Castelnau GROUP

Quarterly Report
Castelnau Group Limited

30 June 2024

Introduction

CEO Comments

At the start of the year, one of our key strategic goals was to ensure we had the right leadership teams in place within our portfolio companies. Last quarter, we highlighted that Zillah Byng-Thorne was expected to join Dignity as CEO - Zillah started on 1 June and is already having a significant impact. At Strand Collectibles (the Stanley Gibbons business) we have welcomed Ian Griffiths to the board as an independent non-executive director – Ian has had an extremely successful executive career, including being CFO of ITV and Deputy CEO/CFO at Kantar, and he is currently an INED at BBC Commercial Holdings Limited. At The Cambium Group we have welcomed Richard Thompson to the board as an independent non-executive director – Richard has also had a highly successful executive career, including being CEO of RWS Group and CFO at Actix, and he is currently an INED at Languagewire.

During the quarter, there were two Castelnau Group-level structural changes we wanted to address. Firstly, as publicly announced, the way that the performance fee is calculated was amended to further align interests with shareholders, with the main amendment being the change in the performance fee to reference the closing net assets of Castelnau Group rather than average net assets. As a reminder, the investment manager (Phoenix) charges no management fee and remains solely incentivised by a performance fee payable on one-third outperformance of the FTSE All-Share Total Return Index over a three-year period. The second change was the implementation of a blocklisting, which now allows Castelnau to issue shares to buyers in the market if there are no natural sellers. This issuance would only be undertaken at or above the prevailing NAV. The blocklisting has been introduced with a view to improving liquidity in Castelnau shares, with our first issuance being undertaken in late May; we hope that investors make use of the facility should they wish to do so.

We have also talked about our focus on knowledge-sharing across the Group. We have made some real progress in this at the CEO quarterly meetings, which are now embedded as a regular key event, facilitating organic discussion and relationships between the CEOs. The Technology forum is also starting to deliver a sharing of tangible efficiencies, including, as an example, how to best replicate the skills of development team product owners to enhance engagement in infrastructure projects. We are excited about where these events may lead, and that they are becoming a value-adding differentiator for companies that are members of Castelnau Group.

While philosophically, as well as practically, we are not fixated on short term share price / NAV movements, nonetheless we were pleased to see some of the initial work in relation to capital structure at Dignity moving the NAV of Castelnau up to 99p. We are highly confident of the future upside still to come, but it has always been important to us that during 2024 investors started to see delivery. Whilst Dignity drove a significant uptick, it is important that we also acknowledge there were a number of write downs in the portfolio that I will address in more detail later. Hopefully our focus on transparency and treating the communication of good and bad news with equal weight, is something that we have evidenced. The timing of these various moves was coincidental and aligned with our mid-year financial reporting, rather than being influenced by any other factors.

The focus for H2 2024 is to continue to drive further improvements at our portfolio companies, with a view to having a more stable portfolio for 2025. We would not expect to see the level of organisational change we have seen during H1 2024 repeat itself and hope that H2 is a period where the benefits of decisions made in H1 will start to become evident.

Richard Brown, CEO

CIO Comments: Castelnau & The Infinite Game

Professor James Carse wrote a thought-provoking book in 1986 in which he set out that there are two types of games, finite and infinite. (*Finite and Infinite Games: A Vision of Life as Play and Possibility*).

Finite games have defined players, agreed-upon rules, a clear objective and are time-bound. We are familiar with these - examples are chess, football and even presidential elections. Infinite games by contrast have continuing play, flexible and changing rules, are open to new players joining and leaving, no fixed end and purpose beyond competition.

Business clearly fits the definition of an infinite game, as does politics. There is no set beginning and end, there is no ultimate winner and there are no agreed ways of defining success. However, most players in this infinite game adopt finite thinking which results in suboptimal long term returns. Examples are focusing on near term results without reference to their impact on long term value creation and rewarding current performance without regard to the long term consequences. This is understandable and reflects human nature, to be able to keep a near term score, to know whether we are winning or losing. It also reflects the reality of the general investing environment which acts over shorter time horizons and puts the most weight on the current and near future.

Simon Sinek, inspired by the James Carse treatise, went on a journey of discovery and saw how much this influences the world of business and wrote a good book about it called *The Infinite Game* in 2019. It is full of examples and anecdotes that illustrate the point.

