

A GUIDE TO PRIVATE EQUITY

Private equity partnerships offer a range of opportunities for business leaders, explains LDC's John Garner, as featured in [Management Today](#).

Founded on collaboration and partnership, rather than investors seeking to take control of a business, private equity is an opportunity for growth.

"There are a lot of preconceptions about private equity," explains [John Garner](#), managing partner at [LDC](#), the private equity arm of [Lloyds Banking Group](#). "But the reality is that a good investment partner will share your drive and be ready to back your ambition every step of the way."

John cites a recent example of Plimsoll Productions, the TV production company, whose CEO [Grant Mansfield](#) was concerned that an investment partner wouldn't have the empathy or understanding needed to help a creative business thrive. "So far we have helped to add value and support their international expansion plans while supporting the management team to retain the working culture they have worked so hard to build."

[Tim Warrillow](#), CEO of drinks brand Fever-Tree, echoes the sentiments in a recent report, saying: "From the beginning LDC made it clear to us that they wanted to back a management team and allow that team to run the business. They were true to their word."



In 2013 Fever-Tree had a turnover of £16m. Founders Tim and Charles secured private equity investment from LDC to supercharge growth overseas.

HOW PRIVATE EQUITY WORKS

Private equity partnerships provide a fresh injection of capital to help businesses open up new growth opportunities whether it be to invest in infrastructure, [expand internationally](#) or to [acquire a competitor](#).

Private equity is an investment that helps businesses to grow in exchange for a share in the company. But unlike raising debt, management teams benefit from the backing of experienced business partners who have helped management teams to deliver a wide array of different growth strategies, all while the leadership team remain firmly in control of their business.

"Investors know that you know your business better than anyone else, and your investment partner should act as an extension of your team," says John. "They're there to work by your side, and provide expertise, support and capital along the way."

Over the last ten years, mid-market businesses that LDC has supported have grown three times faster than the national mid-market average.

BEYOND BUSINESS GROWTH FUNDING

But private equity partnerships also offer other opportunities – it's not always about growth alone. "For some founders, it can mark the first step of a succession plan, or support a change in ownership," says John. "This can help those looking to take a step back to hand over the reins to their management team without letting go entirely. In situations like these, the existing management team can also secure more skin in the game, while other shareholders take a step back or exit entirely."

SO WHAT DOES PRIVATE EQUITY MEAN?

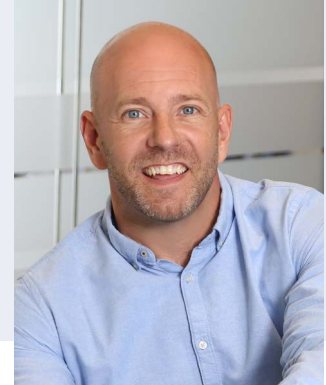
Shareholders may also be looking to de-risk while retaining control over the business' future direction. They could realise some of the value they have created and remain at the helm or carve out a new role within their company such as stepping into a non-executive position.

"Before looking outside of the business, management teams must first decide what support they need and what kind of partnership they want," explains John. "Every business is unique, so asking what style of investment, and what kind of backer best suits their business and ambitions, is important."



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John Garner
Managing Partner, LDC



THE SECRET TO A GOOD PRIVATE EQUITY PARTNERSHIP?

"650 management teams have chosen to partner with LDC over the last 40 years, so we know that a strong partnership is central to a successful private equity investment," says John. "If you're a business leader looking to find the right partner, take the time to get to know and understand your potential backers – and make sure that they do the same."

Establishing the best possible working relationship means that both sides come to the table with the patience, flexibility and common vision needed to work through the particulars of the transaction and through the lifecycle of the investment partnership. It also encourages the right balance of challenge and support when making decisions. New people introduced to the business as part of the transaction help to bring different experiences and perspectives to add value.

In 2017, the management team of communications solutions provider [Babble](#) came to LDC with a plan to become a market leader by acquiring complementary businesses. "Over the next three years, we supported the business to make six acquisitions, expand its product range, significantly increase its market share and more than double its turnover," says John. "Today, Babble is the market leader it set out to be when we first started speaking with the management team."

When referring to the real secret behind a successful private equity partnership, John concludes: "Always approach any new partnership with an open mind, and look for a partner that believes in your ambition and is ready to help your business thrive."

MSQ PARTNERS: GROWTH THROUGH PRIVATE EQUITY

A private equity partnership with LDC is helping MSQ Partners to grow rapidly via acquisitions. In three years, the company has tripled in value.

Hear from CEO Peter Reid...



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