Association News

Feature: Highlights from the IVCA Luncheon, 'Running an Efficient Purchase Process'

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On April 9th, the IVCA presented, "Managing an Efficient Purchase Process." which was moderated by Mark Glennon of Ninth Street Advisors and a panel that included Benedict Rocchio (Partner, Baird Capital), Mike Sands (CEO, BrightTag), Chuck Templeton (Serial Entrepreneur, Managing Director of Impact Engine) and Jamie Wildman (Managing Director, Financial Sponsors Group of William Blair & Co.) The four panelists discussed many relevant themes including working effectively with management in a buying situation, directing service providers and building a reputation that creates attraction for entrepreneurs and sellers.

The information looked at both sides of a deal, plus venture and private equity, and the entrepreneur and seller experiences. The background of each of the panelists are as follows...

Benedict Rocchio is part of Baird's Venture Capital Team and concentrates on investments in the Business Services sector, with an emphasis on information services and financial technologies.

Mike Sands comes from the management team side, and is currently President and CEO of BrightTag. Part of the original team of popular website Orbitz, he helped take that business from start-up to IPO.

Chuck Templeton is a Serial Entrepreneur, passionate about early stage and emerging companies. He founded OpenTable, Inc. and has been involved in over two dozen start-ups as investor, board member or advisor.

Jamie Wildman represents one of the newest members of the IVCA, William Blair & Co., as a Managing Director in their Financial Sponsors Group. He manages the firm's relationships with buyouts and growth equity funds, from a background in investment banking.

View pictures from the event here.

The questions that moderator Mark Glennon put forth are in bold type below, with the expertise of the panel providing the answers.

MARK GLENNON: First we're going to talk about how to expand funding. Do any of you have some tips, tricks or strategy you would use at that early stage?

Chuck Templeton: When I was an entrepreneur, and work with entrepreneurs, I had this two step plan to raise capital. This is oversimplified, Step One is to create scarcity, and Step Two is to get the first check. In the creating scarcity point, I always emphasize the need to curate who your investors are, and how to get the 10 or 15 solid folks that you create relationships with over time. The first meeting should not be the 'ask' – the relationship should build over time, to get them in your radar. As far as determining the right investor for you, most feel comfortable with something they've invested in before, especially in the early stage.

In the getting to that first check, find an investor who you like, who is willing to be the lead, and work with them to iron out the terms. In my experience, once you get the first check usually the round can close at that point.

GLENNON: Benedict, how about bigger ticket transactions? Do you have a more methodical approach?

Benedict Rocchio: Yes, that is probably right. There is a balance between talking to a select group of targeted individuals and at the same time making sure you're casting a wide enough net to maximize price. Also to find and investor that – for whatever reason – is under the radar. There is also a lot of your management time that you really have to think about, that is where building relationships over time is critical. If you spend time cultivating for the future, then you have investors who are up to speed, and know some of the basic questions about your business.

When it gets to later stage transactions, like you said, when you're raising money or if you're selling, you never talk to a pre-emptive bidder and you never talk to more than one bidder. So it's that balance you have to look at between maximizing price and minimizing management distraction time.

Jamie Wildman: From an investment banker's standpoint, it's our job to find the right buyer for a business, and the way we do that depends on the situation. In some situations, it means going extremely broad and maybe reaching out to a hundred or more potential investors, and again it's our job to understand who those right investors are, and it's also extremely helpful to find out how those partners behave. As you're going through this process, the question always becomes – for example, if you're talking to three parties who have different valuation expectations – 'what is their tendency look like to perform in certain situations?' We track all that data internally within William Blair, to make sure for our clients that the proper deductions about those investors are being made.

You want a smaller investor audience to make sure people feel like they're being engaged. If someone feels like they're one out of a hundred, then they don't feel like investing the time and money. But if you go with too small a group, they don't necessarily feel the competitive tension. It's a fine balance, and situation specific, to generate the right outcome.

Rocchio: That's a good point, and that is where the distinction lies between traditional private equity. the buyout landscape and venture. In a business already owned by a private equity firm, the investor on the other side is almost expecting that this is going to be a fairly broad option, where price is really the factor. There might be some stuff on the edge, but it's really going to be price. On the venture side, whether we're lazy or not as savvy, we're not used to processes as much. If anything, the symbol of the process scares away a lot of venture capital investors. What we see when there is a process involved, that it's either a hot property going for a ridiculous price, and the venture firms are using a banker to only maximize that price or it's a troubled asset disguised as something healthy. Neither one of those situations are great for us. If you are an agent in venture, some of that selection surrounding the criteria is important in the first stage.

GLENNON: Are there any circumstances on an exit, say if it was in the $100 million range, in which you would try to do it on your own?

Mike Sands: I'd think you'd be crazy to do it on your own on the $100 million dollar level. On the lower end though, to Benedict's point, as a management team we've done it both ways. The use of a banker is efficient, from a management's team perspective, because you can cover more ground more quickly. That being said, you need to take the time to really understand, because every bank and every banker has a different process and approach, and it does come down to internal resources. Do you have enough resources internally to take time off from the business to run different processes simultaneously, or do you need extra help in doing it? That's the question at a lower level.