At Castelnau, we aim to operate with an infinite mindset. This doesn't mean we don't focus on what is happening in the short term, but we judge it on whether it is progressing our long term objectives. We think this will give us a long term edge and ultimately end up delivering higher returns, and it should also make Castelnau an attractive place in which to grow a business for those who think in this way. Part of our role is to instil and support this infinite mindset and to provide the environment in which long term success and value creation is the goal.

The elements that we think create great businesses take time to get in place; the right leadership who build the right culture, the right strategy formulated and executed and the right business model delivering high returns on capital. In Jim Collins' *Good to Great* he calculated that it took on average 7 years to achieve the full transformation. Once you get there the ongoing performance does tell the story but in the interim, we need to show to what extent the elements are in place and what progress is being made towards successful transformation.

All of our businesses have strategic opportunities to grow and have some intrinsic factors that give them an advantage in their competitive space. They all have potential business models that have the innate ability to give high returns on capital and they are all businesses that lend themselves to the long term advantages of a certain type of culture that we think gives long term advantage. The key elements from a shareholder value perspective are customer centricity, an environment that fosters trial and error and is a safe place to fail, continuous improvement and frugality.

At the same time, at Castelnau we are learning how to do this. As we turn theory into practice we learn. Even when we don't get it right, we gain some improved understanding and capability. Castelnau as a business improver is also being built with an infinite mindset. As part of that we are developing ways of measuring our progress both for our internal use and to share with our investors who we are asking to look through near term noise and see underlying long term value. We can't do that without providing you with the means to do so.

Gary Channon, CIO

Castelnau Group Limited ("CGL") is a Guernsey closed-ended company listed on the Specialist Fund Segment of the London Stock Exchange. Formed by Phoenix Asset Management Partners Limited in 2020, its listed structure provides the manager with a permanent capital vehicle with which to make long-term investments and acquisitions in public and private businesses of all structures and sizes. It's investment philosophy involves acquiring large stakes in, and capital to, businesses that have, or can create, strong competitive advantages. Castelnau Group's portfolio comprises investments in Valderrama (Dignity), Hornby Plc, Strand Collectibles Group, Showpiece Technologies Limited, Silverwood Brands plc and The Cambium Group, as well as in two `enabling' businesses, Rawnet Limited and Ocula Technologies Limited.

2024 Q2 Financials

Table 1: Summary Overview

	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2
Net Assets £m	£142m	£224m	£216m	£231m	£249m	£317m
Net Assets /share	£0.77	£0.70	£0.68	£0.73	£0.78	£0.99
Share Price	£0.75	£0.76	£0.72	£0.76	£0.76	£0.77*
No. of shares	184m	319m	319m	319m	319m	319m
Market Cap	£138m	£241m	£228m	£241m	£242m	£245m
Prem / Disc to NAV	-3%	8%	6%	4%	-3%	-23%*
Assets						
Equities	£132m	£258m	£254m	£273m	£297m	£368m
Loans to Subs	£14m	£12m	£12m	£16m	£17m	£19m
Cash & Equiv.	£2m	£9m	£1m	£0m	£0m	£0m
Share Price						
Hornby	£0.25	£0.18	£0.17	£0.16	£0.38	£0.20
Silverwood	£0.85	£0.75	£0.30	SUS	SUS	£0.20**
Ownership						
Valderrama	0%	66%	65%	65%	65%	65%
Dignity	21%	0%	0%	0%	0%	0%
Hornby	54%	54%	54%	54%	54%	54%
Phoenix SG	65%	64%	64%	64%	64%	64%
Cambium	60%	60%	60%	60%	60%	60%
Rawnet	100%	100%	100%	100%	100%	100%
Silverwood	1%	2%	1.8%	1.8%	4.7%	29.9%
Ocula	49%	50%	50%	50%	49%	49%

Source: Phoenix Asset Management Partners Ltd.
Past performance is not a reliable indicator of future performance.
* The market had not had the opportunity to react to the uplifted June NAV (June NAV announced on 4 July) at end of Q2 period
**Castelnau values Silverwood Brands using DCF methodology rather than at share price due to insufficient trading volume for accurate value

Table 2 below shows a breakdown of the Castelnau Group NAV by Asset.

