

# PE BD Interview Cheat Sheet

Private Equity Business Development — Terms, Concepts & Interview Essentials | Relationships are the foundation of everything in this role.

BUSINESS FUNDAMENTALS	DEAL LIFECYCLE (NDA THROUGH PURCHASE AGREEMENT)	NEED TO KNOW FOR THE INTERVIEW
<p><b>Profit &amp; Loss Statement (P&amp;L)</b> Shows revenue, costs and profit over a period. Primary doc for understanding how a business performs.</p>	<p><b>Teaser</b> Anonymous 1–2 page summary a banker sends to gauge buyer interest. Your first look at a deal.</p>	<p><b>Know the portfolio — at least a few companies</b> Research the firm before any interview. Know portfolio companies by name, what they do and why the firm invested. Hiring managers test this.</p>
<p><b>Balance Sheet</b> What a company owns vs. owes at a point in time. Reveals debt load, working capital needs and net worth.</p>	<p><b>Non-Disclosure Agreement (NDA)</b> Legal agreement signed before any confidential deal information is shared. Always precedes the CIM.</p>	<p><b>Know the investment mandate cold</b> Sector, company size, EBITDA range, geography and strategy. Articulate it without hesitation.</p>
<p><b>Revenue</b> Total sales before any costs are deducted. The top line and starting point for all financial analysis.</p>	<p><b>Confidential Information Memorandum (CIM)</b> The banker's marketing document for the company. Contains financials, business overview, management team and growth thesis.</p>	<p><b>Know why proprietary beats a banked process</b> Proprietary deals close at lower prices with no competition. That difference goes directly to returns.</p>
<p><b>Gross Profit</b> Revenue minus the direct cost of producing goods or services. Shows profitability before overhead costs.</p>	<p><b>Indication of Interest (IOI)</b> Non-binding early expression of interest with a rough valuation range. Precedes the LOI.</p>	<p><b>Relationships are everything in this role</b> PE BD runs on trust and long-term relationships. Deals come from people who know you and think of you first.</p>
<p><b>EBITDA</b> Earnings Before Interest, Taxes, Depreciation and Amortization. The standard PE measure of operating profitability.</p>	<p><b>Letter of Intent (LOI)</b> Non-binding document stating intent to acquire at a specific price and terms. Triggers an exclusivity period.</p>	<p><b>Be ready for the mock call</b> Brief intro, one clear reason for calling, an open question, then listen. Do not script it.</p>
<p><b>EBITDA Margin</b> EBITDA divided by revenue. Higher margin means more cash generated per dollar of sales.</p>	<p><b>Exclusivity</b> After the LOI, the seller agrees not to speak with other buyers for a set period.</p>	<p><b>Have a clear pitch for yourself</b> Why PE BD, why this firm. Frame around relationship-building, curiosity and resilience.</p>
<p><b>Business Model</b> How a company earns money — recurring vs. one-time, B2B vs. consumer, product vs. service.</p>	<p><b>Due Diligence</b> Post-LOI deep dive into financials, legal, operations and commercial position. Deal team leads; BD provides context.</p>	<p><b>Prepare 3 strong questions to ask</b> Ask how BD has evolved here, what separates people who advance, and where the firm is most actively investing.</p>
<p><b>Customer Concentration</b> When a large share of revenue comes from very few customers. A top customer at 30%+ of sales is a risk most PE buyers flag immediately.</p>	<p><b>APA / SPA (Purchase Agreement)</b> The final legally binding contract. Locks in price, representations and all remaining deal terms.</p>	<p><b>Understand operational vs. deal dynamics</b> Operational: margins, customer base, management quality. Deal: price, timeline, structure, competing buyers.</p>
<p><b>Leveraged Buyout (LBO)</b> The standard PE transaction. Equity plus borrowed money to buy a company; debt repaid via the company's own cash flows.</p>	<p><b>Auction Process</b> Formal banker-run sale where multiple buyers compete at once. Higher prices and harder to win than proprietary.</p>	<p><b>Do not oversell technical skills you lack</b> Hiring managers detect exaggeration immediately. Know core concepts and speak naturally.</p>
<p><b>Enterprise Value (EV)</b> The total price of a business including its debt. How PE acquisitions are sized and compared.</p>	<p><b>Proprietary Deal</b> Sourced through a direct owner relationship before any formal process. No banker, no competition, lower price.</p>	<p><b>Never be generic about the firm</b> Specific knowledge of the firm's strategy and recent activity is the strongest signal you can send.</p>
<p><b>EBITDA Multiple</b> Enterprise value divided by EBITDA. '8x' means the price was 8 times EBITDA.</p>	<p><b>Operational Dynamics</b> How the business actually runs: margins, revenue quality, customer concentration, management team, cost structure.</p>	<p><b>Show you already think like a team member</b> Reference portfolio companies. Ask about add-on opportunities. Demonstrate day one thinking.</p>
