

The Smart Money: When a Private Equity Minority Investment Can Be Better Than a Bank Loan

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Private equity has received plenty of criticism, but it may be the best source of capital to power your company's growth. Just in the past year, companies such as Drybar, Fresh Direct, Hip Chick Farms, Jones Natural Chews, Pacific Catch, Snap Kitchen, Velvet Taco, and Viking Cruises have gone to private equity—rather than a bank—for additional capital to fuel their expansion. This article addresses the circumstances under which a private equity fund minority investment can be the best financing for a business, the investigation a company should undertake to select the right investor, the key investment terms that a company should expect from a private equity fund, and the circumstances under which a family office may be an even better long-term partner.

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