



BRANDING
STRATEGY

INCORPORATE: **DESIGN**

IDENTITY
COMMUNICATIONS
PRINT
DIGITAL
ENVIRONMENT

Unlocking a brand driven competitive advantage

Benchmark in Private Equity II

Autumn 2018

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See where your firm ranks amongst your competitors

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Where does your firm stand amongst the competition?

The strength of your brand is a valuable business asset, especially in a competitive market. We have scored the brand strength of 14 private equity (PE) firms who invest up to £10M in European investments.

See where your firm scored amongst its competitors.

Rank	Firm	Score %
1	BGF	82%
2	Altitude Partners	70%
3	Active Partners	65%
4	Risk Capital Partners	64%
5	Calculus Capital	60%
6	Connection Capital	55%
7	Panoramic Growth Equity	54%
8	Encore Capital	47%
9	Chiltern Capital	45%
10	YFM Equity Partners	36%
11	Agathos Management	34%
12	Merino Private Equity	31%
13	Privet Capital	30%
14	Bestport Private Equity	23%

A close-up photograph of a person's hands. The right hand is holding a black pen, and the left hand is holding a pair of glasses. The background is dark and out of focus. Overlaid on the image is the text "WHY IS YOUR BRAND IMPORTANT?" in a white, bold, brush-stroke font.

WHY IS
YOUR BRAND
IMPORTANT?

It's a tough market out there

Healthy gains in buyout value and exits meant that 2017 was a strong year in the global PE industry. However, firms are still facing a number of key challenges.

Winning deals

Earning a fair share of the market has become more challenging due to growing competition in the mergers and acquisition market. Globally, PE only accounts for 8% of the total deal count in the market¹. PE firms face stiff competition from corporations, alternative lenders as well as other existing and new PE players as they compete to stand out as the firm of choice.

Growing returns

Delivering attractive returns takes more than passive investments; firms need to add value over and above the capital they bring. It has become a necessity to offer investments a catalogue of benefits to stimulate greater growth, take advantage of new opportunities and resiliently deal with issues that arise.

Reducing capital overhang

Global data shows that PE firms are not deploying capital as fast as they are raising it. Between 2014-2017 the number of deals done in the PE industry declined by 19% but the amount of capital committed to funds rose by 12% per annum¹. The stress of capital overhang demands that firms are more innovative and transformative to secure investments.

¹ Rose, G. (2018). How PE funds need to start acting more like corporate buyers. Accessed 24 September 2018. Retrieved from <https://www.bain.com/insights/graham-rose-how-pe-funds-need-to-start-acting-more-like-corporate-buyers-video/>

But it doesn't have to be

Time and time again, we see that the value of a strong brand is under realised. Strong brands deliver a plethora of valuable benefits to organisations and the good news for PE firms is these benefits directly address the challenges they are facing.

Stand out from the crowd

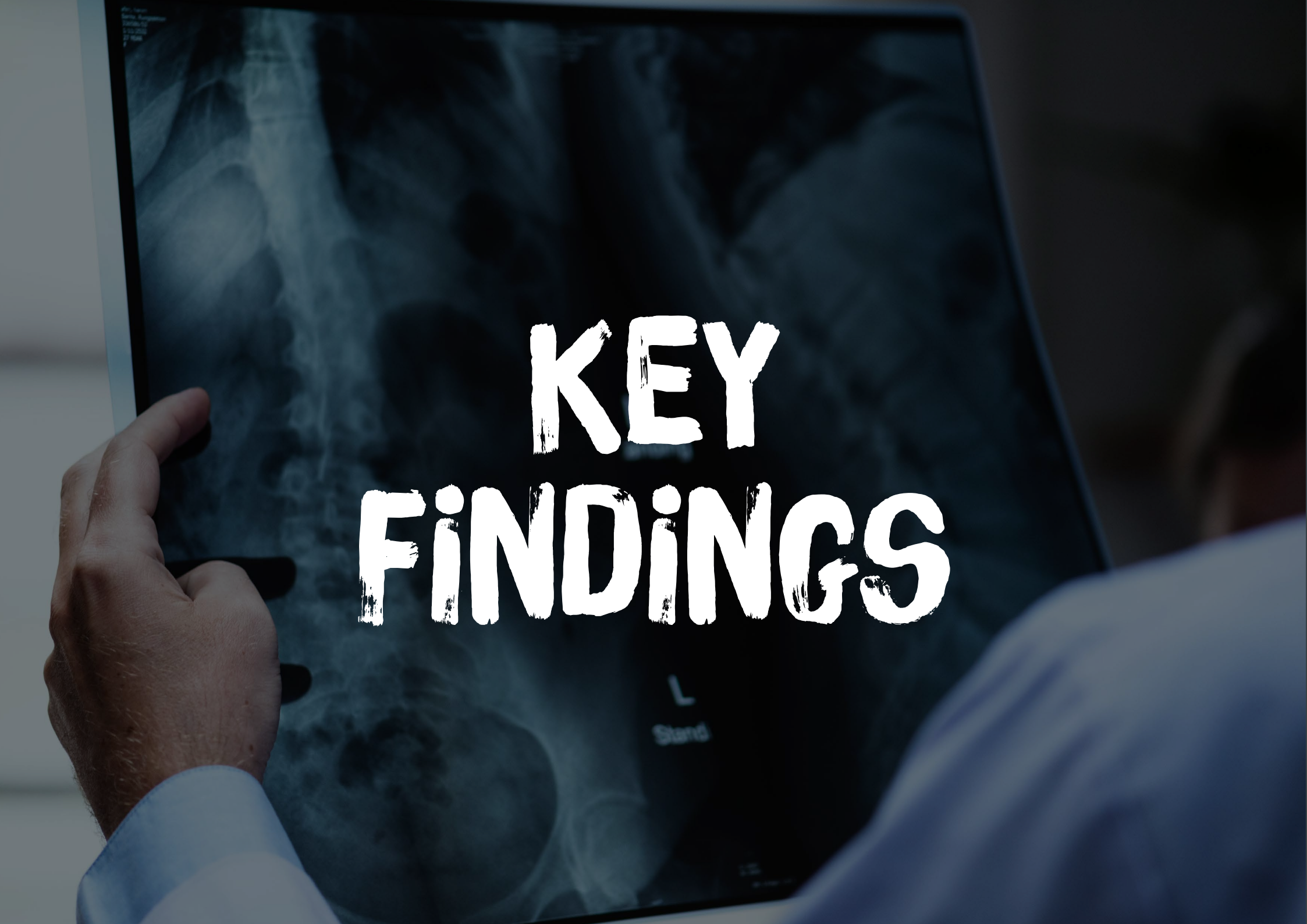
A strong brand is explicit and compelling in articulating what is being offered and to whom. It allows firms to differentiate themselves from their competitors in a way that resonates with the audiences they are seeking to work with. This connection makes it easier for target audiences to choose the right brand for them; ensuring firms are more effective at winning the deals they want.

