



Adam Coffey and The Private Equity Playbook [Cover Story]

Topic: Private Equity Trends
Subtopic: Adam Coffey

Summary:

Article summary: Adam Coffey, CEO of CoolSys, shares business intelligence secrets from his bestselling book, *The Private Equity Playbook*.

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It's kind of fun to get Adam Coffey talking.

The CEO of [CoolSys](#) and author of [The Private Equity Playbook](#) laughs easily, is smart as a laser, and gets excited about things as diverse as [EBITDA](#) and RadRover Ebikes. He'll capture your attention with a heartwarming story about his first computer (an Apple Mac SE his wife bought used at an insurance sale.) Next, he'll teach a masterclass on selling your company ("not a one-time event") and mention he's planning to fly into space on Virgin Galactic's SpaceShipTwo. Then he'll wax poetic about the [CoolSys Foundation](#) and the importance of philanthropy as corporate culture. And sooner or later he'll commiserate over his beloved Detroit Lions. "I watch every game," he mourns. "Even the 0-16 season. It was a badge of honor."

Coffey has packed more into his life than most. "I've been

fortunate to do many things," he says casually. "I'm a veteran, served in the US Army. I've been a CEO, a bestselling author. I'm a pilot aircraft owner ... I can play the drums. I can roller skate. I started playing hockey when I learned how to walk, so I was on skates at like 3 years old ... I'm a jock. I was a pitcher in baseball. I was a point guard in basketball. I was a goalie in hockey ... I've spent the last 20 years working in private equity, building companies for private equity. I've built three different national service companies ... I've earned a living, created generational wealth by understanding how private equity works."

Best of all, Adam Coffey is generous enough to share his PE expertise with readers of this E-pub. Here's what he has to say...

Adam Coffey on The Private Equity Playbook

"I think usually when you hear about private equity in the news, people tend to be negative. 'Some rich guy made a ton of money on the backs of destroying a bunch of companies!' and that's just not what private equity is all about at all, from my perspective. I built three large companies, employed thousands of people, and they're growing. All three of them grew at very fast paces. So from my perspective ... with the

explosive, explosive growth of private equity, I wanted to write a book to serve as kind of a basic introduction of very broad scope.

“[The Private Equity Playbook](#) covers many facets of private equity, what private equity is, and what it’s about. And then more importantly, from a business owner or an executive perspective, how should you think about private equity if you’ve built a company and you’re contemplating monetizing that asset? How do you make sure you’re partnering with a good private equity firm? If you’re a Fortune 500 guy and recruiters keep calling you to come run a private-equity-backed company, what does that mean? How does it work? How should you think about it? What questions should you ask?”

“I thought boy, this book is long overdue. I can take 20 years’ worth of life lessons, mistakes, and learnings, and pass that on in something that you could read in about 3 1/2 hours ... I wanted you to be able to jump on an airplane in New York and have a drink, eat a bad meal, and then settle back in and be able to finish this book before you landed in Los Angeles, or vice versa.”

Sell Your Company Three Times

“A lot of times business owners, or founders, build companies and then they think of [monetizing the asset](#) as a one-time transaction ... If you understand how private equity works, you know that any enterprise backed by private equity is going to be sold every three to five years. So as that company continues to grow, you can get multiple paydays. So what I started thinking of it was in terms of taking [only] some chips off the table when you sell your business.

“Maybe you’re approaching that age. You’re in your 50s now and you’re starting to get nervous about the future. So you can partner with a sophisticated private equity group, sell the business, but maintain ownership in the company by doing a rollover investment.

“Let’s say—using some example numbers that are real examples of a company that I bought three years ago as an add-on acquisition to the company I’m running today—a gentleman sold his company for \$16 million. He had \$2.5 million in earnings at the time. He rolled over \$4 million, and took \$12 million home and stuck it in the bank. (Obviously, he paid his taxes.) Twenty-seven months later I sold the company I’m running from one private equity group to another, and we got a 4x return on investment, which means his \$4 million rollover investment returned \$16 million in 27 months ... He had so much fun, he went off and bought a winery in Napa.”

“So what I wanted to be sure to educate people about, especially business owners, was that they shouldn’t think of selling a company as a one-time event. ... My personal record is five multimillion-dollar paydays across a 13-year, four-month period running a company.”

Data is the Great Multiplier

“I invest heavily in technology in any company that I’m running because I find that technology and data allow us to make the workforce much more productive in a service environment. Can I get the right person, with the right part, in the right place, at the right time? That’s really a function of analytics and data. So I’ve worked with companies like [Blue Margin](#), using tools like BI365 to create data lakes to collect every bit of information.

“I have 2,800 employees, and in our world there’s 1,900 people in trucks out there driving around right now. If you think about how many service calls that workforce can complete in a year, or two years, or three years—by capturing all the data related to failures and model numbers and parts used, and diagnosis errors reported, and fixes, and all of those different aspects, you can truly then use data to transform a company to drive what I’ll call predictive analytics, business intelligence, and machine learning.

“You can wind up growing exponentially faster, organically. Servicing more customers, taking more service calls, doing more things, regardless of what the company is ... I think in the last company that I ran full-stop, when I had started and finished with that business, we improved productivity in the field by more than 42% by investing in technology, by using data analytics, and using that to inform our decision-making process ... So imagine if your workforce out there was 42% more efficient today, how much more customers could you serve? How much more activity or widgets could you make, regardless of whatever the company does?”

Want to read more? Access the full transcript of Adam Coffey’s interview [here](#).

Three Key Thoughts:

“The Private Equity Playbook covers many facets of private equity, what private equity is, and what it’s about.”

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For Further Reading:

- » [The Dashboard Effect](#)
- » [Microsoft Power BI Premium](#)

Sources:

Coffey, Adam. Interview with Mike Nappa. Video call interview. Fort Collins, CO. August 11, 2020.