

# INITIAL PUBLIC OFFERING



## Key Takeaways

- › The sale of a family business or a listing of a private business are the two most significant events in a family's history
- › These two events are very different and need to be managed very differently
- › Listing your company via an IPO is a long-term process
- › Publicly-listed businesses are much more complex to run than privately-listed businesses in some ways
- › The IPO process from a family perspective involves three stages: Pre-IPO, IPO, and Post-IPO
- › Before IPO- think through what you're trying to accomplish, the impact on the family, business, what you'll do with the funds, who is involved, and the documentation required
- › The actual IPO itself is driven by two factors- one is what's happening inside the company, and the second is what's happening in the markets
- › List of proceeds to document- what you're going to do with the money, how you will invest the money and get the results you're going to get is an important part of the post-IPO process
- › Think about the long-term before you move forward

## Questions to Consider

- › Is listing right for the business?
- › How will the business benefit from being listed?
- › What is the market predicted to be when the business will be listed?
- › Who will be involved in the listing, and how can you retain a stable customer base?

## Guidance

The sale of a family business or the listing of a private business can be hugely significant events for a family. Both can significantly alter financial strategies, create an influx of liquid wealth, create publicity, and alter the family culture.

When listing a private business going through an IPO it is important to remember that it is a long process, and public businesses are often more complex and time consuming to run.

A family IPO is a 3-stage process (pre-IPO, during-IPO, and post-IPO).

Before the IPO takes place, it is important to solidify goals, and try to predict who or what will be affected by it. To achieve an effective IPO, a lot of strategic documentation, hiring, training, and planning is required. Having the right advisors to find the right shareholders is essential.

During the IPO it is important to track what's happening within the business, and what is happening in the markets (outside and inside). Preparation and pricing for the listing often are heavily influenced by what the market is predicted to be like after the listing.

Be sure that funds are used as they were allocated, and that clients and customers remain loyal. Be sure that listing the business will create a more positive outcome than not listing it.

Listing is an expensive and time-consuming process, but certain companies can benefit from becoming public. Think about the long term before moving forward and ask yourself if your business is well suited to being public (e.g. if your business is volatile it may not be advisable).