Enhanced strategic leadership

A strong brand acts as a North Star, guiding the current activity and future development of an organisation. The execution of strategic decisions is focused and efficient; preventing time, effort and money being wasted in the pursuit of conflicting paths of action that do not lead to the right deals or yield attractive returns.

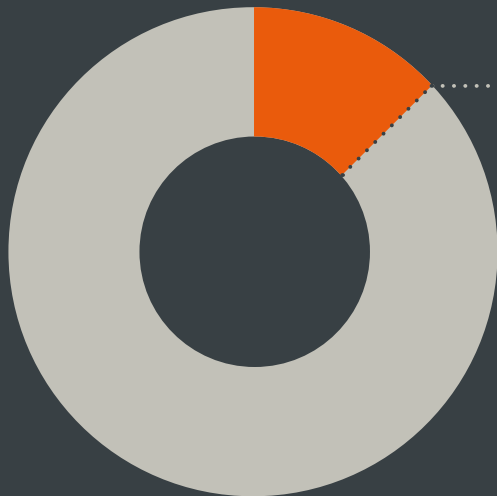
Unified company culture

A strong brand sets and maintains a clear and purposeful direction that shapes a company culture, taking control rather than leaving it to work itself out. A company's culture not only attracts and retains talented employees, it inspires employees to work towards a common goal and uphold the brand's values. This unified culture amplifies the communication of a firm's brand, bolstering differentiation from competitors and driving business performance.

A hand in a light blue sleeve holds a large X-ray film. The film shows a grayscale image of a human torso, likely a chest X-ray, with the spine and ribcage visible. The text "KEY FINDINGS" is overlaid in the center in a white, bold, brush-stroke font. In the top left corner of the X-ray, there is small, faint text: "AP: Chest", "Series: Angiogram", "2/10/2012", "1:11:22", "27 Male". At the bottom center of the X-ray, there is a small "L" marker and the word "Stand" below it.

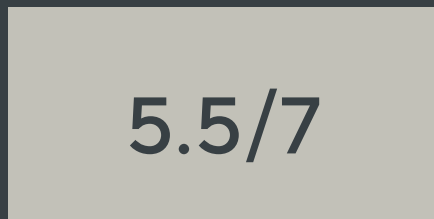
KEY FINDINGS

Sector insights



The average score for the top firms was more than twice as high as the bottom firms for visual appearance.

Top 4 firms



Bottom 4 firms



Average score across all firms for online brand experience.

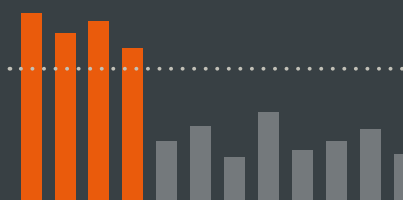
6.2/7

The top five firms scored an average of 6.2 for position, compared to the bottom five firms who scored 2.2.

2.2/7

Only four firms met the benchmark for producing original content and three firms for sharing content.

