

# Why Hire an Investment Bank?



## Attract serious buyers and manage the process

The last thing you want to do is waste time catering to unqualified buyers. Some parties may approach you with ulterior motives, like researching a competitor or using your data for an existing investment. A skilled advisor helps you evaluate potential buyers and protects you from a delayed or derailed deal.

Once serious buyers are ready to move forward, running an efficient and structured process requires expertise in deal logistics and data management. In an attempt to elevate their status and suppress competition, a buyer may try to advance or push deadlines. A good banker neutralizes this strategy by demanding strict adherence to a clearly communicated schedule. Managing multiple potential buyers in a structured due diligence process requires more bandwidth than most founders are able to commit – in fact, many CEOs who attempt to navigate their own exit refer to it as a second full-time job for which they had no prior training. Worse, managing your own process can take your attention away from running the business, and nothing is more detrimental to a successful transaction than a hiccup in company performance during the due diligence process.

## Craft the story of your business

First impressions are powerful. Would you rather start from a position of strength or a position of weakness? A banker's mission is translating your successful business and vision for the future into a concise narrative that resonates with buyers. An advisor should identify potential buyer concerns and help you to address them.

## Find the right structure

A successful deal achieves both the highest value bid for your business, and an attractive deal structure – the latter is often overlooked. Most buyers possess experience in this area, making a banker’s technical expertise essential in solving for the natural asymmetry that exists between buyers and founders. Negotiating 10+ term sheets simultaneously is a burdensome but necessary undertaking to drive the best outcome in a transaction. Quality investment bankers will manage and negotiate with multiple parties in parallel and protect you from common missteps, like entering into exclusivity with one buyer prematurely. A skillfully executed deal allows you to compare bid prices and deal structures side by side, playing suitors off one another in a competitive process.

### **Additional Deal Structure Considerations:**

- Will you be an employee of the acquirer?
- What are the terms of your employment agreement?
- How will your shares be treated in a liquidation event?
- Establish working capital target so cash needed for operations is clear
- If your deal includes an earn-out, how much of the purchase price is deferred and what are the relevant performance metrics?

## Find the Right Partner

The right advisor will engage the highest number of qualified buyers in the deal process, driving competition and, ultimately, the best outcome. Beyond securing a premium valuation for your business, a great banker will take into account your goals around cultural fit, strategic vision, and other non-economic considerations. In today’s expanded marketplace, even the most savvy founders can miss out on potential buyers within their industry. Your investment bank should work tirelessly to cast the widest net and achieve the optimal exit.

[Learn more about ScaleView Partners.](#)



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