

08.2009 Improve your equity base

The current economic crisis has caused the equity ratio of German businesses to decrease even further. Low equity can jeopardize the existence of a business, and in any case is the major hindrance to dynamic growth and innovative business management. Entrepreneurial ideas often run aground simply due to the lack of financial latitude. With their restrictive credit policies and conditions, major banks are currently reinforcing the braking effect of underfinancing.

That said, these ongoing difficult market conditions often offer remarkable prospects for securing and developing the position of your company. The prices for sometimes highly attractive peer companies have dropped significantly from last year's peak levels. The willingness to cooperate or to sell partially or fully has increased significantly, out of pure need, but also in recognition of the fact that for many sectors consolidation is the best way to achieve sustained success.

If you consider seizing opportunities and avoiding the disadvantages of credit or mezzanine capital, you should focus on a private equity partner who contributes both relevant business know-how as well as financing.

The Lindsay Goldberg funds have a special affinity for small and medium-sized companies, not only due to their structure, but also because of their numerous investments in the private sector. The European arm of the fund, Lindsay Goldberg Vogel (LGV), boasts extremely successful examples of such cooperations, which led to significant value appreciations for the involved businesses.