Original Content



Sharing Content

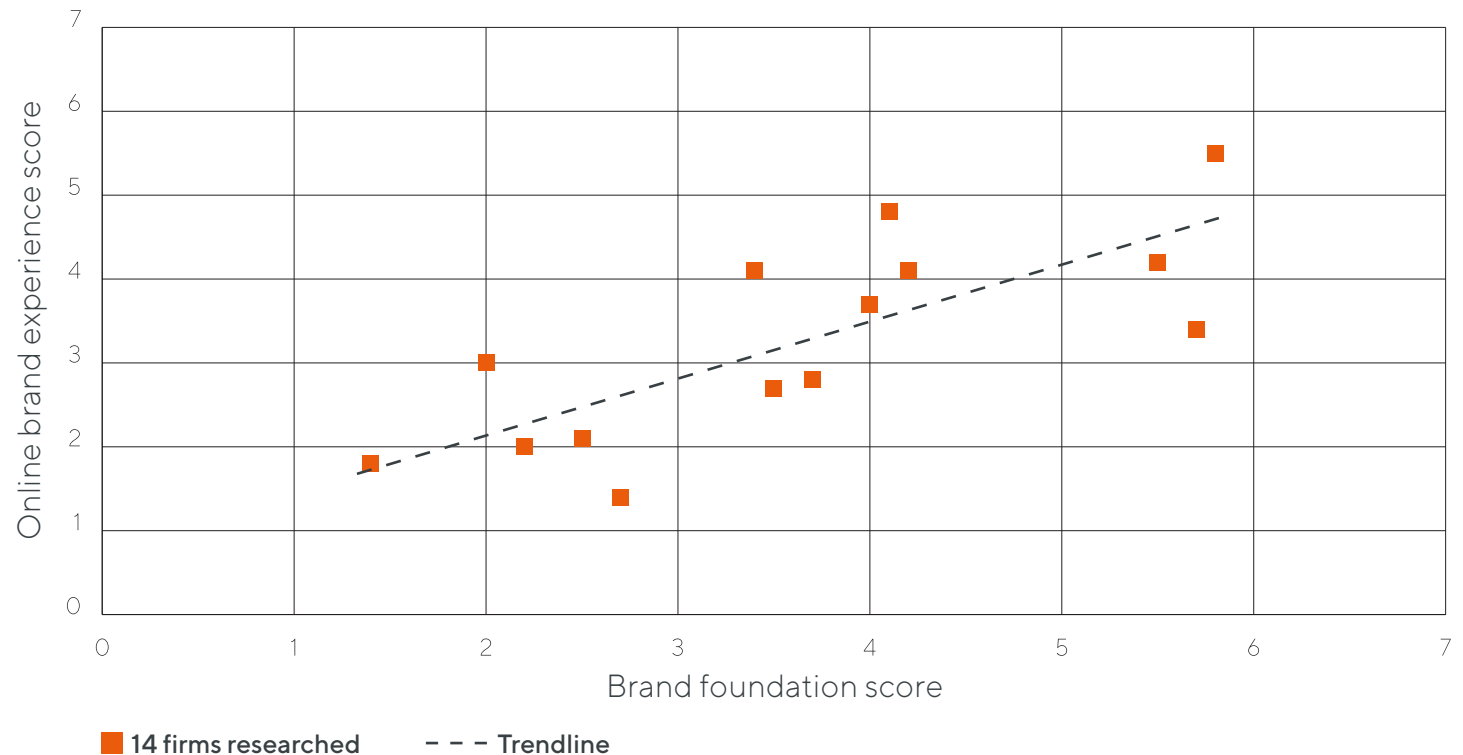


Only 1 out of 14 firms have a strong hook to draw in the right audience and 6 firms did not have one at all.

An unmissable opportunity for better business performance

Only 2 out of 14 firms we researched met our brand strength benchmark score of 70%, leaving 86% of firms in this segment with a lacklustre brand. This means there is considerable opportunity for firms willing to invest in the development of a more robust brand to establish a discernible brand driven advantage over their competitors.

Graph 1. Relationship between brand foundation and online brand experience



Firms with a strong brand foundation also have a strong online brand experience (see graph 1). Time invested in honing a brand foundation brings clarity of understanding about the firm and its target audiences. Firms are able to deliver strong online brand experiences because they clearly understand how their offer aligns with their target audience's needs and desires. This clarity of understanding enables clarity of expression.

Six essential take homes from this report

Positioning is a key differentiating factor in brand strength

Firms with a stronger brand have a clearly articulated position. It's not simply enough for firms to alert people to their existence; they need to clearly orientate themselves relative to both their competitors and target customers. As competition grows, investees have more options than ever for funds and are looking for the firm that is positioned to make a real difference to them.

93% of firms do not have a strong hook to draw in the right audience

With all PE industry firms offering capital, firms need a clear and compelling essence statement to amplify what they have to offer. It should go beyond the sector's hygiene factors; it should highlight what makes you different. Without a strong hook, a brand is easily ignored or forgotten, meaning firms risk losing out on valuable deals and opportunities.

Don't hold back from sharing your opinions and insights

Only 14% of firms we researched met our benchmark for creating and sharing original content. Content that truly reflects what you stand for and how you operate keeps your brand front of mind and acts as a validation tool when alternative suppliers are being compared. Creating and sharing original content is not about polishing your ego; it's about adding value to what you are offering.

71% of firms are falling down on their visual appearance

The quality of your visual appearance impacts your overall brand strength. It's not enough to simply have a website that looks reasonable; your appearance is your visual DNA. It should consistently amplify the core of your brand foundation, helping to evoke a positive emotional response from your target audience.

Talk to the customer rather than about yourself

Only 1 out of 14 firms met our benchmark for online brand experience. A good online brand experience increases the likelihood of target audiences taking a positive action to engage with your firm. Think about how your customers will use your website and what they want to find out, rather than assuming they want to hear what you have to say about yourself.

Your brand can unlock a competitive advantage

With the challenges PE firms are facing and the key finding of weak brand strength across this segment of the industry, we believe there is an unmissable opportunity for PE firms to gain a competitive advantage by improving the strength of their brand.

How did we measure your brand strength?

We explored the websites and social media platforms of 14 UK based mid-market private equity firms investing up to £10M in Europe. Our panel of branding experts independently scored firms on the illustrated 14 key components of a strong brand (see what we looked for on p27-28). Scores were allocated on a 7-point scale based purely on our collective perception from the websites and social media platforms we visited.

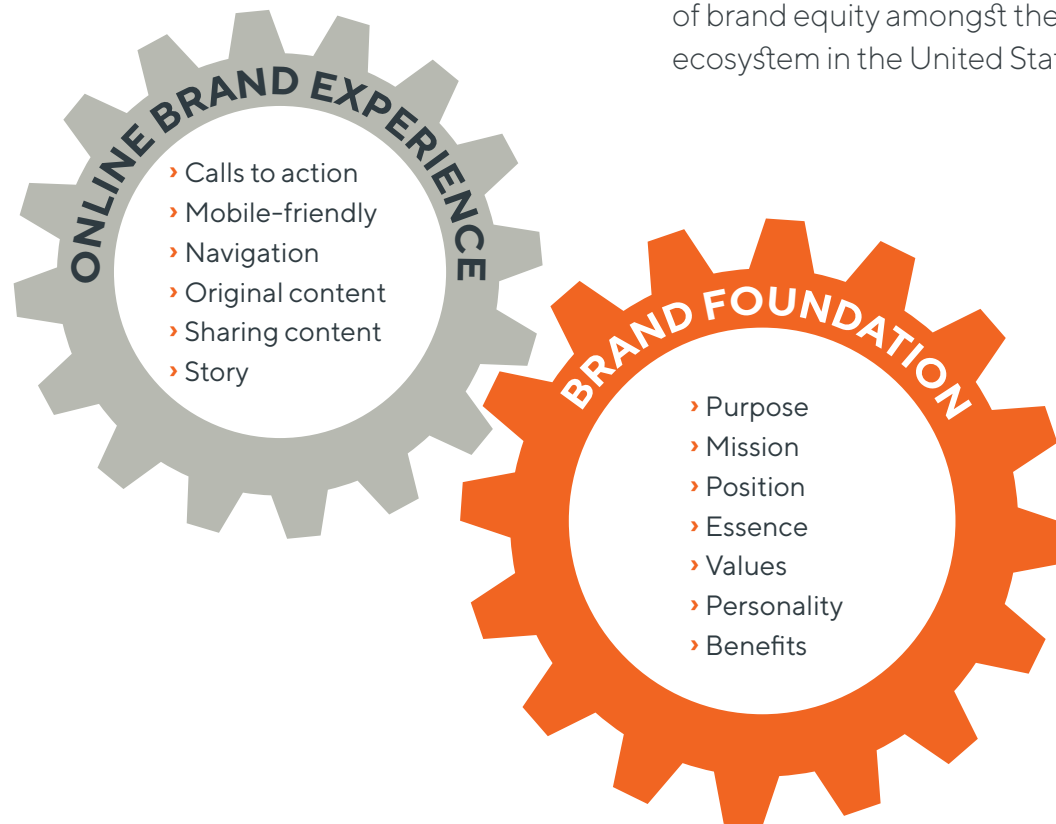
To receive a breakdown of your firm's scores contact Ed Bowes at ed@incorporatedesign.co.uk

