



PRIVATE EQUITY

Knowing the next move.

1 DEMYSTIFY

2 NAVIGATE

3 ACCELERATE

4 REALISE

IBDO

BDO – ACCELERATE

Private Equity investment enables entrepreneurial businesses to expand at speed and scale, and clears the way for skilled and ambitious people to step up a gear.

If managed right, Private Equity can be an exceptionally positive route to growth. But there are no guarantees. Engaging with Private Equity always brings change to a business, sometimes revolutionary change, and if the process isn't carefully handled it can cause turbulence, disruption and disappointment.

That's why BDO have created a program to support ambitious businesses looking to make the most out of Private Equity. We help you to bridge the gap between the entrepreneurial and institutional mind-sets, guiding businesses through their Private Equity journey. Following on from Demystify and Navigate, the Accelerate phase represents the chapter of Private Equity ownership where businesses are challenged to achieve demanding value growth.

Nothing is more important to us than our clients' success. That's why exceptional client service is at the heart of everything we do. Understanding what success means to you drives what we can offer and how we deliver it. For the right business and the right reasons, managed in the right way, we see Private Equity as a hugely positive driver for growth.

This document tells you more about how it works, and why our clients trust us to do it.



HELPING YOU ACHIEVE PRIVATE EQUITY SUCCESS

Private Equity offers an exciting and intense opportunity to super-charge growth. It achieves outperformance by accelerating value, enhancing cash conversion and reducing risk; and culminates in a profitable exit usually within three to five years.

PRIVATE EQUITY: AN AMBITIOUS OWNERSHIP MODEL

Private Equity investors have a laser focus on growth during a relatively short period of time. Businesses and management teams will be tasked with achieving a completely different level of sophistication and professionalism to meet the investors' expectations – and this will mean an unprecedented pace and breadth of change.

Today, Private Equity investors are much more demanding and hands-on, using a range of tools to grow the value of their investment (see opposite):



Whatever the terms or the nuances of a deal, it's certain that management will find themselves under increased pressure in running the business while they implement new strategies and report on a demanding growth plan. The challenge is to make sure the interests of the stakeholders – company and investor – stay aligned throughout the process. That's where BDO comes in.



CONTINUED...

BDO: THE HOME OF THE ENTREPRENEUR

BDO's ambition is to help our clients grow and succeed. We use our expertise, energy and the power of collaboration across our firm to help businesses realise their full potential.

As the leading adviser to entrepreneurially spirited businesses and people, we're in the perfect position to understand the needs of ambitious businesses. We've always had a deep empathy with the passion of entrepreneurial leaders, and we thrive on working with management teams who are on a journey to build something bold and unique.

Our people know the value of long-term business relationships, trust and credibility. We understand that every business is different, and we invest in getting to know our clients and what really matters to them. We use that knowledge to anticipate and support our clients across all aspects of strategic decision-making.

This approach is at the heart of our offering, and it's why we are renowned for our exceptional client service.

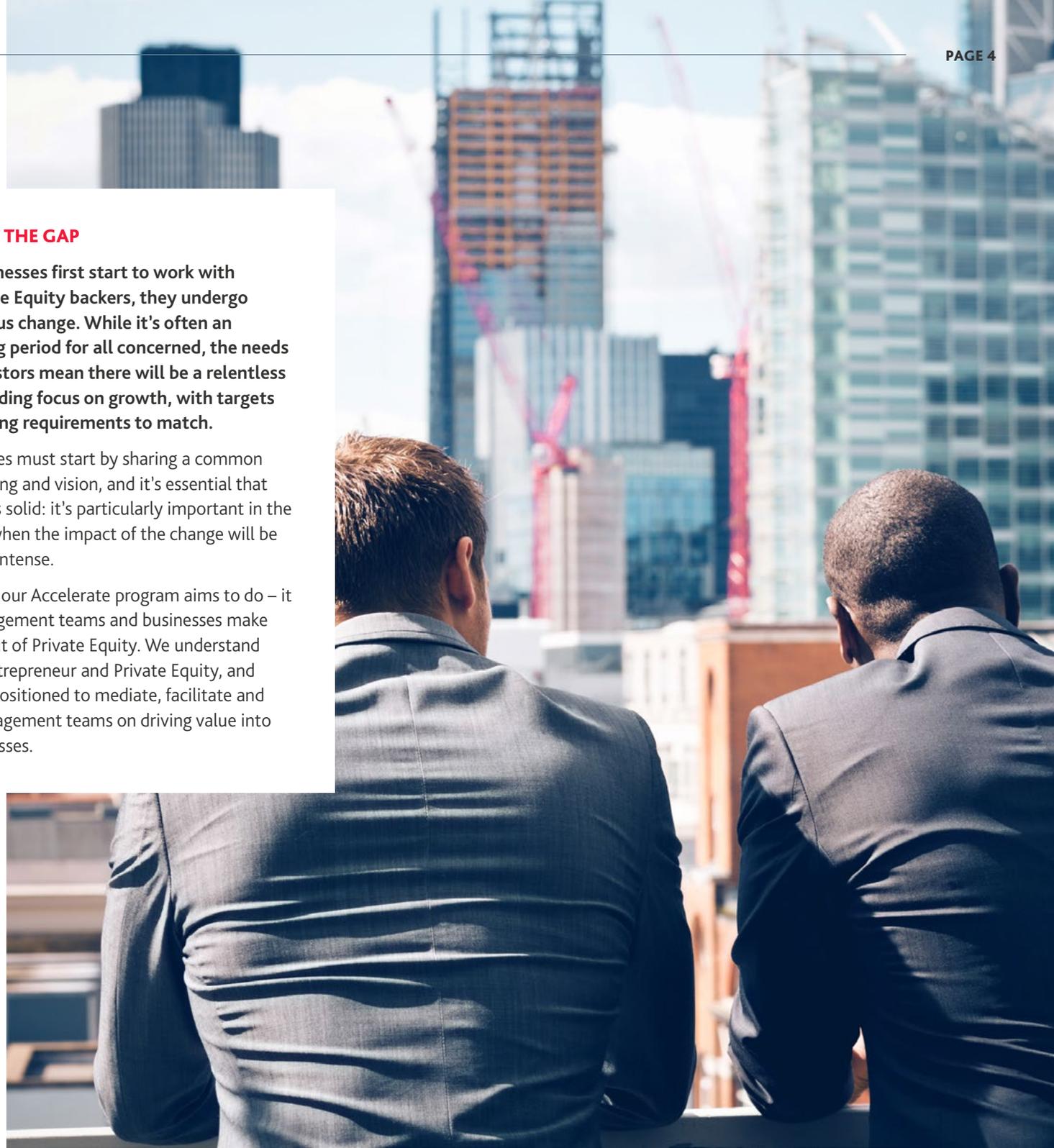
But personal relationships would count for nothing without technical excellence and a rock-solid infrastructure behind them. At BDO we have both – and they give us a strong base to help companies manage the particular challenges and issues they face when working with Private Equity.

