Private Equity - Negotiation and Investment Structuring

2-Day Executive Education Training Programme

In-House Programme

Visit www.Ascentium-Associates.com/in-house or call +44 207 193 5423

Programme Overview

Private Equity – Negotiation and Investment Structuring - This is an intermediate level, 2 day series of workshops focusing directly on modern practice, in both the buyout and growth capital arenas. It is an exercise driven skill enhancement programme for front line private equity practitioners, advisers and managers. Delegates will have a familiarity with the basic tenets of private equity and be seeking to refine their practical structuring skills and understanding.

The programme format entails high levels of participation from delegates, in case studies, exercises, simulations and debates. All tools and models used come from actual, modern practice and learning is heavily focused on real life case studies. Formal lecturing is reduced to the essential minimum required.

Delegates will be expected to arrive with an understanding of basic financial and accounting concepts and familiarity with spreadsheet models, but the programme is highly flexible in coping with different degrees of experience. A willingness to participate actively is essential.

The key areas addressed by the programme are organised into four main topics. Although approximately half a day is allocated to each, it should be noted that the highly interactive nature of the course, and the flexible response to delegates' needs and interests, mean that this may well vary significantly.

Course Director – Garry Sharp

Garry Sharp has been active in the private equity markets as a practitioner, trainer, writer and adviser since 1985, when he joined a nascent UK venture capital firm. He participated in the firm's own management buyout in 1989, its subsequent rapid growth and in its sale to a major financial institution in 1996. Following this sale, he co-founded Independent Direction, a specialist advisory focusing on the management aspects of private equity investments; this firm too achieved rapid growth and was successfully sold in 2005.

Garry has delivered private equity training since 1990 and has taken an active interest in private equity in the emerging markets since 2002. He has trained, advised or taken active management roles in fund managers in Ghana, Kenya, Nigeria, Zambia, Tanzania, Tunis, Dubai and Egypt; he has also delivered training in Eastern Europe and South America and was until recently Executive Director of a bank captive PE fund in Mauritius. Garry is currently Head of Private Equity and London Rep for AfrAsia Bank. He has also had seven books published on PE and related topics and from 2007-12 was Executive Editor of the CCH Corporate Finance Manual in the UK.

Course Outline

Day 1 Topics

Session One - Investment Structuring and Valuation

Learning Objectives:

- Review and consolidation of fundamental structuring principles
- Alignment of interests and motivations
- Valuation tools, techniques and templates
- Variety and use of differing instruments
- Specific techniques for protecting minority stake investors
- The use, and potential dangers, of ratchets

Presentation Topics:

- A simplified PE portfolio, demonstrating the effects of portfolio spread, return maximisation, the value of running yield
- Key investment instruments and their use; flat share pricing vs share premia
- Preference, income, redemption, control triggers
- Valuation ranges, sense checks, reconciling DCF and multiple driven valuations (growth assumptions, discount rates)

Exercise 1 - Delegates will structure a simple growth capital investment, initially without the use of a spreadsheet. This exercise is designed to consolidate understanding of:

- *The key drivers of private equity returns*
- *The effects of introducing various investment instruments*
- *The dangers of relying purely on spreadsheets*

Session Two - Applied Structuring

Learning Objectives:

This is an entirely exercise driven session intended to allow delegates to explore:

- The practical application of key investment structuring techniques
- Refinements and the use of more advanced structures
- Approaches to negotiating investment structure

Exercise 2 -Delegates will split into groups; some will play the owner managers of a successful, established family company which needs to raise capital to address a strategic issue, the other groups will play the role of private equity executives. The groups will, after preparation, meet and attempt to negotiate the outlines of a transaction. This exercise will require delegates to:

- *Communicate to an operating management team the key elements of the PE / investee relationship*
- *Identify and align key strategic objectives and motivators*
- *Outline the broad parameters of a proposed investment structure and explain its rationale*
- *Absorb feedback from negotiating counterparties and refine proposed structures*

The negotiations will be video recorded in order to enhance the value of the post-exercise review.