What is a good score?

We believe that brands should be aiming to score at least 5 out of 7 (70%). This score enables brands to stand out from competitors and grow positive brand equity. Therefore we have used this benchmark throughout our analysis and report.

What will you get from this report?

This report identifies how the top firms scored more points. We also consider how our findings relate to industry relevant insight and opinions, including a series of studies called *Private Equity Brand Equity* conducted by BackBay Communications between 2009 and 2017. The research looked at the perceived relevance of brand equity amongst the private equity ecosystem in the United States and Europe.



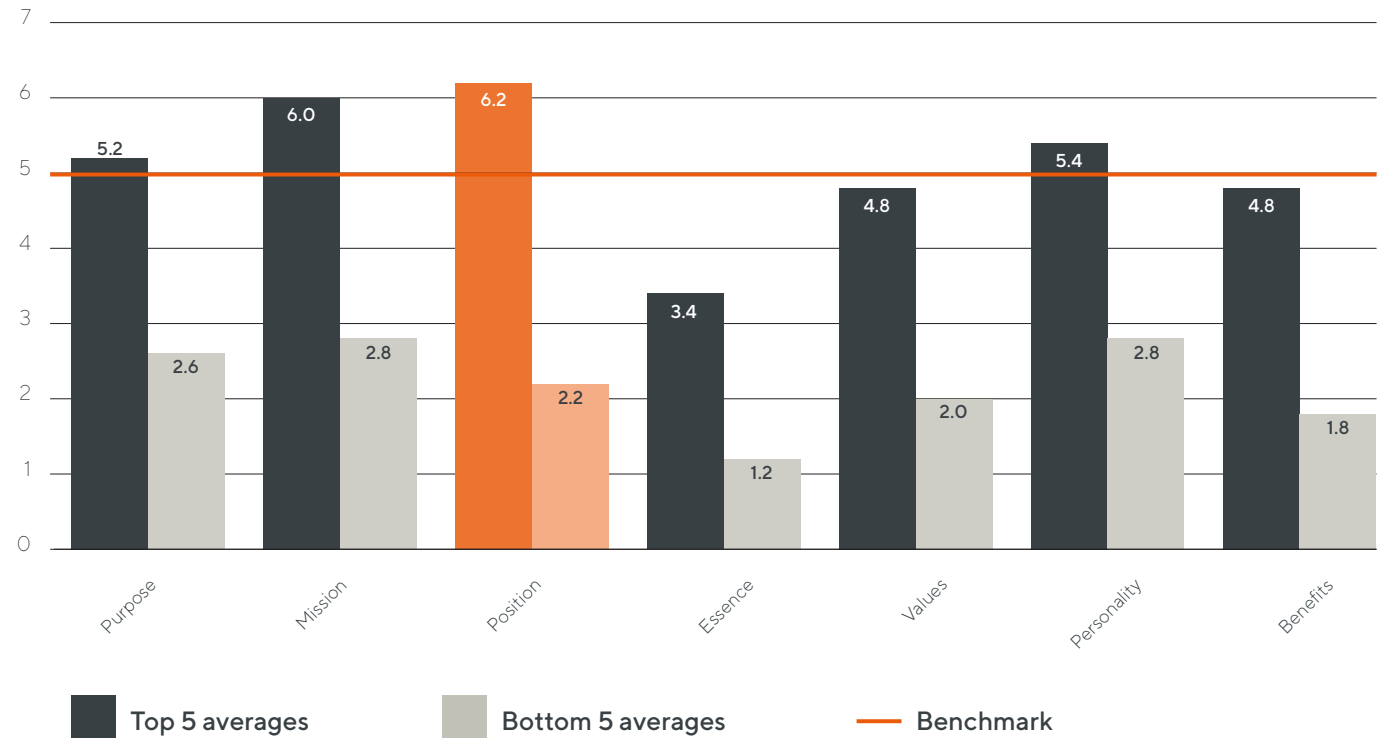
A close-up photograph of a person wearing blue-rimmed sunglasses and holding a magnifying glass over their face. The person is wearing a dark, horizontally striped shirt. The background is dark and out of focus. Overlaid on the center of the image is the text "SCORE ANALYSIS" in a white, bold, brush-stroke font.

SCORE ANALYSIS

Position: Stronger brands establish and defend a clear territory

The top five firms scored an average of 6.2 (good) for position, compared to the bottom five firms who scored 2.2 (very poor) (see graph 2). This difference of four points was the highest points difference across all brand foundation tenets highlighting that this is a key differentiating factor in brand strength.

