

What Can You Do After Private Equity

Private Equity › Interview Preparation



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Private Equity is often viewed as the “holy grail” for many professionals working in finance, especially for those from investment banking and strategy consulting. However, those who manage to make the switch to Private Equity usually do so at a very young age, either in their mid-twenties or early thirties. So, do they keep working in private equity for the next 30 years? Can they change jobs? Below is an overview of the potential career exits open to private equity professionals.

1. Moving to a hedge fund

Many private equity professionals get frustrated by the slow pace and tedious administrative tasks of deal-making, and by the long time it takes to make large profits. If you work in private equity, you will not be able to become millionaire overnight - it will take at least five to ten years. Therefore, a lot of PE professionals decide to move to hedge funds, where returns can be made quickly and money can be earned (but also lost) more rapidly. There are some similarities between hedge funds and private equity; both are about investing money wisely, so junior private equity professionals can easily make the switch.

2. Becoming a venture capitalist

Some private equity professionals may also find that doing large deals is not as exciting as investing in startups, and may switch to VC funds. This is more common for people that have a sector focus such as Media, Technology or Healthcare, given that those sectors are favoured by Venture Capitalists.

3. Launching your own fund

This is not really a career change per se, but many private equity professionals dream about launching their own funds. This happens more frequently for senior professionals who have a track record and large networks.

4. Joining a Corporate / Portfolio Company

One of the most interesting aspects of working in private equity is helping the portfolio companies to grow. Private Equity professionals quite commonly decide to go to work for one of their portfolio companies in a senior position (i.e. CFO, CEO, Head of Business Development). This can become quite lucrative, as you would usually be granted stock in the company and make a substantial profit if the exit is successful. It doesn't even have to be one of the portfolio companies - the private equity skillset is very well suited to roles in corporate strategy and finance.

5. Moving back to advisory roles (i.e. investment banking, private equity strategy consulting)

This is not the most common move, but some private equity professionals can decide to move back to investment banking or other advisory roles for a variety of reasons, including redundancy, failed fundraising, poor economic environment, or if they just find it to be more lucrative.

6. Secondary funds, Fund of Funds

Some PE professionals leave to join secondary funds or fund of funds companies. Secondary funds are funds that purchase portfolio companies from private equity funds directly (it can be one or many), usually at a steep discount. The private equity funds often need some liquidity for a variety of reasons, i.e. they want to exit from a specific sector or close down the fund rapidly. Funds of funds are funds that invest in private equity companies as opposed to investing in companies.

7. Entrepreneurship

Most private equity professionals are highly entrepreneurial and always have some great business idea at one point or another, especially at the junior level. Private equity is also very helpful if you want to become an entrepreneur, because the opportunities to learn and network are fantastic.

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