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In Their Own Words: Huntsman Gay's Rich Lawson

Photo courtesy of Huntsman Gay Global Capital
Richard Lawson, managing director and co-founder of Huntsman Gay Global Capital

Each year, the Private Equity Analyst reaches out to members of the private equity community to ask them about the year that just passed and share their insights about what may lie in wait in the year ahead. Each day this week we will share some of the insights we've collected from these industry participants. Kicking off the week is Richard F. Lawson Jr., managing director and co-founder of mid-market buyout firm Huntsman Gay Global Capital.

PE Beat: Looking back, how would you characterize 2011?

"2011 was a year when the industry had to step back and figure out how to move forward. The fundamentals of private equity that were set during a strong economic cycle have been challenged, and we've seen changes in returns, terms and deal dynamics that are still being sorted out.

In addition, it seemed like the economy was gaining some traction but the recovery didn't materialize. Despite these conditions, our firm was able to close some great deals with companies that have emerged from the recession leaner and better equipped to seize opportunities and reach their potential."

PE Beat: What is the most important issue that the private equity industry faces in 2012?

"Finding and executing deals at a value that makes sense for everyone involved. Volatile macro economies, bipolar capital markets and record levels of dry powder make finding that equilibrium harder than ever, but quality deals are still being done and will continue to be done. Because of volatility, the financial dynamics of a deal can change significantly from the time you learn of it to when you’re actually approaching close. Sometimes to a degree that what looked like a good buy at the outset is not attractive a few months later, and you may need to pull out of a deal.”

PE Beat: What impact, if any, do you think consolidation will have on the industry in 2012?

“I think we will begin to see the effects of a significant shakeout as many private equity firms begin to realize they will be left at the altar when they go to raise their next fund. We should begin to see a revival of quality deal opportunities for proven managers. Those who have employed operationally intensive investment strategies will have demonstrated success in growing companies of all sizes and industries into market leaders, regardless of cycle. This also means that LPs and GPs must redouble their efforts to maintain and build good relationships and ensure the alignment that is critical for positive outcomes.”

PE Beat: What is your New Year’s wish for the industry in 2012?

“A sustained economic recovery and the potential buying opportunities it could present, along with greater understanding of the very positive role our industry plays in growing businesses and contributing to economic progress.”