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# Class 2: Managing an Investment Banking Process

# Lesson 3: Go-to-Market

***Course Script***

**Class 2, Lesson 3: Go-to-Market**

1. *Introduction*
   * **Lesson Overview**
     1. During this lesson, The Warren Fox Group will cover topics that deal with:
        1. Day of Launch
        2. Efficient Outreach Management
        3. Deal Team Communications
        4. Banker-Client Communications
        5. Investor Introductory Calls
        6. Management Presentations
2. *What to Expect on Launch Day*
   * As a practitioner, one of the most exciting times as an investment banker is taking a client to market, this is known in the industry as “Going-to-market”.
   * Below, The Warren Fox Group has outlined some key items that a junior banker is expected to assist-on prior to going-to-market:
     1. **Investor Outreach Emails**
        1. The junior banker will create a generic outreach email that introduces the deal and explains the investment opportunity.
        2. The outreach email will be on a *no-names basis*, meaning that a code-name will be utilized instead of the client’s name.
        3. The outreach email will likely include two attachments:
           1. Project teaser
           2. Standard-form NDA
        4. The email will end with an invitation to fill out the NDA and, if the investor is interested, a chance to meet with the investment bankers to get a voice-over of the deal.
        5. The Warren Fox Group provides a template Investor Outreach Email on their website.
     2. **Outreach Assignment Meeting**
        1. Prior to launch date, the bankers will meet and assign outreach responsibilities.
        2. Prior to this meeting, the junior bankers should review the bank’s internal CRM tool and determine which senior bankers have the closest relationships at each investing entity.
        3. Some of the investing entities could be very complex funds or large corporations that have many different entry points; therefore, the deal team needs to be strategic in its outreach efforts and coordinate the right banker to connect with the right person (or team) within the investing entity.
        4. Also, the bankers need to ensure that the same person isn’t being reached multiple times on the same deal by different bankers. This makes the bank appear to be disorganized and scrambled.
     3. **Coordination with the Client**
        1. The deal team needs to communicate to the client the exact go-to-market date to ensure that the client is prepared to handle the potential inflow of traffic.
        2. The first items that will need the client’s attention will be the non-disclosure agreements:
           1. The investors will be redlining the NDA’s and sending them back to the bankers to facilitate the comments.
           2. The bankers will send the comments to the client and the client needs to respond in a timely fashion. This typically requires the client to have a designated individual to receive and assess NDA mark-ups.
           3. The client might use in-house counsel, third-party counsel, or, if the client is really small, might have the management team accept or reject NDA redlines.
        3. The client also needs to be ready to schedule management presentations with potential investors and potentially answer specific due diligence questions (facilitated through the bankers). This will require a large time commitment from the client’s management team.
           1. Some investors can move quickly and the bankers could be coordinating management presentations within days of the deal’s initial launch.
     4. **Outreach Summary (in Nightly Workstream Emails)**
        1. At this point in the deal process, the junior bankers are already sending out nightly workstream emails, keeping the entire deal team apprised of each step of the deal.
        2. Once outreach begins, the deal will become much more active and the senior bankers will need to be informed of each and every interaction that is taking place within the deal.
        3. Therefore, once the deal is in market, the junior bankers will include an “Outreach Summary” in the nightly workstream emails. The junior bankers should have the structure of the Outreach Summary prepared prior to launch.
           1. An Outreach Summary is an output that comes directly from the contact log and provides the latest updates on each potential investor.
           2. The Outreach Summary will provide senior bankers with details on:

The number of investors contacted.

The assigned banker on each contacted investor.

The current stage each investor is within the outreach funnel (Signed NDA, Intro Call Scheduled, Management Presentation Scheduled, Bid Submitted, etc.)

The latest commentary on each investor.

The list of investors who have passed and their reasons for passing.

