



## Below is some good advice from specialist recruiting firm KEA Consultants about the Private Equity Recruiting Process.

The private equity interview process is challenging from start to finish. Most firms will interview a candidate over three to four rounds, but there are cases where it can be as many as ten rounds. It all depends on the firm, the number of people they want you to meet and the testing involved. In some instances, you may come across [SHL type tests](#) testing your [verbal](#), [numerical](#) or [logic](#) skills.

However, all candidates should be prepared for general CV overview interviews, as well as the case study and LBO modeling round. The majority of mid-market and large cap buyout funds will test candidates on their modeling skills. Smaller cap or growth equity funds are less likely to test these skills, but may have a business case study where you present on a private investment. All firms will want to test your commerciality and business sense. Ultimately, as an entry-level candidate you need to prove that you can make the transition from the sell-side to the buy-side and think like an investor.

The key to doing well in any interview is preparation. Do your homework on the firm, the professionals and the portfolio. At a minimum you should know the fund's size, how long they have been around, the stage at which they invest, which sectors they invest in and their investor base. It would be worth thinking through a couple of the investments the firm has made in the past and assessing why they were good investments (or even why not) and how they developed the firm's investment strategy. Without fail, prepare some questions that you can ask the investment professionals at the firm where you're interviewing, as they are likely to give you the opportunity during your interview. These can range from asking about the amount of capital available to invest, to the number of deals the firm screens at any one time, to asking more specifically about a recent investment the firm made.

There are some extremely practical things you can do throughout the interview process to guarantee that you present yourself to best effect. The most basic and important are:

Always be on time, if not 5-10 minutes early for each interview

- Stick to a scheduled interview time to the best of your ability
- Prepare questions for your interviewer
- Give a firm handshake on introduction and departure
- Always make eye contact with your interviewer
- Think carefully about your answers; it's better to take an extra minute structuring your thoughts than rambling

on for too long and without focus

- Speak clearly and with confidence, at the same time try to be humble and not too aggressive
- Remember you are selling yourself to them, not vice versa

During the CV interview rounds there are certain points and questions that you should specifically prepare for. We have listed examples below for you to think about. This is not an exhaustive list, but it should give you a sense of what to expect:

**Know your CV:** you must be able to answer questions on anything on your CV. If you've listed several transactions then make sure you really know what happened and know the relevant numbers: IRR, debt equity ratio, price, earnings multiple etc. Practice walking through your CV from university onwards in a structured 2-3 minute overview.

**Tell me about a deal on your CV:** If you are from investment banking you should definitely expect this question. Pick a deal that would be most relevant for a private equity investor (either in industry or type of transaction).

**Why do you want a career in Private Equity?** Tailor your answer to your experience, skills and relevant interests, as demonstrated on your CV.

**Why are you interested in our firm?** If you've done your homework on the firm, then you should be able to easily answer this question.

**From the companies you've worked with, which would make a good private equity investment and why?** Tailor your answer to the firm you are interviewing with and be prepared to go into financial detail on why you would invest in that company.

**Explain the mechanics of an LBO model?** You need to be able to either talk an investment professional through this, or calculate a simple one on an A4 sheet of paper. (see our [modellings tests page](#) if you require practice )

**Why are EBITDA and FCF important to private equity investors?** You need to know the difference and explain how they are used in relation to the new debt borrowed for an LBO.

**What determines how much debt you can put on a company?** Talk about the cash profile of the business and the state of the debt market.

**How would you source potential investments?** Indicate how you would research and identify attractive targets in a sector. Think about where recent private equity deals have been done. Mention networking in an industry, through cold-calling, conferences, reading trade publications. Keep it relevant to the firm you're interviewing with.

**How important is management in a private equity deal?** They are extremely important, good business need good managers.

**Tell me about an interesting deal in the news recently?** Make sure you have a clear opinion on the deal that you chose in order to demonstrate your business judgement.

**What are your thoughts on the private equity industry and/or a specific industry the firm looks at?** Again, have an opinion.

**Where do you see yourself in five years?** Demonstrate your ambition and commitment to private equity.

A few other general questions...

**What motivates you? Tell me about a time you've failed? What are your three main strengths? What do you do in your spare time?** Finally, personal fit is important. As teams are smaller in private equity firms than in other corporates, personality fit is a key part of a firm's overall evaluation process. Remember to "be yourself" during your interviews. A private equity firm will only want to hire candidates that they feel fit well with the firm's culture and ethos. If hired, you will be working with the people who interviewed you on an intensive basis and having strong professional relationships will determine how much you enjoy your new job and ultimately how successful you are.

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