Day 2 Topics

Session 3 - Change of control / buyout investments

Learning objectives: This session will give delegates context and background to:

- Alternative routes to value creation for control investors
- Buyout structuring techniques and their applicability to growth capital investments

Presentation topics:

- Value creation in buyouts - the three key routes
- Current practice and market pressures
- The buyout model
- The use of leverage
- Incentivising operational management
- Types of debt and their application

Exercise 3 - Delegates will play the role of corporate finance adviser to the CEO of a buyout target company. The basic structure of a buyout will be developed by the group as a whole, led by the programme director. A last minute structuring challenge will then be introduced which delegates will be asked to resolve in groups.

Session 4 - Human Factors and Negotiation

Learning Objectives: Structuring investments is not simply a numerical exercise. The private equity model depends on close partnership between investor and operating management team, and the investment structure will both reflect and shape this partnership. An understanding of this is essential to a successful PE executive, as is a sound understanding of the specific challenges of negotiating PE investment structures.

Presentation Topics:

- Understanding the entrepreneur; drivers and motivators
- The negotiating pyramid
- The principles of negotiation
- Framing an agreement
- Approaches and Tactics
- Positional bargaining
- Principled negotiation
- Anticipation and analysis of your counterpart's actions
- Formulating a negotiation plan in team settings

Exercise 4 - Delegates will role play an acquisition negotiation, in an exercise designed to highlight the importance of non-financial considerations.

Course review and wrap up

In-House Training Solutions

Need a bespoke training solution for your team?

This course is available on an in-house basis only.
Pricing is from GBP7995 + VAT (where applicable) for a group of up to 8 attendees.
For bigger groups or for training delivered outside London, please contact us for a quote.

If you have a large team that needs training, an in-house training solution may be right for you. We can run this training programme or a more bespoke course designed especially for the needs for your team.

A programme can be run on **dates convenient to you**, at a venue of your choice, such as **at your offices** and could even prove to be more **cost-effective.**

Programmes can be delivered in a face-to-face classroom-based setting and can also be combined with live online follow-on sessions.

To find out if an in-house solution is right for you, please contact :

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About Us

Ascentium Associates - We are a specialist training provider, focused on the private equity, real estate and infrastructure/project finance sectors. Our industry course programmes are delivered by highly experienced practitioners enabling you to learn from seasoned veterans.

We are passionate and focussed on your training and development needs and offer many strong reasons as to why you should consider training with us:

- **Faculty Expertise** – Our faculty of experienced practitioner trainers, makes us different from other providers. We have a dedicated section on our website so that you explore the expertise that we can offer.
- **Small Class Sizes** – Our courses are small groups (usually between 8-15 people) and are highly interactive. This allows for a lot of scope to ask questions and join in discussions. Attendees are encouraged to actively join in, contributing with their own experiences and also challenge and learn from each other. Individual and group exercises are designed to get people thinking about, reinforcing and applying their learnings.
- **Learning with your peers** – Our programmes are primarily aimed for industry participants, so you can expect to be training alongside an engaging peer group.
- **Alumni group** – In addition to the peers you will meet, we also have an alumni group for you to network with.
- **Quality Programme Materials and Certificate of Completion** – All programme attendees will receive the programme content and a certificate of completion.
- **Quality venues** – We always use easy to get to venues that are centrally located and which provide the right balance of comfort and technology to facilitate your learning experience.
- **Post course discussion forums** – The forums on our website provide a platform to continue discussions and conversations with fellow attendees.
- **Feedback** – Programme feedback is very important to us, both during and after a programme and forms a basis for ongoing continuous improvement.
- **In-house training** – In addition to our scheduled programmes we also offer bespoke programmes offering expertise, convenience and cost effectiveness.
- **Track record** – Our team of professionals have many years experience of planning, designing and delivering training programmes.

We look forward to working with you.

Best Regards,

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