* + The junior bankers spend an ample amount of time and resources preparing for launch and ensuring that the deal is ready to be managed in an efficient and effective manner.
    1. The anticipation of launching a deal into the marketplace is a really exciting time for practitioners.
    2. Below, the Warren Fox Group provides an overview of what to expect on launch day:
       1. In a coordinated effort, the senior bankers will blast outreach emails to each of their designated contacts on the buyer list.
       2. The senior bankers will carbon copy the internal distribution list on each outreach email, so that deal team members can record the communication.
       3. This will result in the deal team receiving hundreds of emails simultaneously with a flurry of response communications.
  + The procedures described above are typical of a capital markets process that desires to cast a wide-net for the purposes of drawing many potential investors into an auction process.
  + Sometimes the outreach process is much more precision-based, in a situation when the client knows exactly who they would like to target during outreach. During a more precision-based process, outreach is much more personalized and could involve direct phone-calls instead of emails.

1. *How to Efficiently Manage Outreach*
   * The Warren Fox Group recognizes the massive responsibilities junior bankers take-on to successfully organize outreach efforts and efficiently manage investment banking processes.
   * For people outside-looking-in, please remember that junior bankers are likely managing multiple deals at one time.
     1. This means you have to multiply the efforts described above by the number of deals the banker is staffed on, to get an accurate understanding of the job responsibilities of a junior banker.
     2. The bank, if it is sector-specific, is likely going out to the same investors for different deals which causes something known as “deal merge” which is an industry term used to describe the general confusion between deals, deal parameters, and investors.
        1. For the above reasons, this makes organization and coordination extremely important when managing Outreach Efforts.
   * To ensure optimal deal management, The Warren Fox Group highlights three tools that junior bankers should utilize: (i) Contact Logs, (ii) Folder Space, and (iii) Note-Taking.
     1. **Contact Logs**
        1. A contact log is an internal tool that acts as a centralized database for all outreach efforts.
        2. To maximize the tool, practitioners must effectively utilize the contact log to record all communications.
        3. The format of the contact log is an excel workbook and is built from the foundation of the buyer list, including such information as:
           1. Names of the potential investor entities
           2. Names, positions, contact information of individuals at the investor entities
           3. Important deal milestones (NDA Signed, Intro Call Scheduled, Management Presentation Scheduled, Bid Submitted, etc.)
           4. Dates and descriptions of all communications
           5. Date of the latest communication and a detailed description of the latest communication
        4. The deal milestones are certain events that important to the progression of the deal and outline the investor’s position within the deal funnel.
        5. Additional deal milestones include:
           1. Initial outreach
           2. NDA sent
           3. NDA redlined
           4. NDA completed
           5. Dataroom access
           6. Introductory Call
           7. Management Presentation
           8. Product Demo Presentation
           9. Indication of Interest
           10. Letter of Intent
        6. The contact log contains each and every communication and the date of the corresponding communication.
           1. Some investors on the contact log could have up to ten or fifteen rows of notation.
           2. The junior banker should summarize the touchpoints for each investor and highlight the date of latest communication and a detailed notation of that touchpoint.
        7. Finally, as noted above, the banker should ensure that the contact log has the functionality to summarize the outreach on a separate worksheet that can be exported and placed in the nightly workstream emails.
           1. The Summary Outreach is likely going to have one row per potential investor, highlighting the deal milestone and summarizing the latest date of contact with its corresponding description.
     2. **Folder Space**
        1. Internal folder space is the bank’s designated digital area to retain all files and documents, made internally or received from sources externally.
        2. To maximize the tool, practitioners must effectively structure the space in an organized and intuitive manner.
        3. Each deal will have its own designated folder and within the folder. Folder structure for each deal will likely be standardized.
           1. Below, The Warren Fox Group provides a high-level view of potential folder structure:

**Engagement Section:**

This section should contain all documents related to client engagement such as the Engagement Letter, the Mutual NDA, the Deal Compliance forms.

**Client Communication Section**

This section should contain all one-off diligence items that the client provides and the associated emails. The folders within this section should be dated and titled, so that practitioners can easily retrieve an email or an email attachment provided by a client on a particular date.

**Shadow Data Room**

This section should contain all the folders that will mirror the virtual data room and the related items that will eventually populate the VDR.

**Investor Communication Section**

This section should contain folders that hold the contact log, the investor non-disclosure agreements, and all one-off diligence items from investors.

