



CONTACT:

Bill Haynes

President

BackBay Communications

617-556-9982, x224

bill.haynes@backbaycommunications.com

BackBay Communications Private Equity Brand Survey Reveals Importance of a Strong Brand

Investment Success, Executive Visibility Key to Building Healthy Market Presence

BOSTON, November 19, 2009 – A new survey of the private equity industry by BackBay Communications, a strategic financial services marketing and public relations firm, reveals that 93% of industry participants believe a private equity firm's success is directly dependent upon a strong brand.

The 320 survey respondents, including private equity professionals, Limited Partners, investment bankers, intermediaries, lawyers, accountants and consultants serving the private equity industry, say having a strong brand is important to private equity firms for:

- Fundraising (83%)
- Deal flow (76%)
- Recruiting (51%)
- Investing (43%)

"Brand matters. Whether you're raising capital, hiring employees, trying to buy a family owned business or a conglomerate, how key constituencies perceive your brand can affect the bottom line," said Christopher W. Ullman, Director of Global Communications, The Carlyle Group. "Our goal is to have a brand that people understand, like and trust."

Constituents with whom it is most important to have a strong brand are:

- Limited Partners (76%)
- CEOs of target portfolio companies (66%)
- Lenders (60%)
- Investment bankers (57%)

"As Limited Partners re-examine their investment allocations and future commitments, it is the private equity firms with the strongest brands that are able to attract current LPs back into their new funds and bring in new investors," said Bill Haynes, President, BackBay Communications, which specializes in providing branding, marketing and public relations services to the private equity industry. "In addition, with quality deal flow down at many private equity firms, a powerful brand assists firms in generating new

investment opportunities from investment bankers, helps in new business generation with company CEOs, and can make it easier to secure acquisition financing from lenders.”

Successful Investing Builds Strong Brands

According to survey respondents, the most effective ways for private equity firms to build a strong brand are:

- Achieving consistently strong portfolio company performance/returns (82%)
- Having investment discipline (54%)
- Building a cohesive firm culture (47%)

Private equity firm attributes that contribute the most to a strong brand are:

- Good investment returns (69%)
- Proven management team (64%)
- Clearly articulated firm positioning (56%)

“TA Associates developed its brand over more than 40 years. It stands for integrity, partnership and excellence,” said Marcia O’Carroll, VP of Marketing, TA Associates. “In everything we do internally and externally – the way we communicate with LPs and entrepreneurs, the people we hire, the investments we make, the top-quartile returns we achieve, and the way we conduct our business – we aim to adhere to the high standards that have led to our success.”

The Sweet Sixteen

According to survey respondents, the 16 private equity firms with the strongest brands are, in alphabetical order:

- | | |
|----------------------------------|-------------------------|
| • 3i Group | • Kleiner Perkins |
| • Apollo | • KKR |
| • Audax Group | • The Riverside Company |
| • Bain Capital | • Sequoia Capital |
| • Berkshire Partners | • Summit Partners |
| • Blackstone Group | • TA Associates |
| • Carlyle Group | • TPG |
| • Goldman Sachs Capital Partners | • Warburg Pincus |

According to data from PitchBook, an independent market intelligence firm dedicated to providing premium data, news and analysis to the private equity industry, with a few exceptions, the leading private equity brands are primarily large global firms, managing at least \$3 billion, having 100 or more employees, which have been in business for at least 20 years, and have made 100 or more investments. Survey respondents said it was these firms’ large size, strong returns, management strength, consistent visibility, and clear messaging that keeps them top of mind.

In general, the Sweet Sixteen, according to PitchBook, outperformed the industry as a whole:

- Mature funds (raised before 2006) outperformed the industry as a whole in nine of 10 vintage years (1996-2005).
- For these 10 vintages, the firms outperformed the industry by an average of 5%.

“These private equity firms have the strongest brands for a reason,” said John Gabbert, CEO, PitchBook. “They are mature firms with proven management teams, and consistently strong portfolio performance over time. They grew from very small firms to the size they are now by building and managing a reputation for high performance through market cycles.”

“The Riverside Company began consciously investing in building a distinctive brand about eight years ago,” said Christine Croissant, Managing Director, Marketing & Investor Relations for The Riverside Company. “When I started with Riverside, our brand reflected our work style: informal but professional. As we have grown into an international firm attracting leading institutional investors, our brand has evolved to emphasize the firm’s focus on the smaller end of the middle market, global presence and operational expertise, even as we continue to be known for our friendliness and principled approach.”

According to survey respondents, the best way for firms to leverage/reinforce their brands is through:

- Conference speaking (66%)
- Personal meetings (63%)
- Media interviews (45%)

“A private equity firm’s brand promise needs to be applied consistently and compellingly in words, images and in all experiences a firm’s many constituencies have with it,” said Haynes. “The firm’s executives should be ambassadors, discussing investments, exits and firm news, as well as sharing their insight on private equity industry trends and issues. Such positive and ongoing value-added visibility – coupled with investment discipline and consistently successful investments – is how great private equity brands are built.”

“Private equity firms of all sizes can learn from the firms with the most powerful brand reputations,” said Haynes. “They need not be large global firms or have multi-million dollar marketing budgets to create a recognizable and respected presence in the marketplace. What they do need is clearly articulated positioning based on a firm’s focus, people and approach that helps differentiate the firm from competitors.”

Survey Methodology

The online survey was answered by 320 professionals involved with private equity, including 124 private equity/venture capital firm representatives, 83 investment bankers/intermediaries, 82 service providers (lawyers, accountants, consultants), 13 Limited Partners, nine lenders, seven corporate professionals/entrepreneurs, and two hedge fund executives.

Private Equity Brand Equity White Paper

For a white paper on private equity branding, please go to: <http://www.backbaycommunications.com>, and click on “Private Equity Brand Equity white paper,” or click [Here](#).

About BackBay Communications

BackBay Communications is an independent strategic marketing and public relations firm focused on the financial and professional services sectors. Headquartered in Boston, BackBay serves companies across the United States, with current clients in Boston, Chicago, Denver, Los Angeles, New York, and Washington, D.C. Through strategic partnerships, BackBay provides US-based clients with services in Europe and Asia. www.BackBayCommunications.com.

###