Table 2: NAV Breakdown

Asset	2024 Q1 £m	2024 Q2 £m	Q2 % of NAV	Q2 % of GAV
Valderrama (Dignity)	222.1	323.6	101.9%	83.5%
Hornby	35.1	18.5	5.8%	4.8%
Cambium	12.2	8.0	2.5%	2.1%
Silverwood	6.9	7.0	2.2%	1.8%
Ocula	4.9	5.4	1.7%	1.4%
Phoenix SG	10.4	3.4	1.1%	0.9%
Rawnet	5.1	2.4	0.8%	0.6%
Total Equities	296.8	368.2	116.0%	95.1%
Loans to portfolio companies	16.6	19.1	6.0%	4.9%
Prepaid Fees	0.0	0.2	0.1%	0.0%
CGSL	0.1	-0.1	0.0%	0.0%
Cash	0.0	0.0	0.0%	0.0%
Short Term Bonds	0.0	0.0	0.0%	0.0%
GAV	313.5	387.4		
Accrued Liabilities	-65.0	-69.9	-22.0%	N/A
NAV	248.5	317.5		

Source: Phoenix Asset Management Partners Ltd.
Past performance is not a reliable indicator of future performance.

Table 3: Castelnau Q2 2024 Company 'Look-Through'

The below allows investors to look at Castelnau Group from an alternative perspective – focused more on normalised metrics rather than NAV. The table also provides a consolidated view of Castelnau Group and its portfolio companies. The data includes ownership percentage per company, number of employees, annual sales figures, pre-tax profit, and other financial metrics.

Q2 2024	**Pro-Rata Castelnau "Look-Through"** ↓	**Listed stakes**		**Unlisted stakes**				
		Hornby	Silverwood	Valderrama (Dignity)	Phoenix SG Ltd (Stanley Gibbons)	Cambium Intl Ltd. (Cambium)	Rawnet	Ocula
Castelnau (CGL) Ownership stake		54%	29.9%	65.4%	64%	60%	100%	49%
Employees (approx.)	2,200	227	76	2880	66	118	45	24
Last 12 month running Sales	**£331.1m**	£56.2m*	£11.2m**	£422.2m***	£8.7m	£18.5m	£3.9m	£1.0m
per CGL share	£1.04							
Last 12 month running Profit	**£81.5m**	**-£8.7m***	**-£6.6m****	**£143m*****	**n/a**	**-£6.0m**	**-£1.1m**	**-£1.3m**
per CGL share	£0.255							
# CGL shares	319m							
CGL Share price (30th June 2024)	**£0.77**							
CGL Market Capitalisation	£246m							
CGL NAV 30/06/2024	£317.5m	£18.5m	£6.9m	£323.6m	£3.4m	£8.0m	£2.4m	£5.4m
CGL NAV per share	**£0.99**							
Discount	-22.6%****							

*Last 12 months to March 2024.
**Last 12 months to Dec 2023.
*** Adjusted profit before tax excludes consolidated accounting adjustments relating to the funeral plan trusts, exceptional items and other non-recurring costs. The number includes benefit of surplus received from the funeral plan trusts during the period.
**** The market had not had the opportunity to react to the uplifted June NAV uplift (June NAV announced on 4 July) at end of Q2 period.
Source: Phoenix Asset Management Partners Ltd.
Past performance is not a reliable indicator of future performance.

Update on the Group Companies

Dignity / Valderrama

We previously flagged the impending arrival of Zillah Byng-Thorne as CEO. Zillah joined the business on 1 June, and we have been impressed with her impact, not because she already has all the answers but because of how she goes about getting them and how she gets things done. In addition, we have also welcomed a new CTO, and a new MD of Funeral Plans.

During the quarter £100m of trust surplus was withdrawn from the funeral plan trusts. This money (net of tax) alongside receipts from freehold disposals was used to tender £80m to Dignity noteholders. Based on responses to the tender, Dignity was able to buy back £67m at a 3% discount which saved Dignity £1.6m after fees and taxes - this repayment is in addition to the £15.6m that was announced in May. We still have the agreement with the bondholders to facilitate the early repayment of the bonds at a discount of c.£50m until the end of the year and are looking at all options which enable us to utilise that option.