Once you start getting into larger numbers and financial investors on a sale, I don't see any circumstances these days where it doesn't revert to an auction, because you're trying to maximize price. On the raising capital side, it's 50/50. When you're whittling down 75 potential investors to ten serious ones, having a banker by your side is helpful.

Wildman: I think Mike stole William Blair's tagline, which is 'you'd be crazy to do it on your own.' [laughs] I think the key is you want to maintain a competitive tension through an investor process, with an efficient way of keeping that competitive tension. These are time intensive, grueling exercises. and even having a banker, it will consume a ton of management time, to make sure they can respond appropriately to the potential investor audience they are pursuing. Without a banker involved, that can make it an even more challenging exercise.

Price is important, but also speed and certainty of closure is important. Those other two components are often overlooked as it relates to price. Having people working with you as a partner – to make sure you're delivering that great outcome – that is ultimately also very important.

Sands: At the end of the day, when management teams are sitting with a banker, looking at a list of investors, not only will they internally have concerns about those folks on that list, but the bankers will advise them because they look at the markets everyday, and see what goes on with post the transactions. For example, how the companies and their investors behave in good times and bad. Having that intelligence is useful information going in, and it's not information the management would have access to without some advisors at their side.

GLENNON: Let's talk about the full competitive bidding situation, which has become ever so common in the last 12 years. What kind of trends are you seeing there?

Wildman: There have been a number of dynamics taking place in the last couple of years that have driven these trends. On January 1st, long term gain taxation rates went up. So from 2010 to 2012 there were people rushing to get these transactions done. That created a huge gap in a deal flow perspective, with everybody trying to get things done in November and December, while it's pretty vacant in January and February. What I find interesting is that the companies who are out in the marketplace in January and February have generated significant interest, just because of the supply and demand balance out there, and with a lot of pitch activity taking place because of the state of the debt market.

Rocchio: What I would add is there seems to be major segmentation in the marketplace between 'haves' and 'have-nots,' both in the buy-out and venture sides. So-called 'A' properties will go to an auction and generate up to 70 indications of interest or more. Whereas a company which historically would be a 'B' or 'B+," would get a disproportionally less interest, it's not linear at all. The 'A's' are getting outsized interest.

On the venture side, it's the same, where attractive start-ups with experienced management teams are able to raise that first 3 million dollars of capital fairly easily, and at relatively pro-entrepreneur pricing. Also once a business gets up to 10 million in revenue, we see a big step-up in interest in terms of valuation. It's the in-between zone that is struggling, as in a 'no one is interesting in funding another person's businesses' type of concept. That's where the void is, in that space.

GLENNON: When you get the stage of trying to select an investor in the early stages, what do you look for, Chuck, in selecting that investor?

Templeton: I have five things I look for...One, can they help me improve? Two, can they help me in a business development or sales aspect? Three, can they help me think strategically about the business? Four, can they help me with an exit or get that next round of funding? And five, do they have the capital now or the capital to think about the next phase of business?

GLENNON: Benedict, in the later stage, when you have an 'A' property, with those high numbers of interest, how do you whittle that down? And also concerning a strategic buyer who only does this occasionally, don't they have a disadvantage over the financial guys – the 'sharks' – who do this regularly?

Rocchio: I don't know. The strategics have the built-in advantage of synergy, on the revenue side and costs side, they don't typically need to take much time or even any time getting up to speed in the market. Certainly the relationships with middle market bankers in particular, and middle market private equity firms, is very strong. Those firms have an advantage.

Whittling those high numbers on 'A' properties? Factors one and two are probably price. Factor three is the close, the likelihood of delivering the numbers and terms, and other expectations that can be laid out. That is all of what is behind that.

Sands: Certainly the close cannot be underestimated here. Management teams know there are firms that are going to renegotiate at the last minute, and those firms are trying to stand out among those high numbers, with an outsized offer. This happens in controlled investments and the venture space as well. Having knowledge and fact patterns based on previous investments are extremely important, and investors will tend to play to those patterns. If they know going in that there is a firm that always renegotiates, then not only will they be mentally prepared for that, they will price it in before it happens. As long as they know how the game is played, they will prepare for it. It's those unknown circumstances – is the deal going to be restated at the 11th hour or will it close?

Templeton: And that gets around to the other entrepreneurs. In a heartbeat, firms begin to have reputations.

Wildman: That was the point I was going to add. With price, speed and certainty of closing being important, there is also the management team and how well do they get along with a new party. No private equity firm wants to sell a business to a buyer, when the management team really doesn't want to sell. And the management team will have a little bit of control over that to a certain extent, because if they go into a room and they're trying to sell the attributes of the business, they'll try to be slightly less excited in a meeting with a potential buyer who they really don't want to be acquired by.

There is an element in the ability to generate future value, because in many instances the existing owners are going to be required to roll into the next transactions, so it will be important for the next buyer to successfully take the business to the next level. All the opportunities that management sees in a buyer are extremely important. Also just from a reference perspective, the private equity community is a very competitive arena. How are you going to be able to convince the company you're going to acquire next that you're the right partner? The way you're going to do that is to be able to be referenced. So you want strong outcomes in which the management teams are generally pleased with the transaction that ultimately results.

