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Investment banking plays crucial role in realizing your business's value

Having recently opened up an office in the Vail Valley for W.G. Nielsen, one of the oldest investment banks in Denver, the Vail Daily sat down with Mike Block to learn more about investment banking services.

By Lauren Glendenning

Brought to you by W.G. Nielsen & Co. Investment Banking

Despite the name, investment banking isn't about managing wealth, providing financial advice or making investments on behalf of clients.

"The primary role of an investment bank is to provide assistance in the sale of a business," Block says. "When a business owner — whether that is an owner operator of a business, a business owned by investors or a publicly held business — wishes to exit, an investment banker assists in that process."

SELLING A BUSINESS

An investment bank works with business owners to understand their business and create materials that describe the business to potential buyers, both qualitatively and quantitatively. Block says his firm will identify the most likely buyers for the business — financial and strategic —, and manage a competitive process designed to yield the highest price for that business.

"An investment bank maintains databases of financial and strategic investors and buyers that they established relationships with and/or those that have indicated an interest in acquiring or investing in certain industries. These relationships bring credibility to the process," Block says.

RAISING CAPITAL FOR BUSINESSES IN NEED OF FUNDING

In addition to providing sell side advice, investment banks are also active in raising capital for companies in need of funding. That funding could be growth capital, capital to buy out an existing partner or capital to assist in generational transfer of a business, Block says.

"An investment bank will often have relationships with professional investors, and the banker will manage a competitive process here as well," he says. "We can help business owners identify the most attractive sources of capital that fit their own situations and help a business owner decide the optimal timing to seek that capital."

CONSULTATIVE ROLE

"We like to get involved when business owners are contemplating the sale of their businesses, either immediately or in the foreseeable future," Block says. "By being involved early in a consultative role, we can help those business owners choose the right time to exit their businesses and we can identify things that the business owner can do to either increase the value of their business or to make the process smoother when it is time to sell."

WHEN YOU MIGHT CONSIDER AN INVESTMENT BANKER

Investment banking clients on the sell side are typically



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owner-operators that have decided to seek liquidity for their businesses. They either no longer wish to stay active in the business, are seeking a partner that can help them grow their businesses better and faster than they can do it on their own, or they have family-owned businesses wishing to accommodate the desire of a partner to retire or exit the business and need help identifying a partner to replace the retiring owner.

WHY IT'S HARD TO DO THIS WORK ON YOUR OWN

It is very difficult for business owners to accomplish the services provided by an investment banker on their own. Block says investment bankers have invaluable relationships

with prospective buyers or investors and know what kind of transactions for which those folks are interested.

"The investment banker has managed these processes before and can anticipate most of the issues likely to arise," he says. "They know what information will be required to be produced and can help put a business in its best light for prospective owners and investors. They will manage the due diligence, negotiations and closing process and allow the business owner to focus on what they do best — running the business. ... It is very difficult for a business owner to continue to focus on the health of their business while also managing a sale process."

INVESTMENT BANKING SERVICES

W.G. Nielsen & Co. provides mergers and acquisitions advisory and related services to its clients on some of their most important strategic decisions and transactions. The firm has a long history of providing exceptional mergers and acquisitions services, including sell-side and buy-side advice on complex transactions. Clients are located across the country and include businesses, private investors, private individuals, and families. W.G. Nielsen & Co. works on a full range of transactions, including mergers, sales, acquisitions, leveraged buyouts, joint ventures, spin-offs, divestitures, and other restructuring.

SELL-SIDE OF THE PROCESS: THE SALE OF COMPANIES

- ▶ Examine the use of the capital being raised and articulate strategies and milestones to be achieved
- ▶ Review company financial statements to determine valuation and optimal structure
- ▶ Prepare and distribute confidential information memorandum
- ▶ Manage due diligence process (legal, business and financial)
- ▶ Negotiate terms, conditions and financing
- ▶ Close the transaction

BUY-SIDE OF THE PROCESS: ACQUISITION OF COMPANIES

- ▶ Examine the use of the capital being raised and articulate strategies and milestones to be achieved
- ▶ Review company financial statements to determine valuation and optimal structure
- ▶ Negotiate valuation and business imperatives
- ▶ Manage due diligence process (legal, business and financial)
- ▶ Negotiate terms, conditions and financing
- ▶ Close the transaction

INVESTMENT BANKING

W.G. Nielsen & Co. is an independently owned FINRA investment banking firm, which specializes in negotiating mergers and acquisitions, with an emphasis on sell-side representation, and structuring creative financing solutions for privately held businesses.

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