Graph 2. The average brand foundation scores for the top and bottom five firms



It's not just us who think positioning is important. *The Private Equity Brand Equity III* research found that 70% of respondents from PE firms rated a clearly articulated positioning as important to having a strong brand².

² BackBay Communications. (2014). Private Equity Brand Equity III. Accessed 8 June 2018. Retrieved from <http://backbaycommunications.com/news/in-the-news/private-equity-brand-equity-iii/>

Position: Stronger brands establish and defend a clear territory

Businesses looking to secure funds have more options than ever and are therefore considering what firm's can offer them beyond just capital and how they can benefit.

Take our example below, if you were an entrepreneur looking to grow a sports clothing company and you visited two websites stating the following, which firm would you choose?

FIRM 1

- › We invest up to £10M in UK based SMEs
- › We have over 40 years of PE investment experience
- › We are qualified chartered accountants
- › We have worked for Merrill Lynch and Deutsche Bank London
- › We are currently on the board of five companies.

FIRM 2

- › We invest up to £10M exclusively in the consumer sector
- › We can help you to take your business to the next level
- › We were instrumental in helping a retail business build sales momentum, grow product range from c.100-700 styles and triple customer numbers
- › We have experienced the challenges you face when setting up new financial processes and ERP systems
- › We know a range of people who can help you to establish a new warehouse.

Essence: What makes you different?

Only 1 out of 14 firms met our benchmark for essence and six firms did not have one at all. Strong brands hook their audience with a clear, simple statement that sums up why their company exists. We call this their essence.

For B2C businesses, an essence is a staple part of their brand and we will all recognise examples such as McDonalds' "I'm lovin' it", Apple's "Think different", BMW's "The ultimate driving machine" and Avis' "We try harder". But the value of a good essence isn't just confined to B2C businesses. In the PE industry where firms all offer capital, a good essence enables audiences to efficiently differentiate firms, understand the key benefits on offer and remember them.

It's important to do more than pay lip service to your sector hygiene factors - those attributes without which no PE firm would justifiably remain in business. You need to find what makes you different - not what makes you the same.

"Having a strong brand that keeps popping up in a positive way that has real teeth and attributes is critical"
- *Graham Hearn, The Riverside Company*²

² BackBay Communications. (2014). Private Equity Brand Equity III. Accessed 8 June 2018. Retrieved from <http://backbaycommunications.com/news/in-the-news/private-equity-brand-equity-iii/>

Essence: What makes you different?

Our senses are overwhelmed

Did you know that on average we are exposed to 5,000 marketing messages every day³. This is a lot of information for the human brain to digest so it is no surprise that we can only recall a small percentage of the brands we see. This means that firms not only need to stand out from the crowd to penetrate the market, they also need to ensure their brand remains memorable. Without a strong hook, audience's will ignore or forget a brand and firms risk losing out on valuable deals and opportunities.

The sweet scent

A study published in the Journal of Business Research in 2014, found that the liking for a slogan is driven largely by the clarity of the message, the exposition of the benefits, rhymes, and creativity⁴. Essences are crafted from a well-defined purpose that is part of a robust brand foundation. The sweetest essences are not only concise and catchy but they are also customer focussed; they are as irresistible to their target audience as nectar is to bees!

SPOTLIGHT:

Spotlight: BGF - Invested in Growth

We liked BGF's essence of "Invested in Growth" because it concisely summed up that they were devoted to enabling improvements in businesses; they were not just in it to make the biggest return. This nicely aligned with their purpose:

Many companies seeking investment say they want a different and better kind of partner. Someone to help them scale, without taking control. To challenge them, without driving them too hard, too fast. To treat them with the honesty, respect and empathy they deserve. That's why we exist.

³ Tunikova, O. (2018). How many Ads do you actually see daily? Accessed 24 September 2018. Retrieved from <https://stopad.io/blog/ads-seen-daily>.

⁴ Dass, K., Kohli, C., Kumar, P. and Thomas, S. (2014). A study of the antecedents of slogan liking, Journal of Business Research, Elsevier, vol. 67(12), pages 2504-2511.

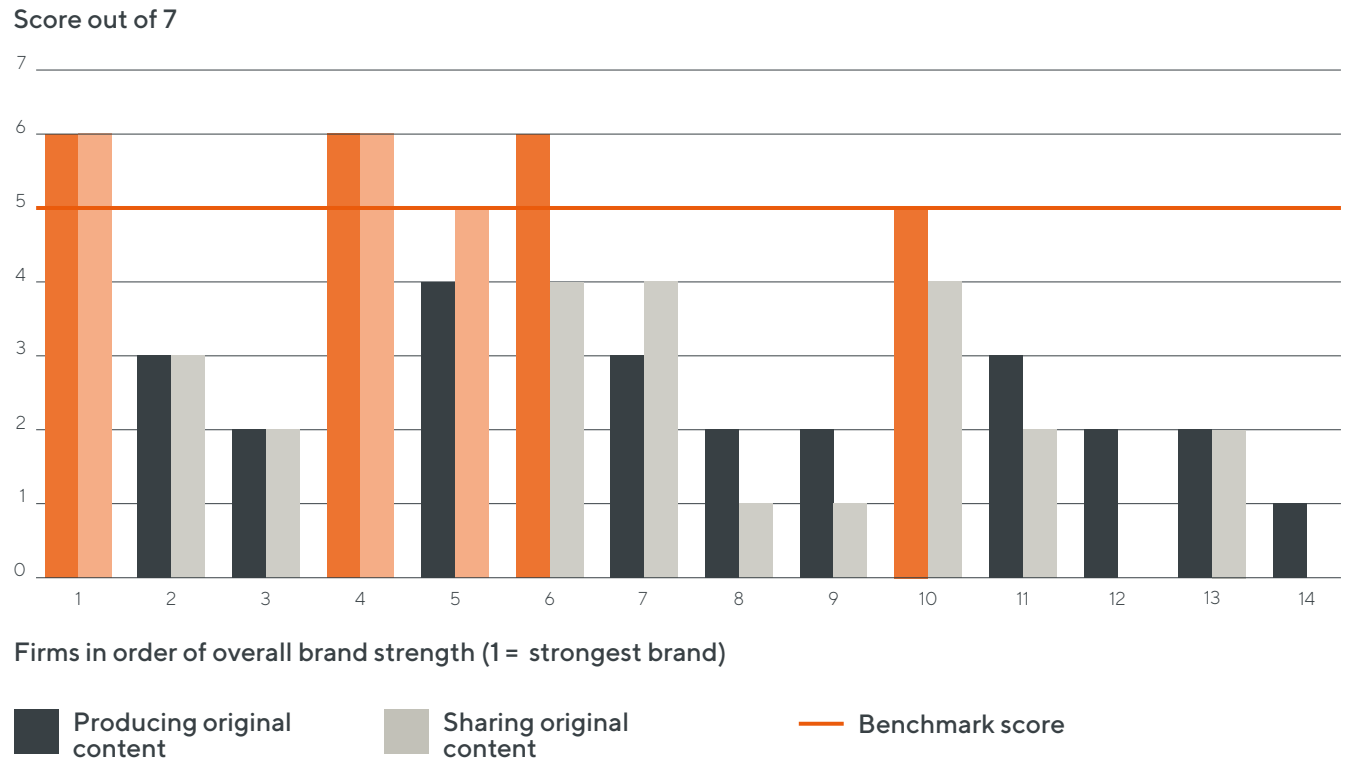
Content: It's not about polishing your ego; it's about adding value

