



# **Demystifying Private Equity: Answering The Most Frequently Asked Questions**

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**May 2023**

# Our Speakers



## **Stacy DiStefano, Founder & CEO, Consulting For Human Services**

**Stacy is the CEO of Consulting for Human Services (CFHS) and a long-time human services executive with extensive experience as a mental health clinician, business strategist, and operations leader.**

**As a mother of four, including a neuro-diverse son, a trained solution focused therapist, Stacy is a passionate servant leader who built a career inspiring teams as VP of Innovation for Resources for Human Development, COO of Open Minds, and COO of Chimes International. Stacy also led multi-state service lines, including BH, SUD, IDD, and Supported Housing.**

The background is a dark blue digital space. It features a perspective grid of thin, light blue lines that recede towards a central vanishing point. Overlaid on this grid are numerous semi-transparent, rectangular planes of varying sizes and orientations, creating a sense of depth and movement. A bright, glowing blue horizontal line runs across the center of the image, just above and below the text, adding to the futuristic aesthetic.

# Private Equity 101

# Frequently Asked Questions

- **What is private equity investing and how is it different from venture capital?**
- **What or who are the investors who invest into private equity funds?**
- **What are the different types of private equity firms across size and investment strategies?**
- **How do companies get valued? What does EBITDA represent? Can a nonprofit have EBITDA?**
- **Nonprofits create value by providing quality services and being revenue neutral or generating revenue that can be reinvesting into the organization in some way. How do private equity firms generate returns or create value?**
- **Do PE investors ever buy nonprofits?**

# Frequently Asked Questions

- **How does governance work between the private equity fund and the portfolio company?**
- **What is the typical communication and reporting cadence?**
- **Where do private equity firms typically get involved strategically & operationally?**
- **What resources can private equity firms bring to bear?**
- **What are the differences between how a non-profit vs. private equity firm operates?**



# What is private equity?

- Private equity is a general term used to describe funds that pool money in order to amass millions or even billions of dollars used to acquire stakes in companies.

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- PE firms raise money from high-net-worth individuals and institutional investors (e.g. pension funds, insurance companies, university endowments).

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- PE firms pay for a stake in a company with a combination of equity and debt.

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- PE invests in more mature businesses that already produce profit.

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- PE looks for growth by consolidation, system improvement, and adding in adjacent service lines to an established business.

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- The size of a fund plays a major role in how the firm deploys capital.

Learn more: [Consultingfhs.com](https://www.consultingfhs.com)



