GETTING STARTED AS AN INDEPENDENT SPONSOR: A PRACTICAL GUIDE

A CO-AUTHORED ISN INSIGHT WITH THE GLOBAL EMERGING MANAGER INSTITUTE ON THE PRACTICAL STEPS THAT TURN A FIRST DEAL INTO A LASTING INDEPENDENT SPONSOR PLATFORM

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WHY THIS MATTERS

Most people researching Independent Sponsorship find plenty on why the model works. Almost nothing on how to actually start.

First-time sponsors need the actual sequence of decisions, not the pitch. On August 5, ISN hosted a webinar moderated by Founder Sam Tidswell-Norrish with Global Emerging Manager Institute Founder Ed Stubbings, built around exactly that premise: how to structure a first deal and get the legal setup right, how to position credibly without a fund track record, how to build capital provider and LP relationships from scratch, and what it takes to move from one deal to a repeatable platform.

The Global Emerging Manager Institute is the content, community, and capital platform Ed Stubbings built to support the creation and growth of emerging managers and Independent Sponsors. Ed was previously a founding team member of Beartooth Advisors, a placement platform and merchant bank acquired by Houlihan Lokey, and before that spent his career at UBS. He is also Founder of Ternion Alternatives, a GP stake investor and advisor that seeds, launches, and institutionalizes private markets firms.

The urgency shows up in the market data. The pool of active Independent Sponsors in North America has roughly doubled in five years, and most of that growth is investment professionals leaving established managers to go out on their own.

1,500+

ACTIVE INDEPENDENT SPONSORS IN THE U.S.

NEARLY TWICE THE FIGURE RECORDED FIVE YEARS AGO

Source: H.I.G. Capital / WhiteHorse Capital, April 2026

+23.8%

MEDIAN EQUITY IRR, NET OF SPONSOR ECONOMICS

ROUGHLY 29% HIGHER ON A RELATIVE BASIS THAN THE 18.5% MEDIAN FOR MATCHED TRADITIONAL BUYOUT TRANSACTIONS

Source: Institute for Private Capital, UNC Kenan-Flagler Business School, June 2026

DECIDE BEFORE YOU BUILD ANYTHING ELSE

The first step is not finding a deal. Stubbings was direct on this point: the first real decision is committing to the journey itself, because the best time to discover Independent Sponsorship is not for you is before you have made the decision and before you have told anyone. It is a long road to unwind once you are on it.

One of the worst reasons to start is frustration after a deal gets turned down at IC. That pattern, in Stubbings' experience, accounts for the majority of inbound interest he sees, and it rarely holds up. The better test is whether the IC will never see the opportunity the way you do, versus one person saying no on one occasion.

Once the decision is made, building the team is not a solo effort, but it also does not need to be built all at once. Internally, most Independent Sponsors run lean, with a small core team and often no dedicated ops hire in the early days. Externally, the priority is knowing early who you will call for legal, capital raising, insurance, and IT, even before you sign retainers.

POSITIONING WITHOUT A TRACK RECORD COMES DOWN TO TWO THINGS

Specialization and positioning as a specialist. Specialization is firm identity: a clear, specific point of view on the part of the market you are trying to change, not a broad thesis. Being a specialist means proving the team is the right group to unlock that specific opportunity, through direct sector experience that maps to the thesis.

Stubbings' framing was vision, principles, and strategy: the big picture of the world you are trying to change, the practical model for how you do it, and then the pipeline itself, which is where LPs actually engage. Deals closed using personal balance sheet capital do count as track record, provided there is a real link between those deals and the strategy being pursued going forward, and provided the outcomes tell a disciplined, coherent story.

THE MENU APPROACH IS THE MOST COMMON CAPITAL-RAISING MISTAKE

Independent Sponsors often show LPs three or four early-stage opportunities and ask which one lands, hoping for a signal. Stubbings called this out as the single biggest misstep in capital sourcing. It reads as a lack of conviction, and it burns LP goodwill and diligence time on opportunities that are not close to exclusivity.

The alternative is being selective about timing: it is fine to warm up relationships and make introductions early, but LPs allocate real time once there is a specific opportunity, a timeline, and a signal that a process is genuinely starting, such as entering exclusivity or beginning formal due diligence. On placement agents, the decision depends on deal size and existing relationships. Specialist groups such as Aviara have built strong recent track records in the Independent Sponsor space, and unlike fund placement, debt providers in this landscape will often provide equity too. Success-weighted engagement terms tend to align incentives better than flat retainers.

SERVICE PROVIDERS AND DEAL FEES DESERVE THE SAME DISCIPLINE AS THE DEAL ITSELF

The biggest mistake in selecting service providers is defaulting to relationships from a prior firm rather than choosing specialists in the Independent Sponsor space. Firms such as McGuireWoods and Lippes Mathias on the legal side, and CohnReznick and Citrin Cooperman on the accounting side, come up repeatedly because they already understand the structure, rather than charging to learn it.

On deal fees, transparency defends the number better than a market-rate default. A fee justified by a specific, real cost, such as commissioning environmental due diligence on a known risk, holds up to LP scrutiny in a way that a flat 2 to 3 percent does not. Broken deal costs are harder: without an established track record, sharing those costs with LPs is difficult to negotiate on a first deal, and is usually easier to structure once there are two or three closed deals to point to.

THE INDUSTRY IS PROFESSIONALIZING FAST

The data Stubbings and Tidswell-Norrish opened with sets the stakes: deal volume by number of transactions is already higher than traditional private equity, and roughly two-thirds of active Independent Sponsors are now serial operators with three or more closed deals. This is not the Fundless Sponsor market of a decade ago. The majority of current entrants are still on their first deal, and LPs are increasingly discerning about which of those are real, credible platforms versus early enthusiasm. Getting deal structure, positioning, and LP relationships right from the start compounds, and the gap between disciplined and undisciplined entrants widens with every deal cycle.

WHAT ACTUALLY MATTERS NOW

01

Decide with real conviction before resigning, then build a lean internal team plus a bench of external specialists you can call on early, before you need retainers

02

Position around specialization and specialist credibility, not a fund track record. Deals closed with personal capital count, if the story and the link to your strategy are clear.

03

Do not shop a menu of early-stage deals to LPs. Warm up relationships early, but earn real engagement once a specific opportunity is in exclusivity or formal diligence.

04

Choose specialist service providers over convenient prior relationships, and defend deal fees with specific, real costs rather than a flat market-rate number.

This Insight is co-authored by Independent Sponsor News (ISN) and the Global Emerging Manager Institute, drawn from the August 5, 2026 ISN webinar "Getting Started as an Independent Sponsor: A Practical Guide," hosted by ISN Founder Sam Tidswell-Norrish with Global Emerging Manager Institute Founder Ed Stubbings.

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