The debt repayment significantly reduced the covenant hurdles to a level within which the business should be able to operate comfortably, and lowered the annual debt service by c.£9m. Furthermore, the assumptions driving the trust valuation have been aligned to the latest actuarial valuation and it is primarily the combination of these factors that caused the positive uplift to Dignity's valuation in June. It is important to note that the valuation was not increased for any operational upside, and all the hard work being undertaken to improve the business will underpin future value growth. We noted last quarter that the death rate was lower than expected for the first quarter, this has now started to normalise with deaths YTD now down mid-single digits.

Since the start of 2023, 67 funeral branches have been closed, with a further 60 to be closed by the end of August. This is a lower level than originally anticipated and reflects management's view that funeral branches that are break-even or even marginally loss-making are better to be kept open with attention being given to driving performance improvement – we are still seeing the financial benefit from closing the more materially loss-making branches. Dignity has been efficiently selling excess freehold sites and our expectations in terms of what will be received this year have increased. This has been a significant exercise which, if achieved, would see Dignity having disposed of more than 150 properties – a mix of both residential and trading premises.

London as a region is currently a key focus area with a programme of work that has been implemented to improve branch standards, marketing, and diary management. In parallel, there has been a refresh of the leadership structure. Another key area of operational activity over the coming months is to drive other revenue opportunities at Crematoria sites, through improvements in memorialization in particular.

A huge amount of work remains to be undertaken at Dignity, and making changes of this scale takes time and planning alongside the ability to continually learn and amend course where that is the rational thing to do. We are excited about the direction the business is taking and hope to provide a more fulsome update next quarter on operational progress.

Hornby

Hornby's share price benefited from a significant uplift following the investment from Frasers but then fell during Q2. During the course of July, Hornby's share price jumped strongly again following the announcement of the acquisition of shares by its CEO, Olly Raeburn. We look through these short-term market moves when they are driven by news outside of the company's control, albeit we did want to highlight them given the impact on Hornby's share price and thus our NAV.

Hornby's annual report was published in mid-July, and it is clear that inventory and debt levels are still too high, a key area of attention for the management team. The full report can be found here. Coupled with this is a need for the business to plan for a return to profitability, and further embed the leadership structure that has 'Brand-MDs' for each of the businesses - all living and breathing their respective brand, thinking about their customers, and managing profitability.

The new head of Customer Insights has had a positive impact since joining, including working with the Brand MD/leaders to create entry level products for the future and undertaking a comprehensive research project that will lead to a foundation white paper of the Hobby sector being published later in the year. A detailed exercise has been initiated focused on improving efficiencies and thus profitability at brand level - Hornby is also exploring various opportunities to reduce costs across the business. There have been some retail successes in the last quarter, such as Humbrol being brought back into Hobbycraft (over 120 stores in the UK) after a 5-year absence, and with products such as the launch of the original Batmobile for Corgi after a 30 year absence, which generated 4,000 pre-orders in the first week. There is a huge amount to do at Hornby, but we see the size of the potential upside at Hornby as equally large.

The Cambium Group

We are pleased that Richard Thompson has joined the Cambium board as an independent non-executive director – Richard has had a highly successful executive career, including being CEO of RWS Holdings Plc and CFO at Actix. He is currently an independent non-executive director at Languagewire.

We have previously flagged the forensic work being undertaken at Cambium on their 'path to profitability' and improving the unit economics of the business. During Q2 a significant cost-cutting exercise was implemented, which saw a material headcount reduction in the business, as well as Cambium relocating its office from Barnes to Hammersmith. As well as cost reduction, there has been a drive to create business efficiency and innovation – the application of cutting-edge AI technology to create a customer-care chatbot is a good example of an innovative productivity solution that will give customers an enhanced experience, whilst also delivering efficiencies. The path to profitability work implemented in Q2 is expected to generate annualised cost savings of c. £1.3m and will mean that the core Cambium business should be profitable for 2025. The launch of the reinvigorated Rock My Wedding website is now expected to take place in the first week of August and we look forward to seeing the impact on this important customer acquisition funnel. Work continues to improve conversion at Little List, and H2 will see further intensive activity on this nascent business.

The valuation of Cambium has been reduced in June to reflect the wedding market we have seen this year, with sales YTD down c. 10%. Registrations for 2025 remain encouraging up 9%.

Strand Collectibles Group (formerly Stanley Gibbons)

We are pleased that Ian Griffiths has agreed to join the board of Strand Collectibles as an independent non-executive director – Ian has had an extremely successful executive career including being CFO of ITV Plc and Deputy CEO/CFO at Kantar. He is replacing Harry Wilson. We are very grateful for Harry's long service, and he will always be welcome at 399 The Strand.

