How to make your business private equity ready

STEP **01**

Brainstorm your ideas

Talk to someone, such as a business advisor or accountant, to brainstorm your ideas; ensure they have been well thought through and tested.

STEP **02**

Learn from others

Talk to founders or CEOs who have partnered with private equity in the past, to really understand the process.

STEP **03**

Match your scale

You need to understand your sense of scale and which private equity firms best match your requirements.

STEP **04**

Understand what affects private equity's appetite to invest:

Management to back	Alignment	A desire to grow and at least a basic strategy for growth	Point of difference	Diversification of both customer and supplier
Investors want proven executives to partner with, so management is a key requirement. Private equity investors will help problem solve, think through strategy and bring complementary skills, but they're not going to run the business day to day.	All shareholders and investors need to be aligned on a goal or journey. You don't want one shareholder with a 20-year horizon and one with an 18-month horizon.	It's good to be in a segment that is growing, but it's not essential as long as the business has a plan or sees an opportunity to grow itself. Private equity investors 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.	Does the business have a point of difference and can it defend its position? If you're one of many players who are all competing on price, that's a harder way to grow a business.	Investors don't like to see businesses where one customer represents 60% of the revenue. This isn't a deal breaker, but it is viewed negatively.