# ‘Private equity can be a force for good’: Investment boss on industry’s role in backing Manchester entrepreneurs

A Manchester investment boss has insisted that private equity “can be a force for good” and that opportunities will continue to pop up to back ambitious entrepreneurs despite the current economic woes.

Chris Wright, the head of Inflexion’s office in the city, added that while there are a “range of views” around the role of private equity in investing in companies, he believes it will always remain an attractive proposition.

Mr Wright has led the Manchester office since July last year having first joined the company in March 2020. Prior to that, he spent more than six years at LDC.

In an exclusive interview with BusinessLive, Mr Wright outlines his priorities when it comes to deciding whether to invest in a company, how the potential risks are managed as well as why a deal sometimes doesn’t go to plan.



Inflexion currently has more than 50 portfolio businesses including the likes of Mountain Warehouse and Virgin Experience Days while it counts Goal Soccer Centres and On The Beach among its previous investments.

While it’s fair to say that many entrepreneurs would welcome the backing of a private equity company, there are a few out there who wear their independence as a badge of honour.

Mr Wright said: “I understand that there are a range of views around private equity.

“I have been involved in the industry for 20 years – the last ten as an investor but before that I did ten years as an advisor.

“During that time I’ve met and worked with a whole host of individuals from international private equity.

“What I can say from personal experience is that private equity does come in a range of forms.

“You have some success stories which are openly talked about but you also do have a number of unsuccessful situations.

“That might partly be because of a change in the macro-economic environment or the growth prospects of the business.

“But it might also be due to the partnership between the business leaders, shareholders and the private equity fund.

“There isn’t a single view of private equity or a single type of private equity investor – they come in a range of guises.”

Chris Wright, partner and head of Inflexion’s Manchester office
(Image: Inflexion)

So how does Inflexion fall within that range? Every private equity firm will insist that their way is unique from its competitors and that it can offer entrepreneurs something the others cannot.

On what he thinks Inflexion does differently, Mr Wright said: “Inflexion is a highly supportive and collaborative investor and we seek to work with and support management teams to grow their businesses and make their companies better.

“What we absolutely don’t do is run the businesses. We are there to support and use our network to help those companies grow.

“We also want founders and management teams to achieve their objectives and ambitions.

“In terms of concerns that management teams could cede control, I would point to our capability and appetite to invest in minority situations where the business owner maintains control.

“In that situation, Inflexion would invest in a minority position but the founder would still get the full benefit of working with an institution that can support the management team.

“We’re currently investing our second minority fund, which is worth £1bn, and there are a number of really strong case studies that demonstrate how private equity can be a force for good.”

All businesses tend to shout about their successes while trying to keep quiet about anything that may have gone wrong.

Good news stories are put out by companies all the time, including completed investments and exits by private equity firms into and out of Manchester companies.

However, those stories don’t always tell the full picture. Not all deals go to plan, with Inflexion’s investment in Jack Wills a case in point.

Its minority stake was sold towards the end of 2016 and the investment does not rank among the company’s most successful.

But Mr Wright, who wasn’t involved in that deal, said that on the whole, private equity is a “force for good”.

He said: “I have seen situations where the outcome has been unfortunate.

“Going back a long time, people might have feared that private equity was an industry of asset strippers.

"But I think the market is far more sophisticated than that and actually in terms of investment in the regions and job creation I personally think we are a force for good and a really attractive option for people wanting to gain investment and grow their businesses."

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Any potential investment comes with its own risks as well, not just for the private equity firm but also for the founder and management team of the business in question.

The due diligence that is done prior to pens being put to paper can be the difference between a successful partnership or the start of an "unfortunate situation".

Mr Wright said: "We have the opportunity, as any investor will do, to perform detailed due diligence to understand the risk as well as we can.

“But nevertheless, ultimately, you’re still investing in someone else’s business and because we don’t run the business we’re always backing the management team.

“So part of the appraisal of any investment opportunity is the work around the financial and market due diligence.

“But an equally important part is the appraisal of the management team and whether you trust them to grow the business and deliver the plan they have put in front of you that will generate an acceptable level of return.

“That element can have some subjectivity by its nature but this is where you try to create alignment because you need a common objective of growing the business over a period of time.”

He added: “Every private equity fund will have its winners and those situations that didn’t quite go to plan.

“It’s important that you try and learn and know why it didn’t go very well.

“Like anything in life, once you do that you try and do things better or differently in the future.

“When you’re making that investment the other individuals involved are also investing in the future growth of the business in good faith.

“Everybody enters into these things in good faith and when unfortunate situations occur it isn’t just unfortunate for the private equity house but it’s also for all parties involved.”

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