Given the administration at the start of the year, and the change of CEO in Q1, there has been a lot of volatility for the business to absorb. This means that the business plan is not as progressed as initially expected, so we have made a deliberate effort to give management the time to focus on stabilising the business and ensuring that operations are delivering for the customers. Given that the new plan is still being built, the valuation of the company has been adjusted to reflect what has been agreed so far. The digital catalogue opportunity - the concept of building a digital home initially for stamps and then collectibles - has been impacted by it being fully rethought, but we expect this to get back on track during H2 2024 and will then be able to more fully include it in the valuation. There have been some strong auction wins during the period, such as the Phillips collection, which achieved a sales value of over £2m over the quarter, and the Hays Morgan Collection of George V stamps, which is expected to fetch in excess of £1.5m over the coming 12-18 months. A key focus for the business over the next half is driving more auction consignment wins and building on these auction successes.

Silverwood Brands

During Q2, the management of Silverwood has been able to spend more time on the actual underlying businesses rather than dealing with the distraction of the Lush litigation. The portfolio of brands - Balmonds, Nailberry, Sonotas and newly acquired Cosme Science - continue to trade in line with Silverwood management's expectations, and a lot of work is going into how best to grow each of these businesses. As an example, rebranding at Balmonds was undertaken and, whilst disruptive, the new look of the product has been well received. We were pleased to see Andrew Gerrie, Silverwood Brands' CEO, acquiring shares in the market and demonstrating his belief in the business.

Silverwood published their annual report on 28 June, and this is available on their investor relations website.

Ocula Technologies

As announced on 23 July, we are pleased that Ocula has successfully concluded its Series A fundraise, raising £3.25m in a funding round led by Praetura Ventures, a UK-based VC firm - Castelnau and Lloyds also supported the round. This investment round will give Ocula the runway to further expand their team, enhance their products and continue to increase their client base – in addition the management team can now manage the business and its customers without the distraction of the fundraise. As a founder investor in Ocula, we are looking forward to seeing the growth this should deliver. The valuation of Ocula has increased to reflect the investment round (which took place at 9.0x ARR), we expect this 24-month cash runway should be sufficient to enable the business to grow to a £5m+ ARR.

ARR currently stands at £1.57m with Oriflame and Princess Auto being recent new client wins. The team is also making strong progress in moving new clients from shorter term to twelvemonth contracts – with Kent Building Supplies the most recent client to transition after seeing the impact and time-saving benefits of Ocula Boost.

Rawnet

The tough market in digital marketing has continued to impact Rawnet, which is now expected to be loss-making for the full year. As part of the repositioning which we flagged in the previous quarterly report, there has been a large cost-cutting exercise leading to a reduction in headcount as well as practical changes (such a moving offices) which are being implemented over the summer. Alongside these changes, Adam Smith, who has led the business since its acquisition by Castelnau Group, will be stepping down and the business will be led going forward by Sam Love and Gyles Marshall. Both Sam and Gyles have been working on a revised business plan, as well as new working practices to better drive the business forward. We are excited to see the impact these changes will have. Gyles works in the new business team, whilst Sam worked in the account management team. Growing clients and revenues is fundamental for the future of Rawnet and their experience in these key client-facing areas of the business should make them well placed to deliver.

Iona Star

We anticipate that Iona Star will launch shortly, great progress has been made and we will provide a more fulsome update once this has taken place.

Intrinsic Value

We estimate that Intrinsic Value per share using the methodology Phoenix applies to investments in its funds is £4.07. That represents an upside of 311% from the period end NAV. This calculation does not allow for any performance fee that might accrue. In our view this measurement, applied consistently over time, is the best guide to future returns.

Thought Piece:

Executor of Will

At a friend's recent wedding, the bridesmaid's speech made reference to the exceptional organisational skills of the bride - to the extent that the owner of the wedding venue, upon meeting the would-be bride for the first time, offered her a job on the spot. This was no surprise to most of us listening, as the person in question is a true 'force of nature' and an extremely capable and successful business leader in her own right. On reflection, I realised that most of the very successful people that I know or have observed, are also exceptional at just 'getting things done'. Some of these people have neither 'conventional' brains nor conventional educations, but all seem endowed with a forcefulness in getting what they want. Crucially, they also seem to have an ability to attract like-minded people to their cause.

