



DAVID SILVER

Head of European investment banking, Baird

UK Corporate Finance House of the Year Baird has grown its market share and impressed sponsors with its deep sector expertise. Head of European investment banking David Silver explains why firms value specialist industry knowledge and how a single global P&L delivers the best outcome for clients.

“There is no secret to winning repeat business other than doing a good job for your clients. We aren't very salesy and we focus on trying to do the best job we can. It is important to be transparent about how you are valuing and positioning a business

Mid-market deal activity has flatlined recently, yet Baird has increased its market share significantly. How has the business managed to grow when the market it serves has been static?

The honest truth is not that exciting. We have been working at it over a number of years and we have expanded in a slow and steady way. We have had minimal senior banker turnover and invested in growing our team.

The team also has deep sector expertise globally and we work hard to provide the highest quality advice for our clients. Overall, we stick to our knitting and value stable progress over time.

Baird has also secured repeat business from many clients. What is the secret?

There is no secret to winning repeat business other than doing a good job for your clients. We aren't very salesy and we focus on trying to do the best job we can. It is important to be honest and transparent about how you are valuing and positioning a business. Once that is done, you can go out and try your absolute hardest to deliver the best result possible.

I would also add that Baird is disciplined about the sectors and clients it targets. We only go after business where we believe we can add value. People appreciate that.

All advisers talk about sector expertise, but Baird has received particular recognition in this regard. Why do you think the firm stands out on that?

We have big teams covering our core sectors and that allows managing directors to develop deep understanding of narrow sub-sectors. So instead of saying to clients that we understand industrials, we can say that we understand filtration or testing, for example. That expertise also stretches across geographies. We are always

thinking about how we put the best possible global team on the project, optimising the combination of advisory experience and sector and client relationships.

Our single P&L globally helps us achieve this and enables us to provide clients with sector coverage that is difficult for generalists to match.

I would add that we are very upfront about what our strengths are and we are the first to say if a deal does not fall into a sector we cover. Our focus is on doing an excellent job in areas we know well.

A single global P&L is another feature that distinguishes Baird. What value does it bring to clients?

Dealmaking has become far less local and advisers have to understand the international context from a sector perspective, but also in relation to the buyers, be they private equity or strategic. If you want to provide clients with the best service, your team needs to be coordinated globally and trust each other in order to position a business in different international markets in the best way possible.

A single P&L builds a global team culture and ensures the right members of the team are playing the roles for which they are best suited – accessing



David Silver, Baird

buyers they know well, providing advice to the client, negotiating the final stages of the deal, etc. Managing directors do not work exclusively on transactions in their particular patches. They work across geographies because if a client does better, our whole business does better, irrespective of where the deal is taking place.

3i's sale of baby products business Mayborn Group to Chinese buyer Shanghai Jahwa was a particularly interesting deal that Baird worked on in 2016. What did Baird do specifically to deliver a good outcome for the client?

This deal was a classic example of how important a global team has become. Our deal team included people on the ground in London, Shanghai and Chicago, where our global juvenile products team is based.

There were a lot of moving parts to the deal and in order to deliver the team had to understand the corporate structure of the buyer and help them through the demands of a European-style sales process.

A global team also meant that Baird could market the business widely to a variety of corporates and private equity firms, and find the best possible buyer.

Finally, what are your observations on the current market and what is expected from advisers?

There is so much private equity money out there to invest and processes for good businesses have become incredibly aggressive.

I think it is fair to say that the guidance some buyers have received during auctions has not always been as transparent as it could be and sponsors are a little weary after being told by advisers and sellers one thing and then finding themselves out of the running. Similarly, high price guidance is being given on some processes, which is leading to potential bidders deciding not to bid early on.

If you are selling a business, buyers need to trust you, because you are going to ask them to jump through all sorts of hoops when a process begins. I think a number of PE firms have struggled with the way some processes are run and there is a degree of auction fatigue in the market.

When you are in this kind of market, you need to be careful how you treat buyers and show them respect.