

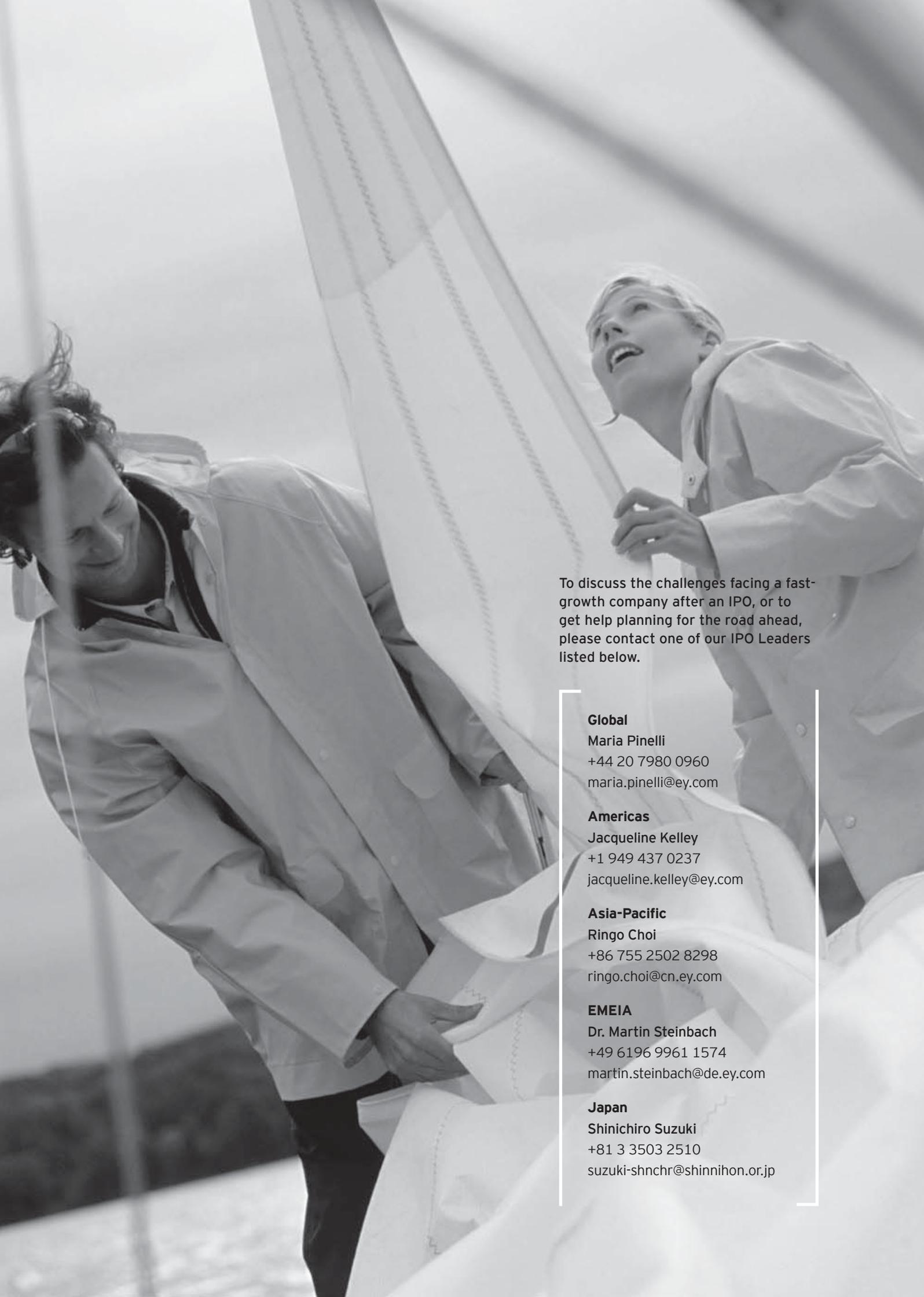
# Life after an IPO

The essential guide for fast-growth companies



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To discuss the challenges facing a fast-growth company after an IPO, or to get help planning for the road ahead, please contact one of our IPO Leaders listed below.