BRIDGING THE GAP

When businesses first start to work with their Private Equity backers, they undergo an enormous change. While it's often an exhilarating period for all concerned, the needs of the investors mean there will be a relentless and demanding focus on growth, with targets and reporting requirements to match.

The two sides must start by sharing a common understanding and vision, and it's essential that this remains solid: it's particularly important in the early days when the impact of the change will be at its most intense.

That's what our Accelerate program aims to do – it helps management teams and businesses make the most out of Private Equity. We understand both the entrepreneur and Private Equity, and we're well positioned to mediate, facilitate and advise management teams on driving value into their businesses.



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AGENDA ALIGNMENT

Every business is different, and no two Private Equity deals are alike. However, we have observed four fundamental areas that set the tone for every Private Equity relationship. If they're expertly managed so both parties stay aligned, there's every chance that the business will be able to realise the full potential of the enormous possibilities that investment opens up.

THE FOUR PILLARS OF A STRONG ALIGNED RELATIONSHIP

PURPOSE AND INTENT

The first step is to define and clearly communicate what success looks like to all stakeholders.

As well as the investors and the business owners, this includes management and workforce. If everyone agrees on a common purpose and intent, the all-important collective direction of travel is much clearer.

EXECUTION

Putting purpose and intent into practice is perhaps the single most demanding aspect of a Private Equity relationship.

Management must be prepared for the profound and intense transformation that is about to take place. Collaboration to implement all aspects of the plan will support the overarching goals.

COMMUNICATION

Even the strongest Private Equity relationship will never be entirely plain sailing.

Key to navigating this is communication: management must be prepared to continuously inform, so it's critical to establish strong channels and reporting mechanisms with the investors.

TRUST

There's a balance to strike between management team autonomy and Private Equity stakeholder involvement

Different arrangements will suit different businesses. However, every successful relationship shares one essential element: trust.

WHERE WE HELP

We are able to meet our clients' needs at every stage of the Private Equity lifecycle; facilitating agenda alignment and helping management teams to focus on driving value in their businesses. There are a number of environments which are unique to Private Equity where we offer hands-on support. We help our clients by challenging and supporting in these areas. Examples include:

PERFORMANCE AND GROWTH

- What is your buy and build strategy?
- How are you going to drive top line growth?
- How are you going to fully manage margin?
- How can further productivity / efficiency gains be made?
- How can quality of earnings be improved?
- How can R&D / new product development functions be optimised?
- What are your investment priorities: acquisitions vs people vs technology vs infrastructure?

FUNDING AND FINANCIAL MANAGEMENT

- How can you drive more cash out?
- How can you improve your tax efficiency?
- How are you going to manage the bank / funders?
- How efficient and flexible is your financial structure?
- Will you struggle to meet your financial covenants?
- How will you fund further investment / acquisitions?

GOVERNANCE AND LEADERSHIP

- How good are you at leading change?
- What help might you need?
- Is your strategy clear to your team?
- How are you going to remain aligned with your investors?
- Do you need to strengthen your team?
- Does your governance structure need to change?

STRATEGY

- What controllable factors will drive your multiple?
- What's your international strategy?
- Who is going to buy your business?
- What's your M&A strategy: buying & selling?
- How good are your business plan and financial model?

RISK, MANAGEMENT AND FINANCIAL REPORTING

- What reporting requirements will you have?
- How robust are your systems?
- How secure is your business from cyberattack?
- How strong is the internal control environment?
- Are you meeting current and anticipated compliance and regulatory requirements?
- What changes to your accounting policies might be beneficial?

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