<p><b>Internal Rate of Return (IRR)</b> The annualized return on an investment. PE targets 20–25%+. Buying at a lower price directly improves IRR.</p>	<p><b>Transaction / Deal Dynamics</b> The deal-specific picture: what price the seller expects, how competitive the process is, timeline and structure.</p>	<p><b>Hunter mindset does not mean aggressive</b> Persistent, respectful and genuinely curious. Slowing down and listening separates great ones from busy ones.</p>
<p><b>Multiple on Invested Capital (MOIC)</b> Total value returned divided by equity invested. 3x means the firm tripled its money.</p>	<p><b>Investment Committee (IC)</b> Senior partners who review and approve deals. Goes to IC at IOI, LOI stage and again before close.</p>	<p><b>BD SPECIFIC</b></p>
<p><b>Carried Interest</b> The PE firm's 20% share of profits. Primary wealth driver for the whole team.</p>	<p><b>Lender-Driven Deal</b> A lender holding debt in a struggling company motivated to sell or restructure. Sourced through private credit relationships.</p>	<p><b>Deal Funnel</b> Pipeline from awareness through relationship, qualification and execution. BD owns the top.</p>
FUND & FIRM	<p><b>Platform vs. Add-on</b> Platform is a standalone acquisition. An add-on is a smaller company merged into it afterward.</p>	<p><b>Outbound</b> Proactive outreach — cold calls, emails and campaigns. Where proprietary deal flow comes from.</p>
<p><b>Limited Partner (LP)</b> The investors in a PE fund — pension funds, endowments, sovereign wealth funds, family offices.</p>	<p><b>Tracking a Deal</b> Monitoring a company for ownership changes, management shifts or financial signals suggesting a transaction is approaching.</p>	<p><b>Market Mapping</b> Systematically identifying all companies in a sector that fit the firm's criteria.</p>
<p><b>General Partner (GP)</b> The PE firm itself. Makes investment decisions and earns a management fee plus carried interest.</p>	COMMON TRANSACTION TYPES	<p><b>CRM (Customer Relationship Management)</b> System to log every call, email and meeting. Strong discipline here proves your value.</p>
<p><b>Assets Under Management (AUM)</b> Total capital managed across all funds. Know your target firm's AUM — it signals the deal sizes they pursue.</p>	<p><b>Leveraged Buyout (LBO)</b> PE firm buys a company using equity plus debt, repaid via company cash flows. The most common PE transaction.</p>	<p><b>Referral / Finder's Fee</b> Structured agreement where someone who introduces a deal that closes receives a percentage of the transaction value.</p>
<p><b>Dry Powder</b> Capital committed by LPs but not yet deployed. High dry powder means the firm is actively looking to invest.</p>	<p><b>Carve-out</b> A corporation sells off a division or subsidiary. A key BD sourcing channel.</p>	KEY TOOLS TO KNOW BY NAME
<p><b>Institutional Fund</b> Classic PE structure: LP capital, formal fund, defined investment period of 3–5 years.</p>	<p><b>Secondary</b> A PE firm buys a company from another PE firm.</p>	<p><b>Capital IQ</b> Financial data platform for company financials, ownership info, deal comparables and building target lists.</p>
<p><b>Independent Sponsor</b> A buyer with no committed fund. Sources the deal first, then raises equity from family offices or co-investors after signing an LOI.</p>	<p><b>Take-private</b> A PE firm acquires a publicly traded company and restructures it privately.</p>	<p><b>PitchBook</b> PE and VC data platform covering deal history, fund info, company profiles and investor tracking.</p>
<p><b>Investment Mandate</b> The firm's defined focus: sectors, company size, EBITDA range, geography, strategy. Know it cold before any interview.</p>	<p><b>Distressed / Special Situations</b> Acquiring a company facing financial difficulty. Often lender-driven and seller-motivated.</p>	<p><b>MergerMarket</b> Deal intelligence tracking announced and rumored M&amp;A transactions.</p>
	<p><b>Growth Equity</b> Minority or majority investment in a profitable, growing company that does not need a full buyout.</p>	<p><b>DebtWire</b> Credit market intelligence tracking private debt transactions and distressed situations.</p>
	<p><b>Recapitalization</b> A company takes on new debt or equity — often to pay out the owner — while the PE firm takes a stake.</p>	<p><b>CRM Systems</b> Used to log every call, email and meeting. PE-specific platforms: DealCloud, Affinity, 4Degrees, Dynamo, Altvia. General platforms: Salesforce, HubSpot. Ask your interviewer which CRM the firm uses.</p>

BD ROLE ACROSS THE TRANSACTION LIFECYCLE								
	Rel. building	Sourcing	NDA / CIM	Mgmt. pres.	IOI / LOI / IC	Diligence	SPA / APA	Post-close
<b>BD</b>	Owner outreach banker network	Market mapping Deal ID	Qualify: ops + deal dynamics	Prep mgmt. team Founder context	Support IOI Valuation - IC	Founder intel to deal team	Relationship mgmt.	Add-on sourcing
<b>M&amp;A</b>	—	Banker rels.	CIM screen	Mgmt. meeting	Bid - LOI IC approval	Full diligence	SPA execution Final IC	Board / monitoring
<b>Ops</b>	—	Sector thesis	Ops quality read	—	—	Ops diligence Value creation	Day 1 readiness 100-day plan	EBITDA growth Value creation

Transaction timeline →

BD
  M&A
  Ops
  Passive / supporting