## Snapshot: Private Capital BH Deals 2018-2023

Transactions

**929**

Investors

**1,064**

Largest Deal

**\$13.94 B**

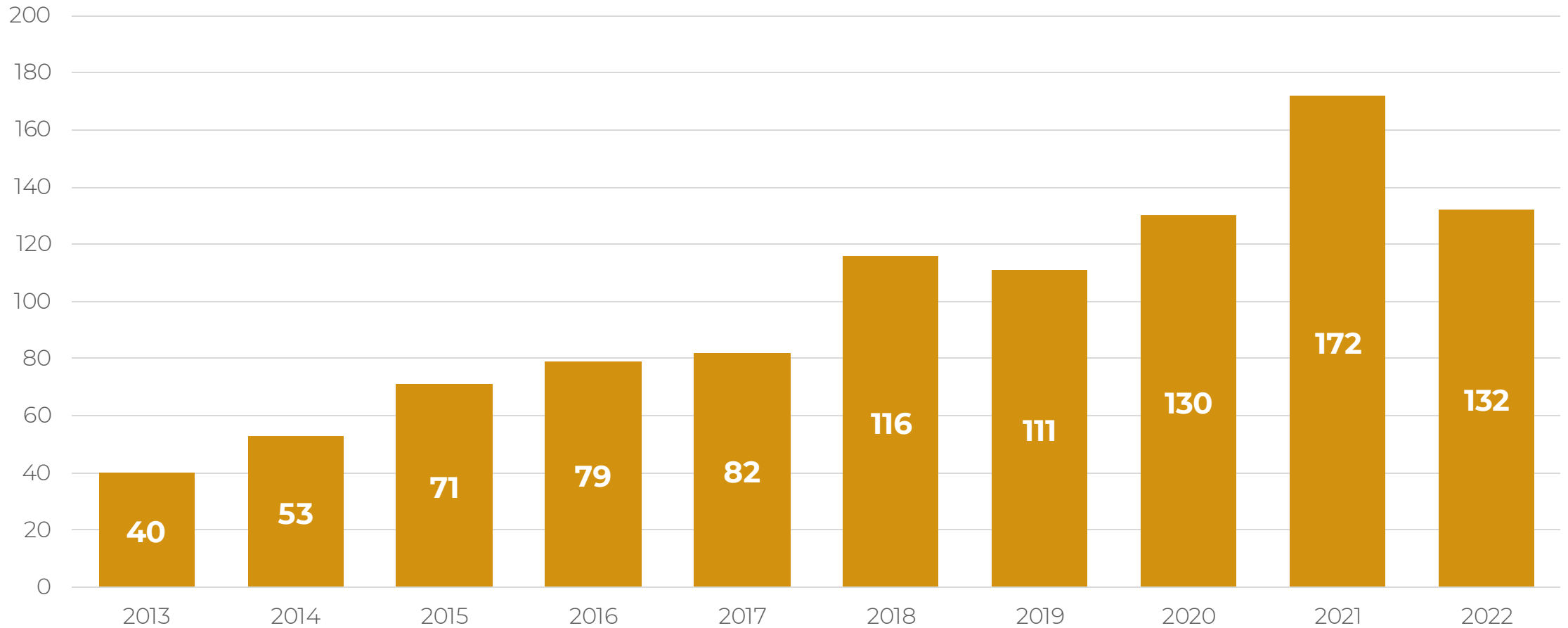
Capital Invested

**\$51.825 B**



# Private Equity Investment Trends In Behavioral Health Transactions

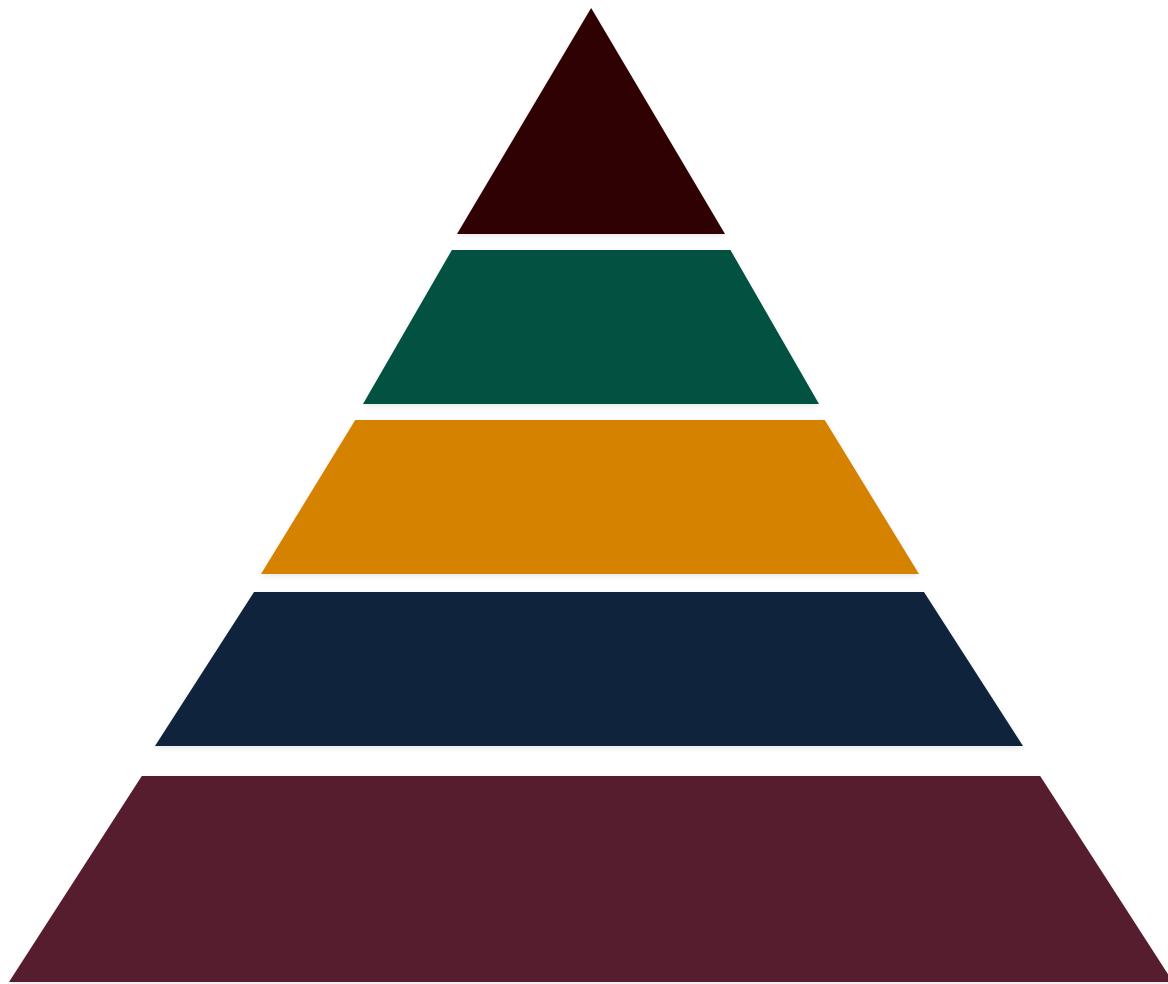
Deal Volume by Number







# What Can Nonprofits Learn From Private Equity?



## **Assess & Restructure**

Self-Assessment done annually, adding SMEs or fractional leaders are becoming the norm



## **Develop Systems of Scale**

Small niche services can't sustain post-COVID  
Plan for both side of M&A



## **Invest, Outsource & Acquire**

Invest in technology & reporting systems;  
outsource and/or the admin pieces to strengthen services



## **Data, Take The Wheel**

Let data, not emotions drive your analysis  
of service lines



## **No Margin – No Mission**

Mission mindset & business mindset  
aren't mutually exclusive





# Would You Make A \$100k Conference Spend?





## Private Equity-Backed IDD Providers

**ResCare**

 The  
**Columbus**  
ORGANIZATION  
*Because everyone deserves a meaningful life®*

  
**CAREGIVER**  
Long-term Care Services & Supports

**Sevita**



# Private Equity-Backed SUD Services

## Traditional Providers



## Digital & Tech Providers





# Private Equity-Backed Behavioral Health Providers



**CARD**<sup>®</sup>  
CENTER FOR AUTISM  
& RELATED DISORDERS



CARAVEL AUTISM HEALTH

  
hopebridge



LifeStance  
HEALTH



MINDPATH  
HEALTH



SALISBURY  
BEHAVIORAL HEALTH, LLC  
A DIVISION OF RHA HEALTH SERVICES

Sevita



SPRINGSTONE

US HealthVest  
BEHAVIORAL HEALTHCARE REDEFINED



# Private Equity-Backed Pediatric MH Providers



bend

brightline

charlie health

Fort

hazel

Limbox

Little Otter

youme  
HEALTHCARE



## SMI Providers



# Thank You

## Questions? Let's Connect



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