

More Companies Are Choosing to Stay Private – But This One Big Issue Could Derail Their Success

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The evolution of the private marketplace is one of the most significant developments to shape the capital markets in decades.

Just consider the statistics. In the late 1990s, there were more than 8,000 publicly listed companies in the United States. By 2008, there were fewer than 5,000. As of 2023, there were approximately 4,317.

Further, those companies that opt to go public are waiting longer to do so. According to a January 2025 analysis by Morningstar, the median age of companies debuting in the public markets increased from 6.9 years a decade ago to 10.7 years today.

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Why more companies are staying private

Companies launch initial public offerings to access capital, boost visibility and provide liquidity for investors. Today, though, private equity firms, family offices and other strategic investors offer companies that same opportunity

without the need to list.

Staying private means avoiding quarterly financial reporting requirements, which can become onerous and all-consuming. Operating privately allows owners and key stakeholders to retain more control and influence over the future of a company, prioritizing long-term goals over short-term shareholder and market demands and expectations. Private companies are not subject to the volatility and vacillation that come with being publicly traded, nor do they live by where the stock trades or quarterly results fall.

However, as the private marketplace becomes a more viable and commonplace option for an increasing number of companies, a significant issue has emerged: the need for greater transparency around and education about share ownership and share structure. Unlike public company stock valuations, which are readily available and accessible to all, there is less clarity around how private company shares are valued and how share classes are structured.

The importance of transparency and education

It is important for employees to learn how to build their wealth in a private company. Owning shares in a privately held business is a longer-term play, so understanding how they are valued and when they are distributed is critical to your personal financial plan. In turn, private companies have the responsibility to provide employees and investors with a clear and concise overview of how the equity is organized. Managed well, a private company stock program can be an incredibly effective recruiting and retention tool.

At Dynasty, for example, we launched an internal education program to ensure that our growing team of colleagues understands how we structure and issue our company shares. It

is important to us that everyone feels comfortable asking questions and seeking advice about their holdings.

For business owners, managing your “cap table” or capitalization table – the document that outlines a company’s equity ownership structure, including all shareholders, their shareholdings, and percentage ownership – is also crucial, especially for startups and growing businesses. Giving out too many shares early on could hinder the future value of your business and its shares.

Growth is not vertical, so leaving some margin to weather the inevitable ups and downs is ideal. Issuing shares based on an employee’s time at the company and/or performance is also a sound strategy. With a myriad of details to consider, unique to your business, a cap table is a dynamic document that changes as a company grows and undergoes new funding rounds, employee stock option grants and other events.

Related: 12 Rules Entrepreneurs Must Know About Cap Table Management

For over 15 years, we have helped launch over 100 new businesses for our network of independent registered investment advisors (RIAs). As an entrepreneur, founder and chief executive officer of a privately held business myself, I understand the challenges inherent in the private market, and as a team, we have learned many lessons along the way, including for our own business.

We continue to pivot and innovate to meet the needs of our network and ourselves, which starts with stepping up to educate our own employees and clients on effectively navigating share ownership, structure and distribution for long-term success.

Private stock ownership should not and does not have to be an enigma. Your financial health depends on having the guidance of a financial advisor with both the experience and the

specialized expertise to ensure that you understand your options as a private company employee.

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