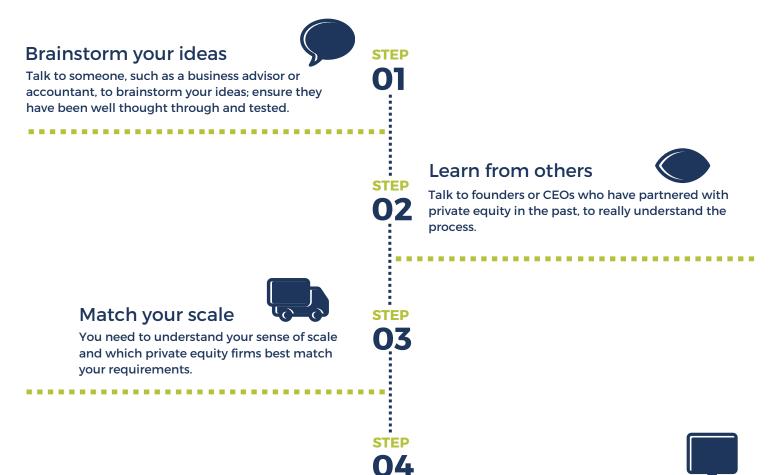
How to make your business private equity ready



Understand what affects private equity's appetite to invest:

Management to back

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 18month horizon.

Alignment

A desire to grow and at least a basic strategy for growth

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.

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Point of difference

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.

Diversification of both customer and supplier

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.

The JPAbusiness team offers a range of business advice services, including helping to prepare your business for private equity investment. Contact the team on 02 6360 0360 for a confidential, initial discussion. www.jpabusiness.com.au

