

Links Capital's Perspectives

M&A Advisor's Changing Environment

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Many articles have been written on why you should engage an investment banker or M&A advisor to sell your business. If you are going to hire someone to sell your business, make sure you fully understand how they are going to manage the process before you engage them. This means knowing who is doing what for you.

I've been a partner in a private equity fund and a director of a private equity management buyout fund focused on Western Canada, so I have had my share of interactions with advisors selling businesses. Personally, I didn't plan to be in the advisory business, but when I was exiting the private equity business and sent out that email to let people know I was leaving... that's when everything began.

That very same day, a past vendor, who our private equity fund purchased a business from, asked me if I would be interested in selling his other business as he would prefer to have me "on his side of the desk". Shortly thereafter, another former client asked if I would help him raise capital to acquire a business that he had previously sold to a large public company who wanted to spin off the division. These encounters made me reflect on why they wanted me to help them instead of a large M&A shop or accounting firm.

Many years of private equity and investment banking have made me knowledgeable from a buy and sell perspective, but what made me different from the many boutique investment banks and accounting firms that offered similar services? I learned a lot by sitting through presentations, asking questions of advisors, reviewing various confidential memorandums, and having conversations with unprepared management teams. Maybe that's why they were coming to me.

I thought back to all my interactions with advisors and one thing was evident: in most cases, the senior managers on the file didn't have all the knowledge about the business that they needed to represent their clients successfully. In my meetings, if you asked the senior manager a difficult question and he or she was unable to answer, they would look down the table at the young junior analyst, the one who spent time compiling much of the due diligence and who knew the business far better than the senior manager. This is what managers refer to as deal leverage, having the junior analyst do the work and then the senior manager comes in for the close.

How much value is lost between the information the junior analyst has and the information that the senior manager should have?

**ACQUISITIONS
DIVESTITURES
FINANCINGS**

Links Capital specializes in the divesting and financing of businesses in the Canadian middle market.

Links Capital's philosophy is to preserve value throughout the entire transaction process. Senior partners handle all aspects of the transaction from inception to close and beyond, maximizing proceeds.

Being experts in private equity markets and corporate finance enhances value to our clients through extensive buy and sell-side experience.



NORSEMAN

A manufacturer and distributor of industrial foam and fabric products along with their retail camping division

has acquired the assets of



Links Capital acted as financial advisor to Norseman Group Ltd. in the structuring and negotiating of the acquisition of assets



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Divestitures • Acquisitions • Financings