Only four firms met the benchmark for producing original content and three firms for sharing content (see graph 3). Even two of the top four firms scored poorly for both content tenets, showing that even the stronger brands in this segment are not producing and sharing original content effectively.

Staff from three firms we researched have had articles published in national papers such as the Times and Financial Times. This gives them a fantastic platform to enrich their professional visibility, however this isn't the only way firms can be seen as a leader in their field.

It's never been easier to get your thoughts down and out in front of a wide audience whether it's on your firm's website, blog or social media platforms, in a video or at a forum with a like-minded audience. Sharing content is not about polishing your ego; it keeps your brand front of mind and without it you risk your firm's voice being drowned out by your competitors.

Graph 3. Scores for producing and sharing original content for all firms in the research



Content sharing: It's not about polishing your ego; it's about adding value

Opening gateways to the right deals

Before entering an important business relationship, investees want to know if your personality and views are compatible with theirs. Emotions can determine the outcome of our decisions, meaning that the bond you build with audiences is very important to securing the right deals. Producing content that is true to your core tenets provides a gateway for audiences to understand your brand, acting as a validation tool when suppliers are being compared.

Grow your professional value beyond capital

According to Bain & Capital (2018), "gone are the days of investing passively and simply trusting management to get the job done"⁵. As the pressure of making attractive returns grows, firms need to consider ways they can add value to their investments beyond giving capital.

Sharing your expertise and insights is a powerful gift; enabling organic business growth, facilitating collaboration, igniting innovation as well as transforming the personal growth of those you

work with. Sharing what you know can have a key impact on business success, and the more it is shared the greater its value grows.

⁵ Bain & Company (2018). Global Private Equity Report 2018. Accessed 24 September 2018. Retrieved from <https://go.bain.com/global-private-equity-report-2018.html>

SPOTLIGHT:

Recognising best practice

We were impressed with the range of different content produced and shared by these firms:

Risk Capital

Chairman Luke Johnson writes articles for the Financial and the Sunday Times, and these are also published on the firm's website. These articles tackle interesting and thought provoking topics, providing a clear insight into the firm's thoughts and opinions.

Panoramic Growth Equity

There is a range of interesting and useful content on the website beyond the industry typical news feed articles. Content includes *Myths and misconceptions about private equity*, *What not to do when raising equity* and *Hear it from the businesses we've backed*.

Calculus Capital

To help develop partnerships with investments, Calculus Capital run a series of events including *CEO forums* and *CFO workshops*. These provide an opportunity for information sharing between peers and experts on real challenges and key business development topics.

Visual appearance: Not given the investment it deserves

The top four firms all met our benchmark with an average score of 5.5 for visual appearance, whereas the bottom four firms scored an average of just 2. This variance in scores coupled with the finding that 71% of firms did not meet our benchmark score for visual appearance, demonstrates that the value of visual appearance is under realised.

It's not enough to simply have a website that looks reasonable and a logo you can put on your business cards. How your firm is visually represented on all touch points is vital to the overall perception audiences have of your firm.



Visual appearance: Not given the investment it deserves

Be uniquely distinguished

Your visual representation should be authentic to your brand, making it unique to your firm and what you have to offer. This not only allows audiences to differentiate you from your competitors but it helps shape their perception of your firm.

Let's consider two websites that we came across during our research.

1. Generic photos of London's city skyline

2. Photos of businesses they are invested in

We think the second has a more engaging and authentic visual appearance because the imagery proudly celebrates the success of their investments, eliciting a more emotional response to the brand.

Which do you think would be more compelling?

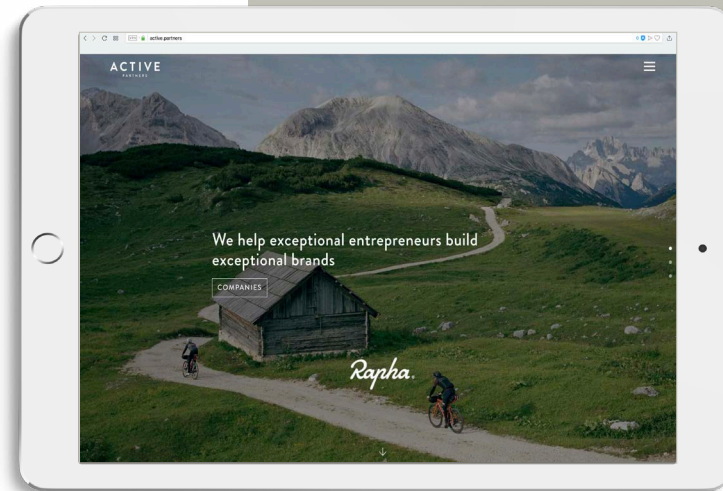
Be professionally consistent

People will come into contact with your brand across multiple platforms; online, social media, email, in print and in person. Your appearance is your visual DNA, it should consistently amplify the core of your brand foundation, reinforcing your brand and helping people to remember you.