**Marketing Materials Section:**

This section should contain the Confidential Information memorandum, the Teaser, and any other presentation materials intended for investors.

**Financial Section:**

This section should contain the client’s financial model, the client’s historical financials, and any other supporting schedules.

**Deal Closing Section**:

This section should contain investor bids, investor term sheets, wiring instructions, bid instruction letters, purchase agreements, and any other schedules necessary for closing.

**Presentation Materials & Notes:**

This section should be broken down by meeting, and should contain the associated presentation decks and notes.

In the industry, it’s common for practitioners to believe that every meeting should have a presentation deck. Such meetings include the Original Pitch, the Kick-off Meeting, the Buyer List Meeting, the Bi-Weekly Update Meetings, the Management Presentation Meetings and meetings with the client’s board.

It is always good practice for the bankers to save the decks and the notes in one place.

In the future, practitioners will be able to easily reference these presentation decks as a starting point for similar meetings in future deals.

* + 1. **Note-Taking**
       1. Note-taking is the practice of recording all communications during meetings, phone calls and email correspondences.
       2. To maximize the effectiveness of note-taking, the Warren Fox Group provides some important characteristics that junior bankers should be aware of while recording communications:
          1. **Investor Mandates**

Noting details on investor mandates are important because (i) it gives the bankers a strong indication on whether or not the deal parameters fit within the investor’s sweet-spot and (ii) helps bankers determine which deals to show that investor in the future.

* + - * 1. **Investor Questions**

Noting investor questions is important to better understand how the marketplace is thinking about the deal. For example, if multiple investors ask the same question, this means that the marketplace is highly interested in the answer and the answer is likely a crucial part of how the marketplace is evaluating the opportunity.

* + - * 1. **Investor Reasons for Passing**

Noting reasons for passing is important to have a better understanding of the marketplace’s initial read on the deal. It is also important for client communications and reporting.

* + - 1. The Warren Fox Group provides a Note-Taking Template on its website.

1. *Establishing Deal Team Communications*
   * The Warren Fox Group believes that one of the main goals of a junior banker is to efficiently manage investment banking processes, and a large part of successfully executing this task involves effective and regular communications to senior deal team members.
   * To ensure optimal communications between deal team members, The Warren Fox Group highlights the importance of the Workstream Email:
     1. **Workstream Email Basics**
        1. The workstream email is a nightly communication sent to all deal team members to provide a consolidated process-update for the deal.
        2. The email is constructed by the junior bankers, reviewed by mid-level bankers, and then sent to the entire deal team distribution.
           1. The workstream email is likely the last thing a junior banker will do at night and the first thing a senior banker will read in the morning
           2. The body of the email will main a consistent format and could include attachments such as:

Contact Log

Presentation Decks needed for tomorrow’s meetings

Any relevant deliverables that need the broader team’s review

* + - 1. A typical workstream email contains three main items in the body of the email: (i) Tomorrow’s Agenda, (ii) An itemized list of workstreams, and (iii) Summary Outreach Statistics:
         1. **Tomorrow’s Agenda**

All deal-related meetings scheduled for the following day. This includes internal meetings, banker-client meetings, banker-investor meetings, and banker-client-investor meetings.

The agenda items should include:

Meeting name

Counterparties

Meeting times

Meeting locations

* + - * 1. **Itemized List of Workstreams**

A tracker that lists all deal workstreams

The tracker should include:

Name of the workstream

Details on current status

Next steps

Responsibility of next step

Expected time of delivery

Some examples of workstreams include:

Teaser

CIM

Financial Model

Cheat Sheet

Bid Instruction Letter

Virtual Data Room

* + - * 1. **Summary Outreach Statistics**

Summarized output from excel that communicates the most current view of deal outreach (describe in detail earlier in the section).

* + The Warren Fox Group provides an outreach email template and a workstream tracker on its website.

