

Why Private Equity? Why Our Firm?

Private Equity › Interview Preparation



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Invariably, this question will be asked during any private equity interview, and is one of the most critical. Most bankers who prepare well and have a good deal of experience are able to pass all the technical interview questions, but a lot of them fail on providing a compelling answer to "why PE, why our firm".

What are the private equity firms looking for when they ask "why PE, why our firm"?

Obviously, the interviewer will want to know your motivations behind doing this job, and also behind joining their firm.

However, the question is actually much more complex than you might think. Private equity firms already know why people apply to their firms: prestige, better long-term money, fewer hours, and the entrepreneurial aspect. But they are really looking for the answers to these questions:

1. What's driving you professionally and personally?
2. Have you done some research about the firm?
3. What special skills do you have, and how can they be of use to the firm?
4. Are you going to stay long-term?

Structures to best answer the question

Make sure that you address the four points described above, directly or indirectly. Notice that the question is actually twofold: 1) why PE and 2) Why our firm. However, in most cases it is best to address the two questions at the same time, even if they are asked separately. For example, if you are just asked "Why PE", I would still answer the "Why our firm" at the same time.

When answering, we suggest that you use the following structure:

1. Answer why you like PE first (addresses points no.1 and 4)? For this question, there needs to be a solid personal motivation as well as a professional motivation.

> Personal motivations: Those usually revolve around an "entrepreneurial spirit" and desire to do investments and act as a principal. Great stories include coming from an entrepreneurial family, some evidence of entrepreneurial activities, risk-taking or outstanding initiatives, in or outside your job.

> Professional motivations: This usually revolves around the aspects of your work that are similar or related to private equity. Bankers and consultants can mention work they did with Private Equity and how they enjoyed it. You just need to show that you know the work that PE involves. Points not to mention: money, prestige, fewer hours, or plainly saying "I like to do investments". Another danger zone is to mention personal stock trading - be aware that stock trading is short-term and more suited to hedge funds, not PE, so if you mention it talk about a long-term "hold" strategy.

2. Show off your knowledge about their firm (addresses point no. 2)

Mention positives and success factors of the firm that are attractive to you:

> Strategy: unique positioning of the firm, sector focus, geographic focus

> Recent fundraising or expansion: big new fund, new offices, new partners

> Great investments or exits they have done: mention any known details to show knowledge

> Strength of some partners (i.e. the more prominent figures): mention names

3. Tie in the firm positives with your skills (addresses points 3 and 4)

This is the hardest part - you need to tie the firm's strategy to your skills. This part will vary with each individual, but these are the most common rationales:

> Language skills that tie in with the fund regional expansion strategy. For example, "You have made several investments in France, and as a French speaker, I would really love to work on some of those portfolio companies." Or "I speak three European languages, so I like your pan-European focus," etc.

> Sector experience that ties in with sector focus. For example: "I worked on three media transactions and really enjoyed the work, so I think I would really love working in a TMT-focused private equity firms such as yours."

> Showing relevant business experience. For example: "I have worked for three years in investment banking and with several private equity clients, so I am well aware of the strong reputation of your firm."

> "Business acumen" or "belief". Basically, this would be something saying that you believe that the PE firm is well positioned, and that is why you want to join them. Again, you can mention their strong track record, nice positioning, great management, and all those success factors that make you want to join them.

You will get bonus points if:

- You reached out to the PE firm directly without going through headhunters (shows initiatives, credibility)

- You get "championed" by somebody working at the firm (alumni, friend). If you got recommended, do mention this fact.
- You worked on a deal with the firm (as a banker or consultant, provided you did well!)
- You dealt with companies they thought about buying (bankers and consultants: check the all bidders for the deals on your CV!)

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