Askivy: Thanks so much for spending time answering a few questions from us. First of all, how did you make it into Private Equity?

I broke into PE via my own network. I was in a PE coverage team at my previous consulting firm. This period gave me the opportunity to understand more about this industry and get to know the people in this industry. Since I was determined to move to PE, I spent a lot of time preparing for interviews. I learned corporate finance basics / financial modeling skills. Unlike most other candidates, I don’t have experience in banking and don’t have these basic technical skills. However, some business sense I accumulated by being as an consultant helped the interview process since the process is not only about technical skills but also case studies testing how you think about investment opportunities.

Askivy: From a day to day perspective, what are the key differences between being a consultant and a PE investment professional?

There are some overlaps in both jobs. The major similarity is corporate strategy – part of the PE job is managing existing portfolio or investments. As an owner of a business, you have to think what you want to do with the business and what you can do. And from a shareholder perspective, we are focused on important strategic decisions rather than daily operations, which require consulting/strategic skills. However, I think there are two main differences: (i) the type of tasks you perform is much wider and diverse. For example, as a consultant, I normally covered commercial DD during a transaction. However, this has been widened to legal, financial, tax, etc. on a buy-out deal from PE’s perspective. (ii) In addition to that, I now need to screen companies to identify potential investment opportunities. Before, I would spent some time pitching ideas to the client but not actually looking for deals.

A PE job definitely requires more business judgement since we represent the owners of the business. Consultants typically analyse a business based on market, competitive advantage, etc. and then draw a conclusion on whether it could be attractive or not. I found out that it was pretty academic. Within an investment fund, we often discuss what the business could achieve, where we should focus and who could be a good management team – a very practical approach.
In all, I think all the differences are because the perspective is changed. PE professionals are taking a real ownership of their portfolio businesses, while consultants are selling their advising services.

Askivy: What are the most useful skills you gained as a consultant that help you in your current Private Equity job?

a. A structured approach to analyse an industry or a company (commercial level) in limited time.

b. Thinking out of box – many businesses require new brains!

Askivy: What are the development areas or challenges you have faced after you go into a Private Equity?

(1) Challenge is how to deeply understand key drivers in a sector and any business under a short-period of time – since the DD process is intense during a buyout transaction. In addition, the business strategy has to be executable or realistic – it will not be just a simple analysis on paper. It is an actual strategy which you can start and make things happen and work!

(2) Development area is to catch up on finance technical skills, continuing to build business sense and managing people. I gradually realised that I need to be a very good project manager to be able to manage accountants, consultants, etc. during deal execution. Also, I now need to be able to work with management teams closely to monitor our investments!