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Five High-Upside Business Models Thriving With Private Equity Leadership

Forbes Finance Council

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If you own an individual franchise business or small regional chain, you may wonder about the benefits of a [re-brand or acquisition](#). If you own an emerging franchise concept, you may be asking yourself if it's worth it to sell part, or all, of your business to a private equity company. And, of course, if you run a private equity company, you may be considering the upside of investing in franchises -- because you've seen the [private equity power boost](#) taking over the space.

In all three cases, there's an easy two-part answer behind why all parties should considering saying "yes" to private equity leadership: money and growth -- and lots of both.



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Of course, there are no guarantees with any investment. Private equity leaders must do their due diligence to ensure they invest in strong franchise brands with proven systems. There are always challenges when new leadership/investors enter the fold. Individual franchisees are much more likely to embrace the new direction if they're already making money and believe the private equity investment will provide an additional spark for the system.

But what specific industries capitalizing on the franchise business model work well under private equity leadership? I'm glad you asked -- here are five I'm keeping my eye on -- and you should, too.

Frozen Yogurt

Admittedly, it isn't surprising that I would champion this business model. I'm the CEO of sweetFrog Enterprises, LLC, which runs sweetFrog Premium Frozen Yogurt, and managing director of Boxwood Partners, a merchant bank in Richmond, Virginia. And what do I do at Boxwood? I lead transactions for our merger and acquisitions advisory services and private equity group. sweetFrog is one of our success stories: A frozen yogurt chain that has achieved [rapid recent growth](#) at 340 units and counting. When we began investing in sweetFrog in 2012 there were 36.

So, what is it about frozen yogurt that should appeal to any private equity firm? I could speak all day about the positives of frozen yogurt, but a few factors stand out. For instance, frozen yogurt attracts an upscale crowd with disposable income who appreciate that yogurt is healthier and more nutritious than ice cream. It's also easy to make and serve, which means better customer service since younger employees won't be overwhelmed behind the counter. And when you have the best tasting products and the most powerful brand name, the sky is the limit.