1. *Establishing Banker-Client Communications*
   * The Warren Fox Group believes that good client management is essential to facilitate a successful investment banking process and good client management is predicated upon regular and effective communication between banker and client.
   * To ensure optimal communications between banker and client, The Warren Fox Group highlights the importance of the junior banker’s role in Bi-Weekly Process Updates.
     1. **Bi-Weekly Update Meetings**
        1. Following the Kick-Off meeting, the bankers should establish a regular cadence of communication with the client, which is usually embodied through a process update meeting that occurs on a bi-weekly basis. In this instance, bi-weekly means twice a week.
        2. The junior bankers will be responsible for creating the materials that guide process update meetings.
     2. **Preparing Presentation Materials for Process Update Meetings**
        1. The presentation materials for the Process Update Meeting will likely include four main sections: (i) Executive Summary, (ii) Outstanding Due Diligence Items, (iii) Deal Timeline, and (iv) Outreach Statistics
           1. **Section 1:** Executive Summary

The main objective of this section is to provide a real-time process update for the client, relaying the most pertinent action items and a high-level overview of how the process is going

Bankers will also cover next steps, necessary items needed from the client, any process bottlenecks, the general feedback from the market and a quick overview of outreach.

With respect to outreach, the senior bankers will talk about the notable buyers who are showing the most interest.

The client will likely have specific questions on certain buyers or certain pieces of the process, some examples of client questions might include:

Where is the NDA for Investor [A]?

Why did Investor [B] pass?

How many documents has Investor [C] reviewed in the dataroom?

How many investors passed due to cash burn versus how many passed due to early-stage?

* + - * 1. **Section 2:** Outstand Due Diligence Items

The main objective of the second section is to highlight any outstanding due diligence items needed from the client

These due diligence items could be for dataroom purposes or for requests from specific investors

Additionally, as the deal matures there will be additional due diligence items needed that go beyond the initial due diligence list:

For example, once the client accepts initial bids, the bankers will need to create a second round virtual dataroom which will require more in-depth materials.

* + - * 1. **Section 3:** Deal Timeline

The main objective of the third section is to highlight deal progression and to illustrate the exact point of the process that the deal is currently in.

Capital markets deals are long, complex processes and the deal timeline section will level-set timing expectations to ensure the deal is staying on-pace.

If the deal is trending severely behind pace, the senior banker will have to explain the reasoning for the delay and consider pushing back certain targets, such as the investor bid deadline.

* + - * 1. **Section 4:** Outreach Statistics

The main objective of the last section is to provide the client with a high-level overview of outreach and the current deal funnel.

Junior bankers will create an output from the contact log, similar to the output utilized for the Outreach Summary in the Workstream.

Remember, junior bankers should never expose investor contact information to the client in this section.

1. *Investor Introductory Calls* 
   * Following the official launch of the deal, the deal team will begin to receive investor feedback. A large part of the junior banker’s responsibilities within deal management is the effective facilitation of moving investors seamlessly through the deal funnel. The deal funnel begins with the processing of initial feedback and the coordination of Introductory Investor Calls, between potential investors and bankers.
   * The Warren Fox Group outlines the process that junior bankers facilitate following deal launch:
     1. **Initial Investor Feedback**
        1. Potential investors will either respond or not respond to the original outreach email.
        2. If the potential investor responds, the potential investor will provide either a positive, negative, or neutral feedback:
           1. **Positive Feedback**

The potential investor shows initial interest after reviewing the teaser and wants to learn more about the opportunity.

The potential investor will likely agree to complete the NDA

The potential investor will ask for times to set up an Introductory Call with the bankers

* + - * 1. **Negative Feedback**

The potential investor is uninterested in the deal after reviewing the teaser and passes.

When investors pass, junior bankers should always thank them for their review and try to receive a reason for passing.

* + - * 1. **Neutral Feedback:**

The potential investor responds to the banker after reviewing the teaser with additional questions relating to the deal.

Neutral feedback generally indicates that the potential investor needs to learn more about the opportunity to see if it is worth their review.

These investors will likely meet with the deal team for an Introductory Call to get a clearer picture on the opportunity, but might opt-out of executing an NDA until they learn more about the deal.

