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In this Summer 2013 issue of *The Journal of Private Equity,* we see the private equity industry continuing in a transition stage, which started during the 2008 recession. Increased regulation of the financial services industry in the United States is hurting our competitiveness, and there is growing concern it will not safeguard consumers. Even so, the persistent recovery of the U.S. economy has started to generate more activity in the private equity space in the United States and some developing countries, primarily in Asia.

This issue covers a wide range of interesting and relevant developments. The first article, a survey by Lee Duran, Scott Hendon, Kevin Kaden, Ryan Guthrie, and Dan Shea, suggests that general partners anticipate a slow and steady recovery for private equity in 2013. To take the pulse of the industry and identify the key challenges and opportunities that will impact private equity in 2013, the private equity practice at BDO USA, LLP, conducted its fourth annual Perspective Private Equity Study from November through December 2012. This year's study, which examined the opinions of more than 100 senior professionals at private equity firms throughout the United States, found that despite a disappointing year in 2012, private equity professionals remain confident in the industry's sustained recovery.

Ajusal Sugathan and Abhishek Baid, in "Private Equity Decision Making Using a Risk-Weighted Optimal Decision-Making Paradigm and Neural Networks," examine the decision-making processes involved in investing in private equity opportunities. After walking the reader through an analysis of the various factors, they end up with two models to improve the selection process: the risk-weighted optimal investment model and the neural-network-based optimal investment model.

Harry Gray, Chad Greenway, and Christian Metzger, in "Common Blunders in Corporate Crises, and How to Weather the Perfect Storm Practically," provide general partners with crisis management guidance to keep the investment successful. The crisis management issues involve much more than unlocking and preserving cash. The article traces common blunders and lessons learned and develops 12 provisions to prepare managers for the next crisis.

Regarding the exit end of the investment, Julie Casella and Peter Miterko examine IPOs since 2008, which have taken a longer time to implement. In "Private Equity IPOs: Five Executive Compensation Traps to Avoid, " they explain how the delay in exits stems from Dodd–Frank-proposed postcrisis regulations influencing shareholder advisory votes, shifting governance guidelines of proxy advisory firm, and the sudden change that occurs when the portfolio company ceases to be in charge. Careful planning is necessary to avoid these significant executive compensation traps.

In "Turn Plant Closings and Layoffs into Economic Development," Richard America provides insightful commentary on layoffs and private equity. He warns that care should be taken not to sacrifice skilled employees who will be needed when the crisis recedes.

Manu Sharma and Esha Prashar, in "A Conceptual Framework for Relative Valuation," measure performance using the equity and value multiples and other factors that affect the under- and overvaluation of stocks in the market. They detail how relative valuation should be conducted in order to find the comparables that are closest to the target company. Relative valuation is based on the assumption that the value of an asset equals its market value. Because absolute market prices cannot be compared, they need to be converted into standardized values so that price multiples are created and then compared to the multiples of the comparable asset to decide whether the asset is over- or undervalued.

Merger and acquisition lawyers and accountants spend an inordinate amount of time negotiating, interpreting, and sometimes litigating working capital provisions. Gene Barton, Jr., asks whether this is necessary in "Working Capital Adjustments: One Size Doesn't Fit All." The answer depends on whether the working capital adjustment provisions actually work and do what they are intended to achieve.

An area that is not often explored is covered by Paul Edwards in "Digging into Agriculture's Growth: A lot below the Surface." Sustained demand for food is enticing private equity firms to seek exposure in the global agricultural sector. There are many factors to consider in such investments, including local wealth and tastes, infrastructure, and government policies. This article provides structure for this evaluation and identifies key factors to consider.

Shifting to a secondary market, Judy Deng explores "The Regulatory Landscape for Private Equity Investment in the Secondary Market in China." Because the regulatory context for public stock acquisition is highly differentiated from that for private company stock acquisition, the author focuses only on the latter. She studies acquisitions of portfolio companies and analyzes the regulations impacting the acquisition of venture capital and private equity fund interests.

Turning to new venture funding, Michael Porter and Mark Spriggs explore "Informal Private Equity Investment Networks: The Role of the Nexus Angel." The article reveals a special category of angel investors who appear to provide the entrepreneur access to these hidden investment groups. The authors also identify their motivations and behaviors pre- and post-investment and look at their inner workings.

Continuing with new venture funding, Tanaha Hairston, in "Changing the Game of Venture Capital: Expert Insights," suggests that an analysis of the framework and operating principles of venture capital reveals areas of improvement that if made will minimize the effects of negative external economic forces. The research is presented within the context of the four venture capital phases: investment screening, selection, monitoring, and exit. This article presents best practice research through interviews of experienced venture investors and is supplemented by secondary research. It suggests alternate strategies for venture firms to consider.

A. Thillairajan and Ankit Jain take us to India to examine "New and Nascent Enterprises: Analysis of Incubation Support in India." Using data from 159 incubators and a sample of 40 incubators and 1,058 start-ups, they find that university incubators play an important role. Most of these are located in non-metro cities and are supported by the public sector. Private sector incubators are more effective with most investments and are located in metro cities.

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