THE JOURNAL OF
PRIVATE EQUITY

VOLUME 14, NUMBER 1 WINTER 2010

Change, it is said, is the only constant in business. We have been through a period of dramatic changes in the nature of our financial institutions, the availability of both debt and equity funding for our firms and portfolio companies, opportunities available to us, and even in the orientations of our governments in both the U.S. and Europe. The effects of these changes—some of which may be quite dramatic—are just being evaluated. In this issue we look at some of these shifts. By blending some longer-term reviews of underlying movements in private equity as we work through both the public and private markets, we chart possible directions for the future.

Our lead article poses a fascinating question: Do private equity firms buy and hold firms, without making substantive changes in operations, to provide liquidity for the market for companies? This is the classic role of a "market maker" for liquid financial investments, but does the concept also apply to private equity firms? Can they be buying firms to have "an inventory" available for other PE firms needing companies to round out an existing portfolio company, or industrial buyers searching for a certain type of company? Linus Siming looks for evidence of "quick flips" from among 1,322 private to private deals in the period 1998-2008. Are these deals profitable? He covers that, too.

Does private equity change the basic ownership equation? Aviv Pichhadze takes a long view, starting with the classic work by Berle and Means in the 1930s on the ability of managements to control public companies, and helps us understand how private equity ownership changes the balance of power between owners and managers. Of course, when a firm is private, the owners control the entity. For this control, the liquidity of a public market is sacrificed. PE-owned firms alter that essential tradeoff when they are owners of a large block of shares of public companies. As regulators begin to understand these changes, what will be their response? What should be our response?

We now shift to techniques, with articles covering acquisition strategy, the ever-present search for deals, joint acquisition of a target company by financial and strategic buyers, and the legal aspects of private placements.

First up is an intriguing look at what happens when a target company "adjusts" itself to better suit a specific acquirer. Muth and Trees take us through the theory and an illustrative example of what happens when a company seeking to be acquired invites in a purchaser and makes changes to itself so that the buyer will be more likely to complete the deal. Does it sound like a good idea when you have a company to sell? Maybe.

We all look for deals all the time, right? But how do we do it? And what works best? This is a topic mostly ignored in the literature. But these are very real issues for all of us. Teten and Farmer cover the basics, such as the use of traditional tools such as cold calling versus more innovative techniques such as Web scraping, and go beyond into the areas such as social media. Where will you find your next deal? Will "new media" threaten the confidentiality with which we negotiate deals? The answers come from a proprietary database of how deals get found and why. If you could use better access to deals, you may find some tips here.

Would it be possible to design a joint acquisition of a target company by both strategic and financial buyers? Philippe Rousseau tackles this quandary with a plan for these two buyers with different goals to both gain by co-venturing in the acquisition of a company that doesn't quite meet either's needs alone.

Most of us raise our funds through private placements and rely on the rules promulgated to protect us. However, a careful understanding of the boundaries within which we operate is central to keeping ourselves out of trouble. Chertok takes us to the edges of the law—and the theory—and helps us see where we stand on firm ground and where we may be stepping out of bounds.

Our concluding piece takes us to yet another place far away where we continue to be fascinated with how the world works outside of our home base. A. Thillai Rajan, of the Indian Institute of Technology, Madras, tells us of the significant growth in the Indian venture capital industry from 2004 to 2008. Professor Rajan chronicles the types of deals being done, the industries typically represented, the rate of subsequent investment rounds, and duration of the investments. These data lay out a path for improvement that the Indian VC world will need to address as it continues to evolve.

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November 2010