# Private-Company Liquidity: Navigating the 2025 M&A and Capital Markets Landscape

This brief distills the most actionable insights shared at last month's Private Company Strategic Alternatives Symposium for Founders, CEOs, CFOs, and Directors focused on maximizing value.

## The Macro Lens: Warming, but Not Hot

Heading into 2025, capital markets activity was expected to be up. Then came Liberation Day, the subsequent stock market meltdown and resulting capital markets shutdown. Whipsawed, today, the picture looks cautiously optimistic. Markets are at highs and investors are betting that the U.S. economy will remain resilient while big business remains a bit more cautious. As such, private and public capital markets remain open and relatively bullish, while the hurdle rate for M&A is slightly higher.

## Accessing the Public Markets

As always, liquidity remains the primary driver for going public and the pipeline of Founder, VC-, and PE-backed companies has never looked brighter. That said, macroeconomic stability is a prerequisite, and the developing private markets (see below) have extended the timeline and raised the bar for IPO readiness.

- **Public Market Readiness**: Companies are staying private for longer and engaging sophisticated advisors years in advance of a public offering. As a result, these companies tend to be more mature and better prepared - building investor confidence and unlocking maximum value.
- **Key Success Factors**: Investors remain focused on revenue, profitability, margin performance, scale, operational resilience, differentiation, barriers to entry, and management experience. A seasoned management team, particularly one that has navigated economic cycles, is a key valuation driver.
- **Investor Engagement and Market Positioning**: Attracting and fostering relationships with long-term shareholders is crucial. Effective storytelling, investor education, and early feedback are vital to shaping a company's narrative and valuation in the public markets. In fact, IPO roadshows have become more of a formality than an introduction to the management team.

## Best Advice

- **Prioritize Long-Term Relationships:** When it comes to going public, take the long view…ingratiate yourself with long-term shareholders vs. going for every dollar. A 20–30% day-one pop and a sticky book beats a high-watermark print that trades off.
- **Marry Marketing, Investor Relations and the C-suite:** Companies must articulate their unique value proposition clearly to peek investor interest. A single, differentiated story must flow through the S-1, roadshow deck, product messaging and employee town halls.

- **The IPO is Chapter 1:** Practice closing your books and earnings-day choreography, understand trending investor questions and comparable companies messaging, build FAQs, and decide what to insource vs. outsource. Remember: it's a marathon, not a sprint.
- **Under-Promise and Over-Deliver:** Set yourself up for success. Stress-test your model. Guide low and consistently beat expectations (it's all about building credibility).

### Private Markets: Liquidity Has Gone Horizontal

Aligned with the public markets, private markets are also recovering. A handful of key trends:

- **AI Continues to Dominate:** Alongside space, deep-tech, fintech and the cloud.
- **Mega-Rounds are Back:** Databricks, OpenAI, Anthropic, and xAI, just to name a few.
- **Valuation Meets Reality:** We're back at public market highs after all.
- **Discipline Remains In:** VCs prize founder quality and capital efficiency**.**
- **Corporate Venture Capital:** Now its own category, CVCs are leaning-in and scaling disruptors; and
- **Secondaries are Mainstream:** Funds that once opposed them are now proponents.

Private markets have evolved across a spectrum of debt & equity. Ample private capital, combined with a willingness to pile into some of the most coveted names, has also fueled the debate regarding the private versus public markets. The primary reason for going public remains liquidity, but private markets now offer a multitude of alternatives that can satisfy corporate and private investor needs for an extended period.

### Best Advice

- **Maximize Value:**
    - ***Time-series storytelling*.** Valuation is about the present value of a future narrative. Be able to articulate why revenue will be larger, stickier, more resilient and profitable three years from now.
    - ***Structured paper*.** Utilize debt-like instruments and forward purchase agreements to raise capital without crystallizing a headline valuation.
- **Tenders**: Establish recurring tender offers (annually or semi-annually) to provide employee liquidity, manage valuation transparency, and preserve cultural cohesion.

### M&A – The Best Exits Are All About Dual Tracking

Running a sale process in parallel with IPO prep is a must. Execution priorities:

- **Process Discipline:** Big-company diligence, data-room hygiene, and tax planning are key.
- **Trust the Acquirer:** Ensure your vision is aligned. Operating style is the #1 deal killer.
- **Optionality:** Maintain optionality until valuation—not fatigue—forces a decision.

## Additional Considerations for Optimizing Value

- **Financials:** Build an audit committee and select a Big Four accounting firm early. Accounting is a true stakeholder; surprises uncovered six months before filing can kill a deal.
- **Independent Directors:** Recruit independent directors early and ensure they are willing to stay the course. Board churn is a red flag.
- **Pick Your Investors, Not Just Your Price:** A "successful" IPO in 2025 means a 20-30% first day move and a book made up of long-term holders. That requires deliberate allocation and full alignment for the first six to twelve months of trading.
- **Quick Checklist:**
    - Revenue Durability—proof the top line can survive macro shocks.
    - Profitability Trajectory—either currently profitable or a credible, near-term path to profitability.
    - Scale and Scalability—evidence that incremental customers or workloads drop through at a higher margin.
    - Seasoned Management—leaders who have managed through cycles; a CFO who can guide a public P&L on day one.
- **Invaluable Soundbites:**
    - Treat liquidity events as episodes in a longer story: your brand must outlive the closing dinner.
    - Don't outsource your narrative.
    - Educate investors long before you need their orders.
    - Underwrite guidance conservatively; credibility is king.

## Conclusion

In summary, navigating the evolving landscape of private and public markets in 2025 requires strategic foresight, disciplined execution, and long-term relationship building. Companies that prioritize readiness, transparency, and investor engagement will be best positioned to maximize value—whether through IPO, private markets, or M&A. Emphasizing a clear narrative, maintaining optionality, and cultivating trusted partnerships remain critical to capitalizing on opportunities and achieving successful exits. Ultimately, a thoughtful, disciplined approach grounded in authenticity and resilience will enable Founders, CEOs, CFOs, and Directors to unlock sustained growth and value.

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