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A catalyst for connection

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WHITE PAPER

Why PE Firms Should Work with Backable Executives

> What's behind a backable executive's ability to **accelerate growth and create value for PE firms?**

Dry powder levels are at an all-time high. The number of active firms in the private markets is rising, and new deals are harder to find. As the capital markets continue to become more crowded and competitive, investors need to find new sources of deal flow. Working with a well-seasoned executive who can serve as a deal SME can dramatically differentiate your buying position and can be the difference between a deal-or-no deal.

The backable executive often brings invaluable industry-specific insights and moves the needle when identifying value creating opportunities for investors. These need-to-know leaders have driven transformational growth in the middle market through a hands-on value creation thesis, M&A experience, proprietary knowledge of industry sub-segments, and relationships with propriety off-market acquisition targets. Private Equity firms working with these seasoned professionals (who demonstrate an “ownership mentality”) are maximizing the value of deal flow.

It's all about relationships! Mid to Upper Market Founders and C-Suite leaders would much rather speak with their peers or those they deem as subject matter experts (from their specific industry niche), then speak with

generic “company sale” vendors, bankers, or investors. When attending trade shows and industry conferences, they go to the events most specific to what they are making or selling. They go to network and to learn from the best in their industry about how they too can uncover value and evaluate growth strategies for their business.

Backable Executives are their respected peers and have proven track records of uncovering value and driving growth as their competitors and/or at least serving the same customer base they serve.

This “relatable connection” is what gets welcome mats put out and opens doors more quickly breaking down barriers to sharing, driving productive conversations that lead to valuable relationships.

Instead of playing to win in the short-term, play to win the long-term with a strategic backable executive that can increase your hit rate on platform investments and leverage your firms' resources to attractively stand out in front of competitors.



Backable executives have **proven track records of building shareholder value**

Working through networks of deal intermediaries (including investment banks and business brokers) to source bolt-on opportunities can be costly, time-consuming, and ineffective. Seasoned executives have Rolodexes chock full of connections, so they're in an excellent position to leverage their professional networks and industry reputations to sidestep these deal intermediaries and increase portfolio companies' worth.

A-players assess the value of privately held companies during the due diligence process. Because they're able to do this, they contribute valuable insights into the advisability of proposed operational improvements and have an unmatched talent for finding exceptional deals. With deal competition pushing valuations up, operational improvements are more important than ever for companies seek-

ing to continue delivering above-average returns for their investors. Furthermore, the backable executive is ready to step in and immediately execute the agreed upon thesis on day one.

As the primary liaison between investors and their portfolio companies, backable executives ensure the company's executive team has the resources, team members, and processes it needs to meet the objectives established by the firm.

In M&A, a lot of money is spent buying a business without knowing what the outcome will be. Before searching for a company or target market, — set your private equity firm up to win with the right backable executive. After all, in an uncertain economic landscape, you bet on people—not strategies.

Backable executives have a history of **winning**

Private equity looks for a track record of success—that's also confirmable. Backable executives have verifiable experience in successfully operating, growing, acquiring, divesting, integrating, and transforming companies. These executives also have decades of experience with significant responsibility as stewards of capital. They will often invest their personal wealth and are committed to seeing investments through to fruition. They're the ones steering the ship—and their fortunes are designed to rise with yours.



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Why Call Ropella 360?

Ropella 360 connects A-player, transformational leaders (Backable Executives), and their financial sponsors (VC, PE & FO investors) to create an investment thesis and generate deal flow through Deal Flow Accelerators maximizing acquisition success.