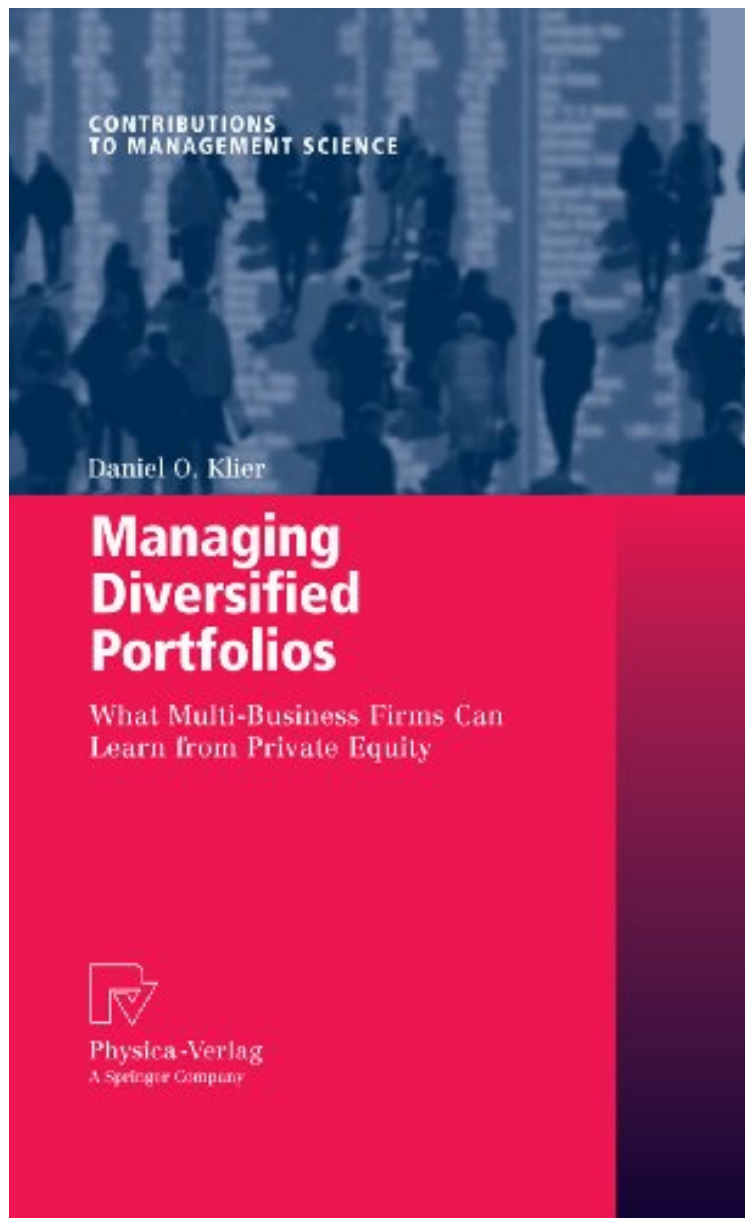


[Mobile ebook] Managing Diversified Portfolios: What Multi-Business Firms Can Learn from Private Equity (Contributions to Management Science)

Managing Diversified Portfolios: What Multi-Business Firms Can Learn from Private Equity (Contributions to Management Science)

Daniel O. Klier

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Daniel O. Klier : Managing Diversified Portfolios: What Multi-Business Firms Can Learn from Private Equity (Contributions to Management Science) before purchasing it in order to gage whether or not it would be worth my time, and all praised Managing Diversified Portfolios: What Multi-Business Firms Can Learn from Private Equity

(Contributions to Management Science):

There has been a long tradition of research on the relation between diversification and performance of public corporations in the strategy and finance fields. As for private equity portfolios, research on this matter is rather scarce. From a theoretical as well as from a practical perspective, however, it is interesting to know more about the relation between private equity portfolio diversification and performance, how private equity firms manage their portfolios, and what public companies can learn from private equity firms. These are the research questions which are addressed in Daniel Klierr's research. In order to answer these questions, the author uses a two-tier research design. As a first step, he compares the diversification-performance link of public corporations and private equity firms. With respect to the private equity sample and the operationalization of the relevant variables, the study is highly innovative in terms of generating the PE sample from databases like Preqin and Dealogic, constructing a diversification measure from transaction data, and developing comparable performance measures for private equity firms as well as traditional multi-business firms. As the second step, which is exploratory in nature, the author explores management models of PE firms. The sample of 20 US and Europe-based private equity firms is unique and of high quality, because the author succeeded in getting in-depth interviews with top decision makers of PE firms. The exploratory study extracts three clusters of management models that PE firms are using, and their relation to performance.

From the Back Cover Two trends recently dominated the corporate landscape: the success of Private Equity as a major force in the market for corporate control and the pressure on diversified companies to refocus. Private Equity firms have experienced unrivaled growth with investments in broadly diversified business portfolios, while multi-business firms have come under pressure from capital markets to divest unrelated activities. Therefore, one can only wonder what traditional multi-business firms can learn from Private Equity. This study investigates Private Equity portfolio diversification, management models, and the opportunities for multi-business firms to apply the Private Equity toolbox. Following a comprehensive analysis of the relationship between diversification and performance, the study profiles Private Equity management models and links each model with performance. The study closes by proposing ways for multi-business firms to apply Private Equity key success factors in a corporate environment.