



# Private equity

## Some answers to some common questions

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Published May 11, 2007

Mega deals involving private equity (PE) firms may attract all the attention, but big-name buyouts are just part of the story. PE is also a driving force among mid-market, privately held businesses – a sector that’s prominent in the Milwaukee area.

Private equity can help owners of mid-market companies gain liquidity, improve financial security or reduce their burden in day-to-day management. If you’re a business owner, you may still be unsure about how to make the most of working with a PE firm.

Here are some answers to some common questions.

### 1. Can my business legacy live on after a sale to a PE firm?

Preserving a legacy for employees, management and the community is a concern of many business owners. Seek a PE firm that considers the needs of all these constituents, rather than running a “strip and sell” model, and you won’t have to leave town to save face after the sale.

### 2. How do I ensure a fair, hassle-free transaction?

Midwest business owners expect fair valuations, transparency of intentions and efficient transactions. A PE firm that really does its homework about your business can quickly close the gaps on the details of a transaction. Look for firms with high deal completion records in your industry.

### 3. How does PE help with succession planning?

The next generation may not be ready to take over when you’re ready to retire, but that doesn’t mean you don’t have other options. PE can adapt to your situation, allowing your continued or reduced involvement in the company – or your complete retirement.

### 4. How is PE used to create liquidity?

PE provides liquidity as a way of cashing out or diversifying assets. Owners can achieve partial or full liquidity on their equity ownership, diversifying net worth for estate planning purposes.

### 5. How does PE help with estate taxes?

Nearly half of family-business owners rely on life insurance to cover estate taxes, but this often isn’t enough. Leveraging PE and creating a formal estate plan helps ensure you don’t pay more taxes than necessary and your estate goes where it should: to your heirs.

### 6. How does PE spark business growth?

A good PE firm brings efficient systems into a company, narrows the focus, identifies new markets and integrates value-added processes. In addition to discipline and fresh perspectives, a PE firm can provide strategic planning and access to additional resources, helping to build business.

### 7. What effect will PE have on my family members in the business?

The knowledge and experience your family has is invaluable, and it makes good business sense to retain a company’s strong and talented employee base. Look for PE firms with a high degree of flexibility in structuring a transaction. They can tailor one that meets the needs of all parties involved and work with you on family concerns.

### 8. Can I remain involved in the company after a PE buyout if I want to?

Mason Wells and similar firms typically secure a majority position, with the balance of equity held by management and former owners. You can remain involved in the day-to-day management if desired.