



Patrick Bermingham: 3 Reasons for Private Equity

By Jeffrey Watson, Loewen & Partners

For Bermingham Construction Ltd., taking on private equity partners was not exactly a part of the normal course of business. The company was founded in 1897 by the current president's great-great grandfather in Hamilton, Ontario, and since then the leadership of the company has stayed within the family for the entire course of the twentieth century.

According to Patrick Bermingham, the current patriarch leading the family business, private equity partners were a surprising source of opportunity, the sort of opportunity that his forefathers would appreciate:

“My Grandfather would be proud to see where his business is going,” Patrick says, referring to the larger and more robust rolodex the company now has at his fingertips and to the new ownership structure that gives his children a choice he never had himself.

Now, “by bringing in the right partners, my children will have the choice of going into the business or not, but regardless of their choice they will still enjoy share ownership.”

Some may consider taking on private equity partners as a cumbersome venture, wrought with ill-mannered Bay Street types who have very little interest in the substance of your business and an overwhelming concern about the bottom line. Though this type of experience is not unheard of, Patrick Bermingham has found the private equity experience to be as invigorating as “owning a home and having a new partner point out how to renovate the place, like putting in a new kitchen that increases the overall value, which was made possible by the cash injection from private equity.”

As with any company, people make the difference. Having a private equity partner award a clear valuation, essentially, makes it explicitly clear to everyone the value of their stake in the business.

“Now that employee-shareholders have a clear understanding of how much their ownership share is worth it has given everyone a more focused interest in the business. My employees have defined ownership now and that makes it meaningful for everyone to get out of bed in the morning.”