



# \* Rewards and Pitfalls of Private Equity Investment in Your Business

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# Insights from the Breckenridge PE Journey

- \* Attributes
- \* Fit
- \* Rules of the Road
- \* Positive
- \* Pitfalls



# Snapshot of the PE Market

- More than 25 major insurance distribution firms have PE or pension investment



# Past PE-Backed Sale Deals





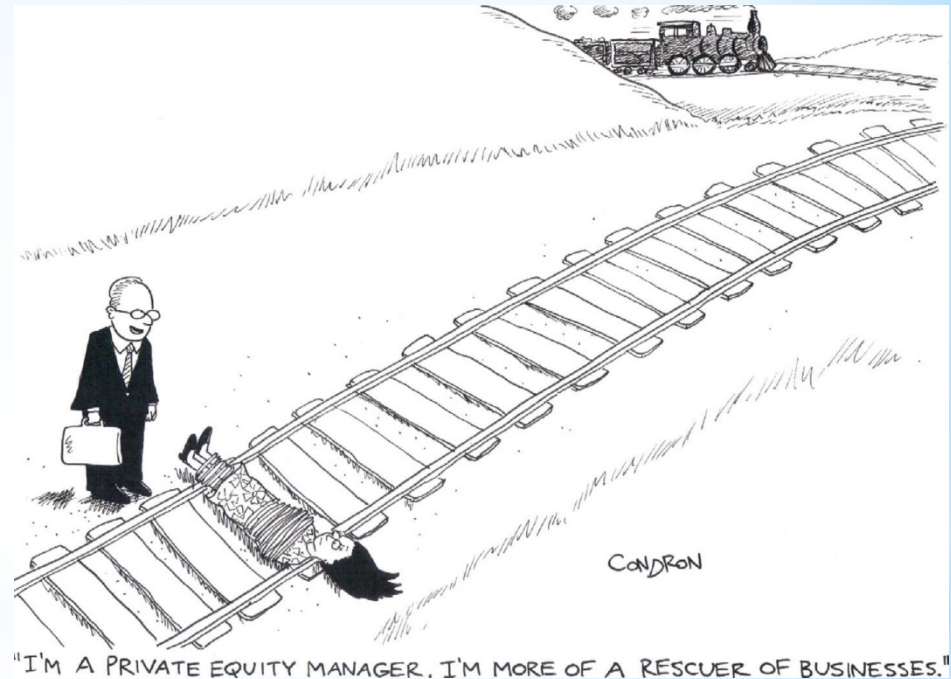
# Role of the PE Broker

- \* Position firm to sell to a PE investor (preparation and presentation)
- \* Find the right PE Firms to market to (EBITDA minimums, majority or minority, hold period, etc.)
- \* Minority or Majority Investment Valuations
- \* Finer deal points such as: Tag Along/ Drag Along rights, stock option pools, etc.
- \* Develop Psyche to have a professional board (vs. loose privately held board)



# Why Seek a PE Partner?

- \* Experience doing similar deals/experience with the industry
- \* Testing and modification of strategic plan
- \* Additional skillsets: acquisitions, integration, deal process, financing experience



# Perceived PE Negatives

- \* Demanding personalities that are inflexible and impatient
- \* Data and results driven
- \* Limited view of the industry



"I think I know where you're coming from. Turn and go back."

# Are all PE Firms the Same?

- \* Personality
- \* Approach



"Yes, I'll be in in a minute. I'm just rehearsing some candid remarks."



# How Best to Prepare for PE Ownership

- \* Get your story straight
- \* Have data, processes, and people ready
- \* Hire the right advisor/broker



"Never get your story too straight: they might hold you to it."

# What PE Firms Look For:

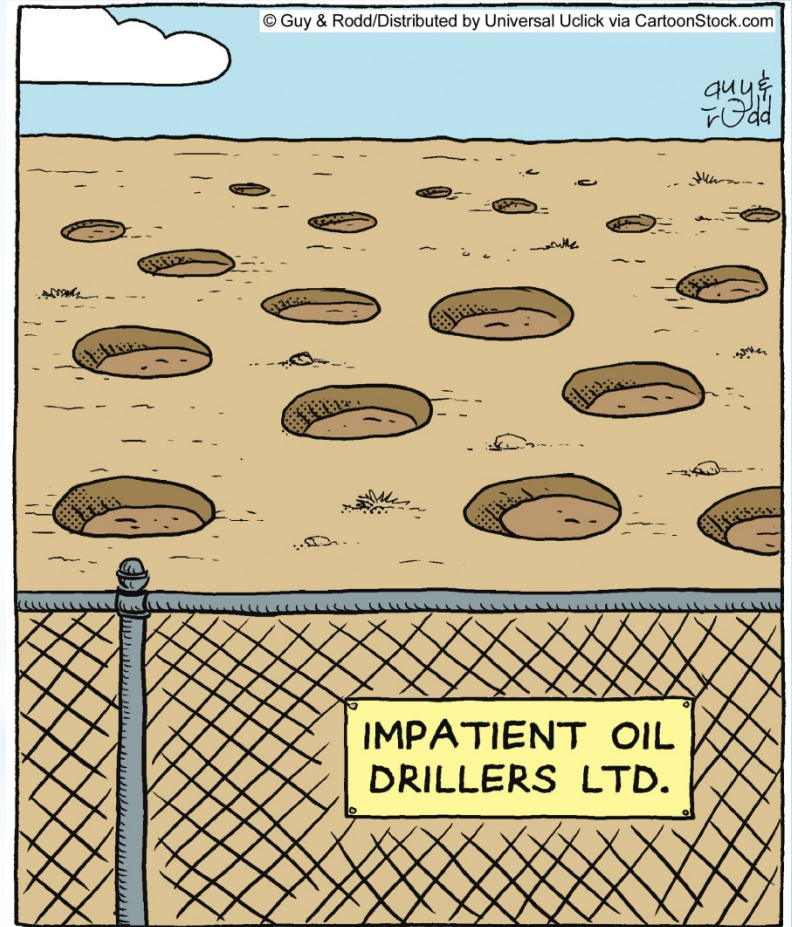
- \* Honesty and integrity
- \* Strategic vision
- \* Growth prospects



“What if we don’t change at all ...  
and something magical just happens?”

