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Standard Life Investments

FINANCIAL NEWS

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Buyout firms join transfer bandwagon

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While the football transfer window closed in the Premier League at the end of January, it remains very much open for dealmakers in the UK private equity industry who have been frustrated by the lack of activity at their own companies.



Private equity executives have tended to remain loyal to their own companies, but are now increasingly moving to rival firms that have more capital to deploy and which are gearing up for forthcoming fundraisings, according to a recruitment consultant.

Gail McManus, managing director of Private Equity Recruitment, said mid-market firms have been bolstering their teams “typically at the mid-to-senior level” with experienced executives “with the necessary skills required to manage companies and also do new deals”.

She added that “unusually, there’s a surfeit of people with the requisite experience and a willingness to move” in the industry.

“Mid-level executives at firms which aren’t doing deals at the moment are looking to move to firms with funds to invest. From a career development perspective, people want to be busy and dealmaking is what they got into private equity for,” she said.

McManus also said there were an increasing number of senior-level moves within the buyout community. These are rare, as senior executives are normally heavily invested in a firm's funds so negotiations as to future profits can prove complex and acrimonious. Marc Rodnick, co-founding partner of Elevation Partners, a private equity firm with Irish rockstar Bono among its senior team, decided to leave the group for internet start-up Quora last week.

UK-based lower mid-market firm Growth Capital Partners has made a dual appointment – hiring Francesco Santinon as a partner, and Graham Dewhirst as an advisory partner.

Santinon joins from growth capital firm Spirit Capital, where he was co-founder and managing partner. Prior to launching Spirit, he worked at Close Brothers Private Equity and as a corporate financier at PricewaterhouseCoopers.

Dewhirst joins GCP's board and investment committee. He was formerly a partner and head of investor relations at UK mid-market firm Bridgepoint. In a statement, GCP said: "In his role at GCP he will provide advice and assistance with the overall strategy and development of the business."

The firm said the appointments were consistent with its commitment to being a partner-led firm. There are now four equity partners at the firm, an associate director, and two advisory partners. GCP said the team it has assembled provides a range of skills necessary to invest both debt and equity in lower mid-market deals in the UK.

Growth investment house Bridges Ventures also appointed Carl Lavin as an investment director. He moves from large buyout house Apax Partners, which he joined in 2001. Prior to that he worked at Deutsche Bank where he invested in emerging technology companies. Mid market firm Palamon Capital Partners announced a week earlier that it had promoted Daniel Mytnik to partner at the firm. Mytnik joined Palamon in 2006 from Altium.

As well as dealmakers, many firms have sought to bring in people with operational experience to help manage portfolio companies. HgCapital last week strengthened its operational capabilities by appointing Stephen Warshaw as a director in the firm's portfolio management team.

Warshaw has more than 25 years experience as a chief executive and chairman in the technology and media sectors. He has worked with HgCapital before, while chairman of Iris Software. HgCapital acquired the business in 2004 for £100m, selling it three years later to buyout peer Hellman & Friedman for £500m. He is already an external advisor to HgCapital, having been appointed to that position in 2007.

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