For the third consecutive year, HEC Paris Professor Oliver Gottschalg has just published his one-of-a-kind ranking for the Private Equity sector, drawing on a long-running academic study into the industry's performance.

The ranking lists the Top 20 PE firms in terms of aggregate performance rates between 1998 and 2007. With this ranking, Professor Gottschalg answers the question: “Which firm(s) generated the best performance for their investors over the past years?”

The Private Equity industry is notorious for being opaque and access to any data is chronically difficult. In particular, little is known about the performance and competitive behavior of the key PE Firms. While performance rankings exists for many other areas (the best ‘business school’, the best ‘place to work’, the best ‘stock market analyst’ etc), nothing worth that name exists in PE.

Until recently, the only available rankings for Private Equity were based on size alone, which has very limited meaning. Since 2009, HEC Paris and Dow Jones have joined forces to publish regular rankings of PE Firms based on their historic performance and expected future competitiveness respectively.

“The ranking draws on a comprehensive set of data on PE fund performance provided by Dow Jones or directly by fund managers and uses a novel and unique methodology to calculate the aggregate performance of a PE firm based on difference performance measures for all the funds managed by this firm. The method is able to aggregate performance across vintage years and considers relative and absolute returns. In total, we analyzed performance data from 427 PE firms and the 950 funds they raised between 1998 and 2007 with an aggregate equity volume of $1300bn.” says Professor Gottschalg.

Launch of the HEC Private Equity Observatory

In recent years the LBO sector has been characterized by record levels of fundraising and investment, alongside large sums of non-invested capital in LBO funds. This has led to an increasing interest in data-driven insight into this area. With its key assets (research experience, access to unique and proprietary data and a reputation for unbiased and relevant research), HEC is ready to reinforce its position as the leading source of data-driven research insights that are of practical relevance in an increasingly important asset class.
HEC today announces the creation of its Private Equity Observatory, which aims at strengthening HEC’s research resources, producing top-level research, teaching and publications in this field. This will be an independent focal point for debate and for the exchange of ideas between different members of the private equity universe, including GPs, LPs and advisors. The HEC Private Equity Observatory is supported by Cyrille Chevillon and a group of key private equity players: Abenex Capital, Astorg, Chevillon & Associés, IDI, Messier Maris, Roland Berger, Rothschild & Cie, SJ Berwin and Weil.

Oliver Gottschalg is associate professor of Strategy and Business Policy at HEC Paris. He serves as academic co-director of the TRIUM Global Executive MBA, coordinator of the Entrepreneurship Track in the HEC MBA program and Director of the HEC Buyout Research Program. He teaches courses on strategy, entrepreneurship, business plan design and management buyouts. His current research focuses on the strategic logic and the performance determinants of private equity investments.

About HEC Paris

A leader in Europe, HEC Paris specializes in management, education and research. HEC offers a complete and unique range of courses to the leaders of tomorrow: Masters Programs, MBA (full-time and part-time), PhD, Executive MBA (Paris, St Petersburg, Beijing, Shanghai and Doha) and TRIUM Global Executive MBA (New York, Paris and London). Founded in 1881, HEC Paris has a permanent faculty of 115 professors, 4000 students on its campus (40% of whom are international) and over 8500 managers and executives trained in executive education programs each year. HEC Paris has been ranked #1 Business School in Europe by the Financial Times for the past five years. www.hec.edu

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