# PE Mistakes to Avoid

- \* Overpromising
- \* Lack of availability
- \* Lack of patience



# What Happens Post-PE Transaction?

- \* Operating partners and advisors
- \* Reporting
- \* Strategy and execution



“This is gobbledegook. I asked for mumbo-jumbo.”



# Mistakes Made Post-PE Ownership

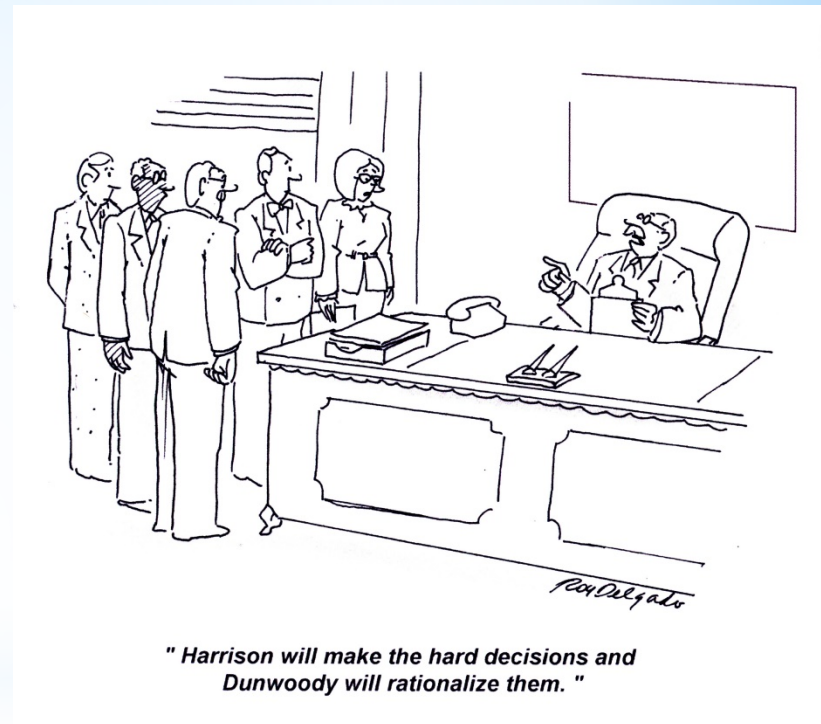
- \* Not bringing up issues early enough
- \* Not making changes quickly enough, especially as it relates to people
- \* Insufficient reporting processes
- \* Managing by spreadsheet
- \* Losing trust/bond with management
- \* Have an unclear internal decision making process
- \* Not spending enough time / too much time with management



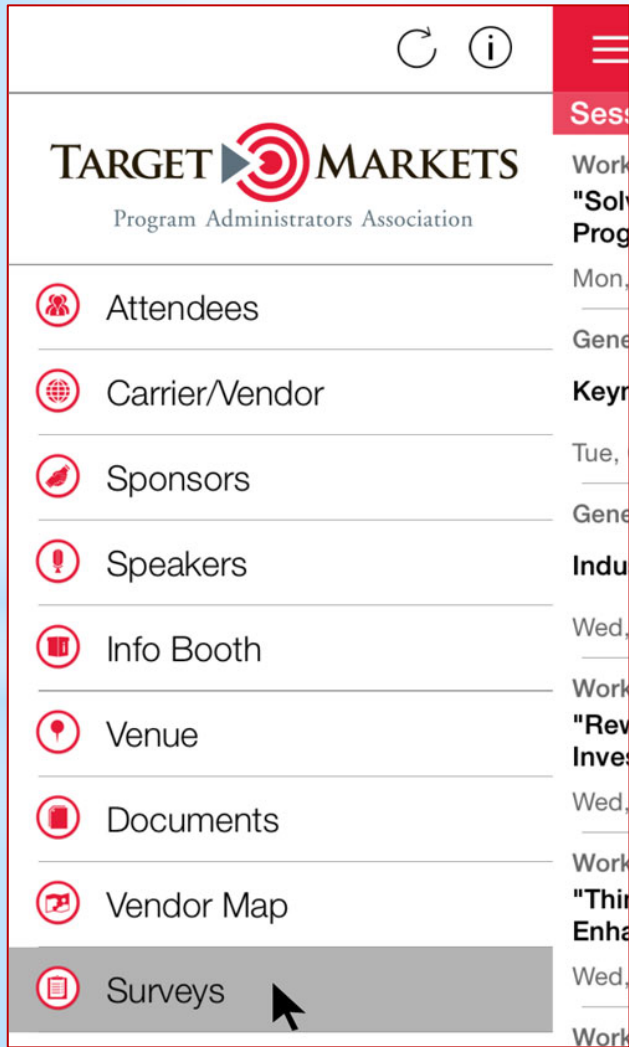
**" THIS IS GONNA BE ONE OF THOSE  
TEAMWORK TALKS, ISN'T IT? "**

# Attributes of Successful PE Investors

- \* Deep understanding of the business
- \* Collaborative working style
- \* Bringing in the "right" advisor
- \* Staying calm under pressure
- \* Decisiveness after proper analysis



# \* **QUESTIONS & ANSWERS**



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