* + - 1. In the initial days of the launch, the main skill sets are organization, communication, record-keeping and speed. Junior bankers cannot wait hours or days to respond to initial investor questions, schedule meetings, or record feedback.
    1. **Scheduling Introductory Calls**:
       1. The goal of every outreach is to schedule an Introductory Call with the potential investor, in hopes that the investor will eventually elect to meet with the client for a management presentation.
       2. If the investor is interested in meeting with the deal team for an Introductory Call, the junior banker will:
          1. Check the schedules of senior bankers and offer available times.
          2. Coordinate a meeting time that works for both the senior bankers and the potential investors.
          3. Send out meeting invites to all participating parties.
       3. In parallel the junior bankers will be facilitating the NDA which will be important if the investor would like to discuss the deal at a more in-depth level, without using the project’s code name.
          1. Some investors will specifically note that they prefer only to get under NDA following the Introductory Call. These types of investors are typically financial sponsors, like private equity firms, who frequently sign lots of NDAs and would prefer to avoid NDAs with targets who have a very low chance of investment.
    2. **Facilitating Introductory Calls**
       1. The senior bankers will likely facilitate the meeting and provide an initial voice-over and pitch the investment opportunity.
       2. The senior banker will likely utilize a “cheat sheet” to guide the conversation.
       3. A “cheat sheet” is a document created prior to launch by the junior bankers that summarize the client’s main characteristics, as well as the main attributes of the deal.
          1. Main topics of the Pitch:

**General overview of the client**

What the client does, when the business was founded, where the client is located, and a brief overview of summary financials.

**Investment Highlights**

Why the deal is attractive now, the size of the opportunity, the competitive advantages of the client, past successes of the management team.

**Deal Structure**

What the company is looking for, how much capital the company needs, and the terms of the deal,

* + - 1. While the senior banker is pitching the deal, the junior bankers will handle other responsibilities, such as:
         1. Note taking
         2. Screen-sharing
         3. Answering detailed questions about the client
      2. Once the senior banker finishes the pitch, the potential investor will have the opportunity to ask questions.
      3. Following all the question-and-answer portion of the Introductory Call, the investor will likely provide some initial reaction and set forth some additional action items, such as:
         1. Facilitating an NDA
         2. Asking for specific diligence items
         3. Setting up a Management Presentation
    1. **Responsibilities Following the Introductory Call**
       1. The junior bankers should save down call notes to the internal deal folder and record the meeting in the contact log.
          1. The junior bankers should highlight any important follow-up items in both the notes and contact log.
          2. The notes should also highlight meeting attendees, dates, conversation dialogue, investor thesis, and investor’s interest level.
       2. If there are outstanding follow-up items, the junior bankers should send a “Thank You Email” and acknowledge immediate next steps.
       3. If the potential investor has passed on the deal following the Introductory Call, then the junior banker should immediately remove the investor’s dataroom access.

1. *Management Presentations* 
   * Following Introductory Calls, deal team members will gauge investor interest and aim to set up Management Presentations with investors who are positively inclined.
   * The Warren Fox Group outlines the processes necessary to set up and facilitate Management Presentations:
     1. **Management Presentation Basics**
        1. Once interested investors have had a chance to hear the initial pitch and review the virtual dataroom, they will want to hear the story directly from the Management Team in a meeting known as a **Management Presentation**
        2. Management Presentations are typically one-hour in length and include a presentation deck that is closely resemble the CIM:
           1. The deal team members will coach the Management Team and rehearse the management presentation multiple times before the actual meeting.
           2. The client and deal team will practice a word-track and determine slide assignments for management team members.
        3. The Management Presentation could also include a live product demonstration.
           1. The product demonstration is a portion of the management presentation that allows the investor see live demo of the product or the technology.
           2. Sometimes the client is hesitant to deliver a live demo because it allows for too much variance, such as unforeseen issues in delivery or technology glitches that could negatively affect the investor’s view of the business.

Instead, some clients prefer to offer sandbox access in leu of a live product demonstration.

* + 1. **Preparing Clients for Management Presentations**
       1. Investor Background Decks
          1. Short presentation decks, usually three or four slides, that cover high-level details on the potential investor and the individual attendees.