SPOTLIGHT:

Active Partners

Active Partners' website delivers a noteworthy visual experience that amplifies their brand foundation, especially their position. The imagery used is contemporary, eye-catching and exudes their expertise in the consumer industry.



Brand Experience: Delight customers and the opportunities are endless

Only 1 out of 14 firms met our benchmark for online brand experience and the average score across the board was 47% (fair). This indicates to us that effectively delivering a high quality online brand experience needs more attention from the majority of firms.

Potential customers will visit your website with an ambition or challenge already in mind. They are looking for someone to help them move forward. A meaningful user experience takes them on a journey that aligns your firm's capabilities with the customer's requirements and delivers a positive perception of your firm. If this is achieved, the likelihood of the customer taking positive action to engage your firm is increased.

We looked at four key aspects that impact online brand experience.

Calls to action

Every page of your website initiates or continues a relationship. It plays a part in your sales funnel and acts as your platform to inspire engagement. Few websites we visited wrote their calls to action in an approachable manner and placed them in considered locations.

After explaining the client challenges you helped resolve on a portfolio page, why not try asking readers "If you have these challenges contact us at..." Strike at the moment of inspiration and make it easy for people to initiate a relationship with you.

Navigation

All too often during our research, we saw websites used as a podium to shout about what firms are doing rather than how and why investees can benefit. People are visiting your site to decide if you can help them. Make your site customer focused with well-labelled pages, good information hierarchy and links that lead to related content.

Think about how your customer will use your website and what they want to find out, rather than assuming they want to hear what you have to say about yourself.

Story

Only 4 out of 14 firms met our benchmark score for a compelling narrative. To avoid becoming a commodity, firms need to frame what they have to offer as something that others care about and want to buy into.

The narrative of your website needs to align with your brand to maximise your chances of a good experience. Weaving your brand purpose through the different sections, crafting your portfolio pages to reflect the delivery of your brand values and letting your personality shine through in your team pages all help to deliver a strong brand story.

Brand Experience: Delight customers and the opportunities are endless

Mobile-friendly

79% of firms did not meet our mobile-friendly benchmark score. They are at risk of being overlooked as visitors leave the site, never to return, and opportunities for new deals and return growth walk out the door.

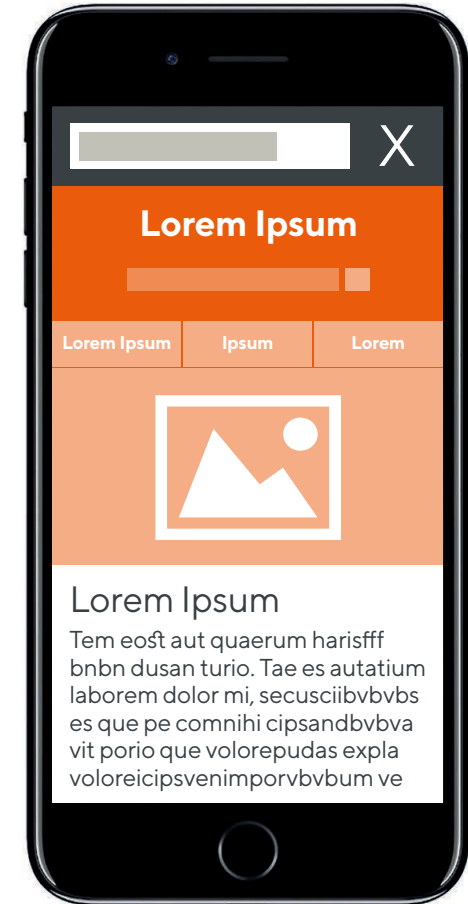
People today expect to be able to access information online anytime and anywhere. In 2009 only 0.7% of web traffic worldwide was generated through mobile phones, but in 2018 this rose to 52.2%⁶. Google recognises this consumer demand and is now blacklisting sites that are not mobile-friendly.

⁶ Statista, (2018). Percentage of all global web pages served to mobile phones from 2009 to 2018. Accessed 19 July 2018. Retrieved from <https://www.statista.com/statistics/241462/global-mobile-phone-website-traffic-share/>

Not mobile-friendly



Mobile-friendly



100% responders

5\$ each

84% conversation rate

costs : $\frac{\$42,000}{}$
 $= 7,843 / \text{yr}$

89%

Upcoming Campaign



Response Rate \rightarrow 10%
correct, how?

Size 10,000
Rate \rightarrow 5.3%
purchase \rightarrow \$14,000

THE SCORES

How did firms score, including yours?

A personalised scorecard has been created for each firm in the research, including a breakdown of your scores for each of the 14 tenets. As an example, the top firm's scorecard is included on page 26 followed by an outline of what we looked for with each of the tenets.

How can this information be utilised?

This report is a measure of our perception, as brand experts, of brands in this segment of the private equity industry. We have benchmarked firms based on our opinion and this overview

should be considered alongside further exploratory work with senior partners, staff and clients to form a comprehensive review of your brand strength.