Is it the case that the skill itself, that of getting things done, is innate, or can it be taught? Hard to know. It seems to be more innate. That might explain why there is a dearth of good books written specifically about business 'execution' - a fancy phrase for 'getting things done' inside the confines of an organisation. Unlike business strategy or leadership, which now tend to have their own sections in most airport bookshops, business execution seems to be far more nebulous to understand, emulate or indeed articulate. It is one of those phenomena that is hard to describe but as the saying goes, 'we know it when we see it'.

Take Ryanair. It is relatively easy to identify and admire Ryanair's longstanding corporate success, which was built upon a bedrock of consistent execution. As many have shown, it is another thing entirely to successfully replicate that execution track record. We would argue that Ryanair's execution prowess originates from and is fuelled by the 'force of nature' that is Michael O'Leary (Ryanair CEO).

Why are the Michael O'Learys of the business world so rare and hard to copy? Perhaps because business execution is akin to alchemy: turning intangible ideas into real, desired outcomes consistently. While strategy is arguably a low-energy (though not low-value) exercise, execution is by contrast a more active pursuit that demands high energy. Occasionally such alchemy does become entrenched within an organisation and at that stage it might seem to lose its magical mystery. Great execution, when entrenched, looks methodical and efficient - in effect it seems like a machine. That is the point when it is most easy to overlook that such a machine originated from, and often remains reliant on, a 'force of nature' team within the organisation. Forces of nature are by definition organic.

David Barber of Halma once wrote, *"the sequence to achieving long-term growth in shareholder value is: first to establish the mathematical model which meets your needs. Then steadily and systematically to change the group until it comes to conform with your model"*. Barber's latter instruction sounds a lot like execution. The O'Leary approach to such execution takes it up a notch. Rather than merely seeking to "change the group" as Barber put it, O'Leary's route since 1994 was to cajole, corral and even coerce customers to conform with his vision of how a low-cost airline business ought to be implemented in Europe. With hindsight, such conforming required huge discipline, energy and will. Above all, it required force.

Rather than energy or force, however, one might call it ambition or better still, hunger. All those businesses that show great execution tend to have a leader whose scale of ambition or hunger to succeed is very high. O'Leary is rare but far from unique. Think Walton, Schwab or Jobs, or closer to home, Ashley or Wolfson - all endowed with a tremendous hunger and predisposition to action. Elon Musk once said, *"production is hell"*, and yet he still has an incredible record of getting tangible things done at scale across myriad diverse businesses. Another observation is that an attribute all these leaders share is control - it seems you need control (which typically means being an owner) in order to be able to exert the authority needed to execute in the manner required. Larry Culp (formerly of Danaher) summarised his management style as *"common sense vigorously applied"*. Culp's requirement of vigour seems bang on.

Sounds straightforward, right? Just hire energetic people! Not so fast: a bias to action at the expense of planning or the strict adherence to smart strategy can be ruinous. In our language here, energy applied in the wrong direction is invariably disastrous and notably, executive surveys consistently show that managers typically feel far more productive acting than planning. Buffett makes a similar point on getting the direction' right: *"Somebody once said that in looking for people to hire, you look for three qualities: integrity, intelligence, and energy. And if you don't have the first, the other two will kill you."*

Of course, it is over-simplistic to attribute all of a company's execution to one person. It's always a team sport. At the end of his great book, *How Big Things Get Done*, author Bent Flyvbjerg offers 11 heuristics on project management. Top of his list? Hire a Master Builder.

> *"This is the only heuristic cited by every project leader I've ever met. Ed Catmull explained why: if you give a good idea to a mediocre team, they will screw it up. If you give a mediocre idea to a brilliant team, they will either fix it or throw it away and come up with something better. If you get the team right, chances are they will get the ideas right. But who should pick the team? Ideally that's the job of the master builder. In fact, it's the master builder's main job. That is why the role of master builder is not as solitary as it sounds, projects are delivered by teams. So, to amend my advice above: when possible, hire a master builder".*

Perhaps we can adapt Flyvbjerg's heuristics in seeking out businesses with great execution. Seek a master builder with tremendous energy and hunger, one that attracts like-minded people and make sure that hunger is directed towards a smart strategy. Simple (but not easy)!

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