**Investor Information**

1-page tear sheet that summarizes the investor’s operations, the investor’s stock price or latest post-money valuation, past investments and acquisition history, and recent news such as corporate initiatives or corporate contracts.

**Participant Background Information**

Additional information on attendees that includes current title, current job responsibilities, years of experience, past work experiences, and educational background. Also, the bankers should note if any of the attendees are from a portfolio company of the potential investor entity.

This information helps the client understand if the key decision makers are in-attendance.

It is also important for the bankers to ensure that all participants are under NDA – for example a participant could be involved with a portfolio company or a subsidiary entity of the investor entity, that directly competes with the client. Therefore, the banker needs to ensure that the NDA covers all entities in attendance.

These decks could open up a friendly sidebar conversation between the client and an attendee. Maybe the attendee has a former employer or educational institution in common with one of the client’s management members. Remember, character-fit is almost just as important as business-fit, especially during M&A deals.

* + - 1. Analysis of the Virtual Data Room
         1. Prior to the management presentation, the junior bankers should provide the client with detailed report of investor activity in the dataroom.

In most cases, the VDR has functionality to pull reports on individual investors

These reports illustrate the investor’s activity in the dataroom, highlighting how many times the investor viewed a particular document.

* + - * 1. This information can help the management team gauge which subjects are most pertinent to the investor and help predict the type of questions the investor might ask.
    1. **Scheduling and Facilitating the Management Presentation**
       1. Email Invites
          1. When the investor agrees to taking a Management Presentation, the junior banker needs to obtain a list of attendees, coordinate schedules, and send around invites.

The junior banker will ask for a full list of attendees from the investor.

The junior banker will check schedules of all parties involved: (i) the client, (ii) the investor, and (iii) the senior bankers.

Once a time is agreed upon, the banker will then send around **two calendar invites** that parallel one-another with the same meeting link.

The reason for two separate calendar invites is to keep the investor’s contact information separate from the client’s contact information.

* + - 1. Screen-Sharing Presentation Materials
         1. Sometimes the client will want the bankers to share screens during the presentation, while other clients will prefer the opposite and share the screen themselves.

In the case that the client would like the bank to share, it is the responsibility of the junior banker to page-flip the management presentation deck.

* + - 1. Recording Notes
         1. The junior bankers will be taking notes throughout the entire conversation.
         2. High priority should be placed on recording investor questions and client answers.
      2. Facilitating follow-up Conversations.
         1. The junior banker will be tasked with facilitating any follow-up meetings or providing any follow-up diligence items.
         2. Usually, the most immediate next step is providing the investor with the bid instruction letter, if not already provided.
         3. If the investor decides to pass, it is important for the bankers to remove the investor’s access from the dataroom.

1. *Summary*
   * Throughout the third lesson of Managing an Investment Banking Process, The Warren Fox Group has covered a multitude of topics:
     1. What to Expect on Launch Day
     2. How to Efficiently Manage Outreach
     3. Establishing Deal Team Communications
     4. Establishing Banker-Client Communications
     5. Investor Introductory Calls
     6. Management Presentations
   * After this lesson, viewers have a clear grasp on deal launch procedures, best practices for outreach management, the necessary tools to optimize deal facilitation, and the step-by-step processes involved in the deal funnel.
     1. The important take-aways of Lesson 3 include:
        1. Organization and structure are necessary for efficient deal management.
        2. The importance of good deal team communications during a capital markets process.
        3. The importance of good client-banker communications during a capital markets process.
        4. The key skill sets to be most successful in deal management.
     2. The goal of Lesson 3 is:
        1. Help junior bankers understand the necessary to tools and skill sets needed to properly manage a deal.
        2. Educate junior bankers on their responsibilities when a deal is in-market.
        3. Provide real-world insights into the procedures that underscore the deal making process.
        4. Teach junior bankers that attention to detail is essential in effective deal management.

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*It is an honor and privilege to join you in your journey throughout Investment Banking!*

*The Warren Fox Group*