

The Big Deal with Finding the Right Investment Banker

Understanding Your Goals and a Meaningful Connection Are Important Factors

BY MATTHEW ROBERSON



Business owners rarely go hunting for an investment banker without a little bit of coaching. Attorneys, accountants and other trusted advisers are all happy to offer their two cents on the questions a business owner should ask when interviewing potential bankers.

Business owners often have preconceived notions of what they want from an investment banker. But by the time a deal closes, they appreciate additional qualities they may not even have considered at the outset.

It's a phenomenon I have seen repeated time and again during my 15-plus years as an investment banker. Let's start, though, with one of the most common questions I hear.

Clients obviously want to quantify an investment bank's experience and ask: How many deals have you done? If you just count the hits, however, everyone bats a thousand, and deal tombstones make great pitchbook fodder. There's a better way to gauge experience. It's by asking about a firm's success rate. That is, how many deals have they taken on for a client and successfully closed? From there, you can learn how good a banker is at picking deals that ultimately close, which is an important quality in a good adviser.

This is a great starter question for business owners. But because the selection of an investment banker is so important, I'd like to suggest some additional factors to consider.

The first has to do with responsiveness. Business owners have no illusions of being our only client, but they don't want to feel like a small fish in a big pond. They like to know we have multiple assignments – other

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business owners trust us – and a full team to support our clients, but that I, as the senior investment banker, can still give them the attention they deserve. It's an unspoken assumption that an investment banker will be there when you need them. And clients appreciate it when they look back at all the times – day or night – that they could count on us to be a strategic sounding board.

Hand in hand with responsiveness is the ability to listen and form a connection. It's one thing to pick up the phone. It's another thing to hear and understand the person on the other end. A successful investment banker does both – and truly connects with clients to understand their goals. Those goals typically revolve around deal value, but often include intangibles like safeguarding employees and clients, preserving a company's brand or maintaining its legacy in the community. A good banker will identify what's important to you and will advocate for those things, which might otherwise be overlooked in the rush to close a deal.

Another big focus for clients at the beginning is whether an investment banker

is a sector specialist, meaning the banker concentrates exclusively on their industry. It seems to be a reasonable line of thought: Practice should make perfect. But it may be shortsighted, especially in today's global M&A market, which affords more strategic opportunities than ever.

Single focus specialists may bring preconceived ideas about what a deal should look like and what buyers it should involve. At SC&H Capital, we specialize in multiple industries and transaction types. The perspective we gain translates into a creative approach to our deals and potentially greater deal value for our clients.

Most business owners go through a single M&A transaction in their lives. It's typically unfamiliar and, therefore, stressful. Sometimes it's smooth sailing; other times it's not. A good investment banker is committed regardless of the ups and downs.

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But there's another important source of information for business owners: peers and other business owners who have already worked with investment bankers during a sale or acquisition. Not only can owners get a better idea of whether bankers are as good as they say they are; owners may, in fact, be surprised by what qualities actually mattered in their own deals.

By the end of the process, you should find a firm you can trust but also a firm that connects to your goals and values, even the ones you may not truly cherish until the deal is done. **195 Content Marketing**



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