

# HOW TO CHOOSE THE BEST INVESTMENT BANK: 5 CRITICAL QUESTIONS TO ASK

## IN TODAY'S FAST-MOVING MARKET,

business owners increasingly find that mergers, acquisitions, capital raising, divestitures, or taking some cash off the table are the right next step for themselves and their company. If you find that your company falls into this category, you may be asking how to find the right firm to help you wade through all the options.

Here are five questions to think about in deciding on the best investment banking firm for you.

1

## DOES THE INVESTMENT BANK HAVE DIVERSE INDUSTRY EXPERIENCE?

While your company is uniquely positioned in terms of its industry, sector and geography, you want to hire a firm that not only understands those nuances, but also has experience in diverse industries in order to leverage them. The best potential partner for you may be from within your industry—someone who fully appreciates the value of your business—or it could very well be a company in a complimentary industry that may prove to be the right partner for you. An investment bank with an understanding of a broad range of industries and companies inside and outside of your niche will be able to identify these synergistic, but “off-the-radar” opportunities. Their large network of industry relationships allows them to garner more opportunities that strategically align your company to the right partner at potentially higher values. In addition, it is best to work with a firm that you have vetted, and has a proven track record of successfully completing strategic transactions.

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*Selecting the best investment banker for your business will be among one of the most critical decisions you will make.*

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## HOW WILL THE INVESTMENT BANK'S SIZE AFFECT THE RESOURCES AVAILABLE TO ME?

As a business owner, you deserve to be a priority to your investment banker. Much of a firm's ability to devote its resources to you depends upon its size. Large investment banks thrive primarily on large mega-deals, turning to mid-sized transactions only when things are slow. Often times, these deals are handed off to more junior members who are still learning the ropes, which means that your business is not getting the experienced attention it deserves. On the other hand, firms with just a handful of people often lack the resources to have global reach, strong research capabilities, or adequate firm support. You will optimize the transaction outcome by choosing a firm that guarantees senior level attention throughout the transaction process while having the robust resources to skillfully manage all aspects of the process.

3

### WILL THE FIRM'S TRANSACTION PROCESS ACCOMMODATE MY COMPANY'S UNIQUE NEEDS?

A crucial step in identifying the right firm is in understanding the process the firm uses to bring you the greatest value in a transaction. Some firms are so tied to a process that the dealmaker loses sight of the importance of flexibility and shifting gears as required to achieve the best outcome. On the flipside, other firms lack enough structure in their process, making it difficult for you to benchmark success. In order to get a sense of the process, ask the firm a few critical questions upfront, such as: how will your company be positioned, how potential targets will be identified and approached, and how the process will accommodate any special concerns you might have. The response you get will be telling as to the proposed process and if it's right for you.

4

### DOES THE INVESTMENT BANKER TAKE A CROSS-BORDER PERSPECTIVE?

It's no secret that the world is becoming smaller, and with it, there is increased desire for business owners to uncover potential partners worldwide. In recent years, a growing percentage of mid-market M&A transactions are multi-national or cross-border companies. International investors often pay higher multiples because of the significant strategic advantage of setting up shop in the US market. This means that to truly take advantage of all the opportunities, an investment banker should have significant worldwide reach. Make sure to research the global expertise of the investment bankers you are talking with and get a sense of their global reach and ability to access the best strategic fits for your business.

5

### IS IT THE BEST FIT FOR ME AND MY COMPANY?

One of the most important, yet most subjective, factors in choosing an investment banker is the fit. There are many firms out there, but at the end of the day, the best firm for you will be one that you believe treats your business as if it was its own and IS willing to do whatever is necessary to help you achieve your transaction goals. In addition, the chemistry between you and the team you will be working with is of utmost importance. This is a partnership, so, like choosing any partner, make sure that your firm understands you, has your best interests in mind, makes you feel comfortable, and ultimately, is worthy of your trust.

**There is a lot at stake in consummating a transaction – whether it's making an acquisition, selling all or part of the company, raising capital, restructuring, or some kind of strategic alliance. The right investment banker will navigate the process for you to ensure that you achieve the highest value from the transaction, especially during these volatile economic times. If you select the wrong banker, or perhaps none at all, you could end up in a very different place than you had intended without the opportunity for a “do-over”. The bottom line is you want to select a banker that really understands you, your business, and how to increase its value through a transaction and chances are *you will wind up with a better outcome than you could have even imagined!***

## REQUEST A COMPLIMENTARY DAK VALUE INDEX™



This Diagnostic Evaluation tool was designed specifically for mid-market business owners to gain:

- Understanding of the value of their business
- Ideas of how it compares to competition
- Top-level recommendations on ways to maximize its value.... steps you can take *immediately!*

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