PUBLIC VS. PRIVATE

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WHO?

- Board member
- Employee
- Family member
- Investor
- Owner
- Supplier

PUBLIC VS. PRIVATE

PUBLIC – ADVANTAGES

- Ability to attract stronger board members
- Cheaper to raise capital (due to higher valuation)
- Currency for acquisitions and assets
- Employee attraction and retention (stock options, etc.)
- Estate planning
- Exit strategy for founders and shareholders
- Increased liquidity
- Increased valuation
- Prestige

PUBLIC VS. PRIVATE

PUBLIC – DISADVANTAGES

- Additional costs (initially and ongoing)
  - Accounting fees
  - Board member compensation
  - IPO fees
  - Legal Fees
  - Listing Fees
  - Sarbanes-Oxley
- Control of company can be taken away
- Director and officers liabilities may increase
- Management loses some of its freedom to act (without board approval and/or shareholder approval)
- Management time spent on being public
- Public disclosure of sensitive and competitive information
  - Compensation
  - Markets
  - Ownership
  - Profitability (by business and segments)
  - Risks
  - Sales
- Tendency to look at short term vs. long term (due to shareholders and stock price) ("Slave to stock price")
- Trading (buying and selling shares) is regulated