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# Life as a new public company

Leading a fast-growth company through an initial public offering can be an intense and emotional ride, but the need for hard work doesn't end there. Life is very different for newly listed companies.

We've created this guide to help you reflect on three of the key challenges that companies typically face in the post-IPO period. They are:

- ▶ Working with a larger and more diverse body of investors
- ▶ Delivering on your promises
- ▶ Maintaining the pace of growth

An IPO is a transformative process for a business, and it can change the lives of the executives involved. Throughout the IPO journey, senior management's focus should be not only on *going* public but also on *being* public. Being properly prepared can lead to a successful IPO outcome, even the best financial engineering will not create business prosperity. Only proper planning and adherence to strong operational executing will forge the path to long-term success. There are rewards, but also risks. How well-placed are you to deal with the new challenges?

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“Failure to adapt quickly to the demands of public company leadership can put your anticipated IPO **benefits in jeopardy.**”

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## 1. Working with investors

A business in private hands is probably accountable to just a few investors, whereas for a public company the situation changes radically. You will need to cultivate effective relationships with many more investors and other stakeholders. Key points to keep in mind are:

- ▶ **It takes strategic planning and proactive effort to build effective relationships.** The IPO process will have created excitement about your company in the media and among investors, but over time that will fade unless you maintain the market's interest. If you don't, the trading volume in your shares and value of your business are likely to decline.
- ▶ **Keep refreshing and retelling your story.** During the IPO process, you will have crafted a compelling story about where your company is going and its fast track to market leadership. You need to maintain that effort once your company is public.
- ▶ **Prioritize your efforts.** You need to cultivate relationships with key analysts, helping them to understand your business. Decide what mix of shareholders you want, then develop messages for your target audiences. Foster a constructive conversation about your fast-growth business.

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“The markets now insist on transparency; they won't tolerate surprises.”

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## 2. Delivering on your promises

The public market is an unforgiving place. To thrive, you need to demonstrate to investors that you are successfully executing your business plan, while ensuring regulatory compliance. Remember:

- ▶ **Instill new levels of discipline into your organization.** Market leaders have a tight focus on efficiency, improved cash flow and greater liquidity after their IPO.
- ▶ **Define the key metrics that will drive your business forward.** Monitor these indicators closely and use them to frame public analysis of the company, ensuring that discussion of its performance takes place on your terms.
- ▶ **Keep on top of emerging threats.** A newly listed company has to deal with an entirely new set of risks, any of which could derail your business plan. You'll have to master these quickly. A step-change in risk management processes and in the way your people think about risk may be required.

### 3. Maintaining the pace of growth

The preparations needed to take a business public can be arduous. With the transaction out of the way, it might be tempting to relax, but you need to keep moving forward. Your priorities should include:

- ▶ **Focus on the long term.** The work you put into getting the business ready for public life is invaluable, but the journey to long-term success requires rigorous planning matched by a commitment to operational excellence.
- ▶ **Keep the IPO in context.** The IPO may be the most important transaction in your company's life to date, but it's often just one more milestone along the road to market leadership. You need to continually re-evaluate and refresh your business and your management team.

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“Your IPO should be a step along the road to market leadership, not an end in itself.”

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### Key questions

As you engage with the challenge of steering your business through the critical period immediately after an IPO, keep three questions in mind:

- ▶ **How will we achieve market leadership?**  
With the IPO complete, prioritize the actions required to continue your fast-growth journey.
- ▶ **Are we focused on executing our business plan?**  
Life as a public company brings new opportunities, but also new distractions and new risks.
- ▶ **How will we secure continued stakeholder support?**  
Your IPO efforts should have created a buzz among investors and analysts. It is vital that you keep them interested now the IPO is over.



## Are you ready?

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These include our new interactive online tool – IPO insights: facts and figures; information on where to list and raising capital; and webcasts, videos and thought leadership on overcoming the challenges throughout the IPO journey.

The Center also offers access to our live chat network, which allows you instant access to the strength of EY's global IPO network.

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