

Respectful Confrontation

An Interview with Peter W. May, President and Founding Partner, Trian Fund Management, L.P.

EDITORS' NOTE Peter May has been President and a Founding Partner of Trian since November 2005. He serves as the non-executive Vice Chairman of The Wendy's Company and is also a member of the board of directors of Mondelez International, Inc. From May 2008 through May 2017, May served as a director of Tiffany & Co. He also chairs Trian's ESG working group. From April 1993 through June 2007, he served as President, Chief Operating Officer and a director



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of Triarc Companies, Inc., which during that period of time owned Arby's Restaurant Group and Snapple Beverage Group, as well as other consumer and industrial businesses. May was President and Chief Operating Officer and a director of Triangle Industries from 1983 to 1988, the largest packaging company in the world and a Fortune 100 industrial company when that company was acquired by Pechiney, S.A., a leading international metals and packaging company. He is the Chairman Emeritus of the Board of Trustees of the Mount Sinai Health System in New York, where from October 2002 until April 2019 he led the turnaround of this major academic health center from serious financial difficulties to what is today one of the most profitable and fastest growing academic medical centers in the United States. In addition, he is Co-Chairman of the New York Philharmonic, a director of Lincoln Center for the Performing Arts, a trustee of the New-York Historical Society, and a partner of the Partnership for New York City. May is an Emeritus Trustee of The University of Chicago and a Life Member of the Advisory Council of The University of Chicago Booth School of Business and was the past Chairman of the UJA Federation's "Operations Exodus" campaign. He is Chairman of the Board of The Leni and Peter May Family Foundation. May received AB and MBA degrees from The University of Chicago and also holds an Honorary Doctorate in Humane Letters from the Mount Sinai School of Medicine of New York University.

FIRM BRIEF Founded in 2005, Trian Fund Management, L.P. (trianpartners.com) is a multi-billion-dollar investment management firm with approximately 50 employees. Trian is a highly engaged shareowner that combines concentrated

public equity ownership with operational expertise. Leveraging the combined 100+ years of operating and investing experience of its Founding Partners, Nelson Peltz, Ed Garden and Peter May, Trian seeks to invest in high quality but undervalued and underperforming public companies and to work collaboratively with management teams and boards to help companies execute operational, strategic and environmental, social and governance (ESG) initiatives designed to drive sustainable earnings growth and enhance long-term shareholder value for the benefit of all stakeholders.

What have been the keys to the strength and leadership of Trian Partners?

I believe our success is due to our culture and mission. In regard to our mission, we see our role as long-term investors who are trying to make a difference. With a focus on operations, strategy and ESG, we try to help our portfolio companies create strong and sustainable stakeholder returns. Our strength is in our background of operating companies and taking an entrepreneurial approach to decision-making which is what we aim to instill in our entire investment team at Trian and then incorporate in the companies we are involved with. I believe this approach has led to overall positive results.

Our culture is based on everybody participating in decision-making. Trian is a flat

organization with a small team that is highly talented and highly motivated. Our culture promotes what we call "respectful confrontation." We ask our team (and our portfolio companies) to express their points of view and respect one another's differences. We think by asking everyone to step up, particularly when they have a different opinion or disagree, that we ultimately arrive at the best solutions.

I believe when you put our culture and mission together, that has been the reason for Trian's success.

Is cultural fit a key factor when hiring talent for Trian?

We usually hire individuals who have been working for a few years in the finance industry and who have personality traits that fit into our culture. Certainly, everyone who applies for a position at Trian has the intellectual capacity we are looking for. The hiring decision is often focused on the candidate's drive, passion and desire to make a difference.

What are the characteristics that Trian looks for when evaluating an investment opportunity?

We look for companies that we believe have great franchises but are missing opportunities, whether in, for example, markets, geographies or technology. Each situation is different, and we primarily invest in everything consumer as well as non-balance sheet financials and industrial businesses. We monitor 50 to 75 companies at any given time and tend

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to invest in companies where we feel there is a disconnect between the way they are being valued and what they are doing, and we try to help close that gap and position them better for the long term. We believe we are effective in working collaboratively with the management teams and boards of companies that are underperforming on the operating side, for example, where their margins may be inferior to their peers or their sales lines are not growing the way we think they should, and we offer our experience to help support these companies.

How did Trian adapt its business to address the challenges caused by the pandemic and how were you able to maintain culture working remotely?

We all know each other well at Trian and that has made it easier. We have maintained our schedule of formal weekly investment team meetings and informal interactions, albeit mostly virtually. I do not think we have missed a beat in terms of our investing and analysis. However, it has been frustrating for us not to be all together. We have hired a few new people since March 2020 and, while it was difficult initially for them to get to know their team well while being at a distance, this has improved as we have begun to bring most everyone back to the office in a safe and secure way.

Will you discuss Trian’s focus and commitment to diversity and inclusion?

Trian takes D&I, and other components of ESG, very seriously – we believe we have valuable

experience in these areas having been involved in so many companies at different times for nearly five decades. We work closely with our companies and feel strongly about being on board committees focused on D&I and ESG issues.

At Trian, we are always looking to expand our talent base – D&I is a constant factor we consider while doing so.

You have been a business leader in New York for many years and devote a great deal of time and energy to philanthropic causes in New York. Are you optimistic about New York’s future and what are the keys to a successful recovery and rebuilding from the pandemic?

I am optimistic in the sense that I believe New York is one of the greatest cities in the world. In my opinion, it is the financial center of the world and the cultural center of the country. I serve as co-chair of the New York Philharmonic and we are in the middle of the redo of David Geffen Hall. It is critical for New York to reopen in terms of culture, Broadway, and travel and tourism. This has been challenging with the Delta variant, but I think that the signs point to continued progress in regard to reopening.

Overall, I am optimistic about New York’s future. Having said that, we need to address major issues of crime and safety as well as a tax structure in New York that acts as a huge burden and disincentive for people to stay and invest.

What are the keys to making an impact in philanthropy and do the traits that made you successful in business translate to effective philanthropy?

It starts with the desire to make a difference and to give back. I was brought up in a family that was involved in and supported many causes. I have a philosophy which I refer to as “engaged philanthropy,” in that it is much easier to write a check than it is to roll up your sleeves and get involved in making a difference. I like to be actively engaged in the organizations I support. The skill set of running businesses and working with companies that need to be turned around or that have to adapt the way they do business has been extremely valuable in my philanthropic work. When I took over as chair of Mount Sinai, it was during a difficult time for the institution. I brought a business approach to my role and focused on culture, talent and building on the strengths of the institution. Today, Mount Sinai is one of the most financially stable and successful health systems and a leader in the industry. I believe that having business experience and operational expertise is extremely valuable to being effective in philanthropy.

What advice do you offer young people beginning their careers during this challenging and uncertain time?

It has been difficult for young people to fully demonstrate their skills during the COVID-19 pandemic. So, if you are young, I think it is worthwhile to try to get an internship in order to gain exposure and experience.

I also have a very simple philosophy that my father taught me which I think applies to any young (or old) person: to do more than what is expected. Many people approach a job focusing on doing that specific job, but I recommend looking for additional opportunities to get involved with and expanding your knowledge in order to make a real difference in the organization.

Do you ever think about slowing down?

At the end of the day, if you are not intellectually stimulated, I think you atrophy. I have many interests which I try to balance. I have lots of energy and enjoy being around young people. I love addressing change and coming up with new ideas. ●

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