

Crystal Clear

The Private Equity Transparency Toolkit

Overview

Have private equity investors become public enemy number one? Industry detractors seek to compare these investors with used-car salesmen, estate agents and ambulance-chasing journalists. One thing is for sure: the noise of the past twelve months has generated more heat than light for the industry.

Private equity professionals have accepted that they no longer operate in a private industry. They did not need to read Sir David Walker's report into Disclosure and Transparency to make the first move.

Trade unions' accusations that the industry is home to asset strippers, vultures and locusts is emotional spam. But the obligation rests with

private equity firms to demonstrate they are well-rounded financial institutions with a deeper understanding of their role in society.

Performance must remain the benchmark. But the firms that represent performance clearly and transparently will be the ones that stand out and probably obtain the speediest set of signatures on commitment documentation for their next funds.

Bladonmore has assembled a transparency tool-kit to ensure you are one of the frontrunners. The initiatives contained herein highlight a range of alternative options facing today's forward-thinking private equity managers.

1. Annual Reviews

Listed companies are required to produce an annual and interim report as a key milestone in their financial calendar. Historically, private equity firms have provided generous amounts of information to their investors, but have operated a closed-door policy when it comes to sharing information more widely.

No more. Annual reviews provide a great opportunity for private equity firms to showcase the work they have done and explain how they have generated returns for their investors through actively engaging in the operational development of their underlying businesses.

The firms that represent performance clearly and transparently will be the ones that stand out

Firm: Bridgepoint Initiative: Six-month review

This Bladonmore-produced interim review provides a neat snapshot of the deals Bridgepoint has completed in the first six months of 2007 highlighting the value of the transaction, the revenues generated by each portfolio company and the number of people that they employ.

Bridgepoint has used this document as an opportunity to enshrine its values and present them to all potential stakeholders. The content is to-the-point and the design is crisp, giving the reader a clear insight into what the business stands for and what it is focused on achieving. The document sits on the home page of the Bridgepoint website and contributes positively to the firm's first impression.



2. Limited Partner Reporting & Deal Mailers

General Partners are effective at presenting statutory information to investors. But the methods by which you report deal newsflashes and quarterly information to investors represents a wonderful platform to distinguish your firm.

All printed documentation and e-promos can communicate your key messages while simultaneously presenting your up-to-date news.

Firm: Advent International Initiative: Deal e-promos

Advent International has an international network of investors and a range of funds. It seeks to communicate news of completed transactions in an efficient and effective fashion, using each announcement as a platform to promote firm-wide key messages.

Bladonmore works with Advent International, in advance of the deals completing, to create an e-promo embedded with text and images. This brings the deal alive and is distributed by Advent International to its audience of investors and other opinion formers.

3. Video Case Studies

Pioneering firms use films to demonstrate how value has been added in their portfolio. These can be uploaded to the web or emailed directly to investors and contacts.

Whether the narrative follows an investment or an exit, online films can bring the story to life. Often no longer than six minutes long, these films – increasingly dubbed video tombstones – show how private equity investors offer much more than money to their portfolio management teams.



Firm: August Equity Initiative: Informer Video – Boat International Buy Out

August Equity, the UK mid-market private equity investor, commissioned Bladonmore to create a series of films – a number of which have gone on to win awards. Incorporating interviews with the management team, the intermediaries involved in the transaction and members of the August Equity team, these films have made a big impact on the firm's audience.

Once the link is distributed via email, we are able to track who views the films and when. More than 12 per cent of those targeted – via a specially compiled email database of key stakeholders - are known to watch the film in its entirety. This compares very favourably with other marketing initiatives.

“Twelve per cent of our target audience viewed our most recent film. That’s 370 of our closest contacts spending four minutes with us. By any measure, that’s a great return on our investment”

*Andrew Hartley, managing partner,
August Equity LLP*

4. Investor Days and Conference Speeches

Annual meetings with investors provide a great occasion to detail the strategy and values that your firm is built upon. They are an opportunity to invite guest speakers and demonstrate how value is enhanced inside your portfolio.

Meanwhile, a good speech is a rare treat. When the content is inspiring and the delivery is both passionate and matched to the mood of the audience, it can be an inspiring affair.

Investor days and conference key-note speeches give you an opportunity to blend your macro perspective of the world with an operational overview of what is happening in your portfolio. Creating inspiring content for your audience will take time, but the benefits of feeding the intellectual capital of your brand can be immense.

Overseeing the content of your investor day or drafting a speech is best left to experts – and Bladonmore would be delighted to assist – but it is imperative that you take time out to practise your delivery as well. Too often, valuable content is blighted by poor delivery.

Firm: Colter Capital
Initiative: Financial News
Key-Note Speech for Jeremy Colter

Jeremy Colter, founder of the eponymous secondaries investment firm and one of the 20 Most Influential People in the industry, is hugely selective about the speeches he will give.

But when he does decide to speak, he focuses his attention on ensuring the content is excellent and leaves the audience in no doubt what the key messages are. One recent keynote that he gave for an industry publication's annual lunch was picked up by Bloomberg within two hours and became the focal point of a *Financial Times* editorial within 72 hours.

5. Media Relations and Coaching

Just because the media delivers such a mixed level of coverage for the industry does not mean you can or should avoid the debate. Dialogue with the media is vital – and the leading partners in the best firms know this cannot be left to a junior press officer or outsourced to a smart agency.

There is a need to think through your key messages and present them

“The leading partners in the best firms know that dialogue with the media cannot be left to a junior press officer or outsourced to a smart agency”

in an engaging and open fashion. Get it right and the editorial benefits can be huge. Get it wrong and you may never recover.

Firm: Apax
Initiative: Using the media to present a change in strategy, emphasis and tone

Apax Partners was founded more than 30 years ago and has grown into one of the global leaders in buy-outs. That was not always the case, as until recently the firm had a successful early-stage ventures business as well.

Following the completion of the firm's succession plan – when Sir Ronald Cohen handed over the reins to Martin Halusa – a new emphasis was introduced across the firm. The execution of this has included a number of prominently placed interviews with the leading international business media, blended with industry- and market-specific reporting. The firm's key messages have been refined and the senior management has proved to be exceptionally adept at pushing these storylines out to key media audiences.

Final Closing

Bladonmore has experience providing all of the aforementioned services and would be delighted to guide you through the decision making process and the underlying strategy that goes into this thinking.

Our approach is bespoke and based on delivering practical services and solutions on time and on budget. We promise to help unlock the knowledge in your organisation and ensure it is delivered in an efficient and relevant manner to your most important audiences. **B**



Some of the firms we have worked for:



Bridgepoint



Gresham
Private Equity

INVESTCORP



MARSH

phoenix equity partners



Bladonmore
COMMUNICATING KNOWLEDGE ●●●

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