alternative managers like non-dilutive growth managers is imperative as they provide a viable alternative growth option to traditional equity capital.

12 What makes Canada a great place to invest and start a business?

Canadian operators are creative, yet conservative in their approach. As Canadians build businesses slower, they tend to have better foundations and aren't just flashes in the pan. As an alternative lender, Canadians are great people to invest in for these reasons. They are far less likely to take large risks. Having access to the largest market in the world south of the border as a trusted trading partner is also a great advantage when considering geographic growth.

13 What headwinds do you see in Canada to grow the alternative investment management industry?

Canadian investors are inherently risk averse, hence it's challenging to accumulate a pool of capital large enough to support a robust, top-notch team when starting out. It really is a chicken and egg scenario; you need adequate capital to build the foundation, and without significant capital backing you, it's incredibly challenging to be able to afford that foundation. We've managed by having multiple lines of business supporting the growth of the lending business.

14 What advice do you have for others considering launching a fund business in Canada?

Any entrepreneur considering building a fund from scratch will need to have access to enough resources to fund the business for a prolonged period as you accumulate assets. Many funds are not self-sufficient for some time.

15 How can Canada better support alternative managers?

By providing tax credits to alternative managers if they meet certain investment criteria and if they can prove that their investment will assist a Canadian business' growth. Investment matching programs whereby the Government will invest on a pari-passu basis into Canadian start-ups if the lender and borrower meet certain criteria.

16 How has being an AIMA member benefited your firm's growth journey?

AIMA has provided a platform for Alternative Investment managers (FirePower included) and allocators alike to share ideas, network, and build referral networks, unlike any other group.