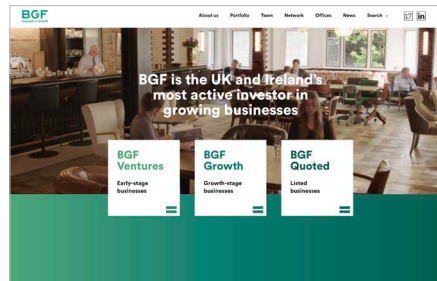
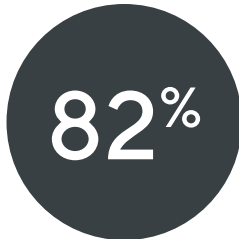
If you wish to receive your firm's scorecard contact Ed Bowes at ed@incorporatedesign.co.uk

Scorecard: BGF

Ranking



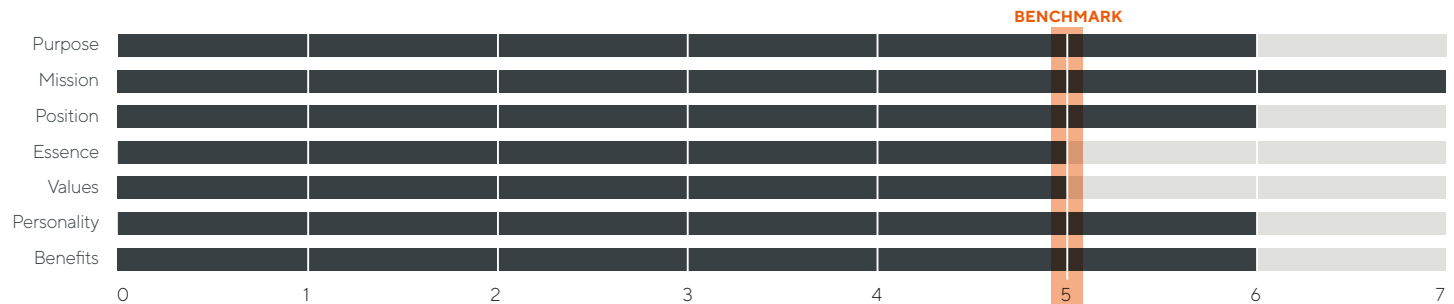
Score



"Invested in growth"
BGF is the UK and Ireland's most active investor in growing businesses

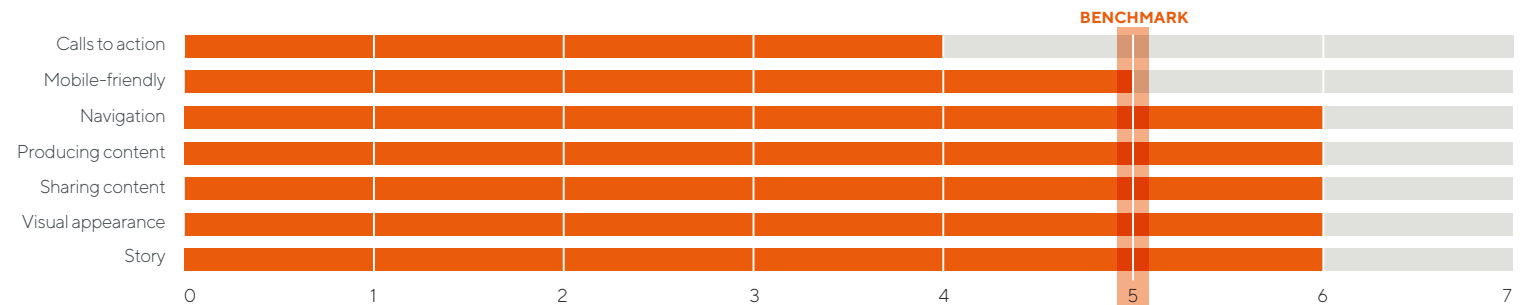
Brand Foundation score

41/49



Online brand experience score

39/49



Scores at or above benchmark

13/14

You have a discernible brand driven advantage over your competitors

Your brand is built on a robust foundation and is effectively amplified through your online brand experience. There are a couple of areas that we think could be polished, but overall the task now is to keep it relevant and front of mind with your target audience.

What we looked for

BRAND FOUNDATION

Purpose

Does the brand articulate its ultimate goal and what the world will look like when it has accomplished it? Does it stand for anything more than making a profit?

Mission

Is there a narrative that describes what they will do to fulfil their purpose? How will it make its dream a reality?

Position

Does the brand orientate itself within its competitive context in a meaningful way to its intended customers? Is it genuinely different from competitors or generic to the sector? Is content clearly targeted towards its intended audience?

Essence

Is there a single concise articulation of the brand promise – perhaps used as a strapline or a homepage headline? Is it engaging and memorable?

Values

Are the brand's values explicitly articulated? Are their reasons to win business clear or do they focus on the reasons to do business in their sector? Does it feel like they stand for something?

Personality

Does the brand use a distinctive and consistent tone of voice? Does it feel authentic and in line with the brand? Does it communicate in a conversational, human way, or does it sound like a faceless corporation?

Benefits

Are the selling points clearly articulated? Can you ascertain how or why what they offer is better or different from their competitors?

What we looked for

ONLINE BRAND EXPERIENCE

Calls to action

How easy is it to get in contact with them? Can you initiate contact immediately once you have made the decision to do so? Are you inspired to take an action to engage with the brand?

Mobile friendliness

Does the website respond to different size screens? Does the content and functionality change to optimize the experience on any particular device?

Navigation

How easy is it to find your way to the information you require? Are there dead-end silos or are you encouraged to explore further information at the end of each page. Does the information architecture work so that each element of information is in the place where you expect it?

Original content

Is there interesting content that goes beyond explicit sales messages? Are there articles of insight and opinion that demonstrate expertise and thought leadership? Is information delivered through a variety of media: text, podcasts, video etc.

Sharing content

Is original content published on social channels or third party publishers as well as on their website? What level of likes, shares, or views is this content attracting?

Visual appearance

How impactful is the first impression? Does it continue consistently? As you read about the organization, does the visual expression feel in line with what you are reading – is the brand coherently expressed?

Story

Does the website take the visitor on a journey or just present them with nuggets of information. Do case studies have a compelling narrative? Does it encourage you to read more, or are you bored? Is it a 'Why?' story, a 'How?' story or a 'What' story?

INCORPORATE:DESIGN

THROUGH TEAMWORK
WE TRIUMPH
CREATING IDEAS THAT INFLUENCE
& INSPIRE

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