

# HOW TO PARTNER WITH PRIVATE EQUITY



Different private equity firms service different market segments. Typical market segments:

**\$5M–\$20M**

**\$20M–\$60M**

**\$100M+**

Understand your business' scale and which PE firms best match your requirements.

**80–90%**

Size of private equity stake in traditional management buy-out scenario.

**30–50%**

Size of PE stake in other scenarios e.g. business expansion, founder wishing to diversify assets or wealth, and/or exit.

## WHAT DOES PRIVATE EQUITY REQUIRE?



### Management to back

PE firms want proven executives to partner with, so management is a key requirement. PE will help problem solve, think through strategy and bring complementary skills, but they're not going to run the business day to day.



### Desire to grow and at least a basic growth strategy

PE firms need to buy into a business, help grow its earnings and then sell it, or their share, in four or five years' time – that's how they make money. They can help stress test your growth strategy or, if you only have a 'skeleton vision', help work it up.

## WHAT APPEALS MOST TO PE?



A CEO or management they feel comfortable working with



Goal alignment between all shareholders and management



Growth opportunities



Point of difference



Diversification of customers and suppliers