Rocchio: I want to follow up on Jamie's point. A lot of the conversation so far has been on the realities and facts of playing in a process, now might be a good time to shift towards how do you effectively play in a process? How do you demonstrate those things that Jamie just talked about? When talking certainty of close, attractive terms and value added, on the venture side any process that we play in, it's all about those elements. From the buyout side, from the start, companies that they're interested in pursuing, there has to be a 'red zone' offense put together to try and win that process.

That's all about the same elements that Chuck talked about, those five things in selecting a partner, the buyer has to start demonstrating those things from the start. Price is the name of the game to get to the second round. Once you get to that next stage, when it's whittled down to the last few names, that's when the red zone offense kicks in. What are the attributes regarding why they should sell a business to you? Or in the case of a venture deal, you're going to be partners with them for a long time, 8-10 years. It goes from what price are you going to use to get in, and then towards 'this is our approach.' What is your sector expertise, and what type of value-added resources are you going to bring into the party?

GLENNON: And then it's time for the buyer to hire an accounting firm, and start the due diligence to review quality of earnings. Is that routine, and when does it start?

Rocchio: That's when you get into confirmatory diligence, which is certainly before a definitive agreement is executed, maybe when the 'list' is down to one or two, a maximum of three parties. Is it standard or is it not? In buy-out transactions, it's certainly de facto, on the venture side I would call it very rare, maybe when you get into growth equity transactions. It's the nature of the beast. When a business is being sold, a seller expects that type of diligence. The key is to manage the process on both ends.

Wildman: The smaller the company, typically the less complicated the accounting is, and the less you need those types of services. For the larger transactions, we actually encourage the companies being bought to do that themselves. We think it's very important to do a volume earnings study, in advance of running a process, because the last thing that a seller wants is to have a buyer find the potential blemishes before they do. Anything that they have, that they need to address, they'll want to find out about in advance. That quality of earnings study will also speed the buyers along, and facilitate the transaction that much more quickly.

Rocchio: So then the buyer would come in, and would actually review the quality of earnings that was already prepared by the company, and then the big issues would already be identified.

GLENNON: What else can be done by the principal investors of the deal

Rocchio: A lot of it is upfront transparency and communication on key issues. When we tend to run things we're pretty fairly involved with any third parties that we're working with, and a lot of that focus is on the key issues. Setting expectations on budgets, timelines and dialogue interaction, those things can be communicated ahead of time. As a principle investor, you should never lose control of that process, because that will lead to runaway costs, timeline problems and potential damage to the relationship. It's one thing in a buy out transaction when everybody shakes hands, and goes their separate ways, but in a venture deal if things start to go towards – for example – a 90 day re-cut of the deal, arguing over nickels and dimes, things can go sour fast.

Sands: It goes back to past patterns. Entrepreneurs or managers are looking at how the investor behaves in the process, knowing full well that it's not a light switch – where suddenly it's all going to be roses after the deal closes. So whatever the behaviors are, whether it's how the negotiations are conducted or how the diligence works – especially in the venture space – you have to have a thick skin.

You're often dealing with management teams who are not so buttoned up, and it's going to be a messy process. For example, the statements aren't going to audited and they might not have a financial person involved. It really runs the gamut across the stages. We're sitting here as a management team, thinking that the dollars we optimized on this end of the deal will be the same type of behavior post-deal as well. That's really critical, especially if you have multiple players at the table. Which one, as a management team will you take? Would you take the friendliest diligence process or the team who is trying to optimize every last penny? That would seem a pretty easy choice. That's what were looking at on the other side, the management side, of the table as we go.

Templeton: Throughout that process, the second best answer you can give to an entrepreneur is 'no.' The floating around in never-never land with non-committing investors throughout the process, from an entrepreneurs' perspective, is very frustrating. If there is one thing I can tell the investor community, a 'no' is great to hear. It's not as good as a 'yes,' obviously, but a 'no' will move things along.

GLENNON: It's been said that lenders have been a lot more aggressive lately, one private equity person even told me 'reckless.' Some of the lenders have gotten involved in larger transactions, and are being increasingly aggressive. What are the consequences of that?

Rocchio: The best comment on the venture side is to say they're all being way too conservative right now. [laughs] The biggest factor is relationships, when it comes to venture lending. How they've behaved in the past, how they form relationships with companies, investor groups and are they committed to the venture class. There have been venture lenders that have been in and out of the industry in the last 15 years, and it's important to find folks that are committed to the class, that are willing to be around, and more importantly work towards a solution if something goes sideways.

Wildman: From a buyout perspective, the lending market is very robust now. I wouldn't characterize it as 'reckless,' but I do think it's favorable for high quality businesses. It is interesting to me to see how lenders are in a position, for those high quality businesses, to look at the potential for forward earnings, which before they had never done. It is in those high quality businesses that the robust lending exception is there, which is driving a lot of activity, and we're having discussions with a lot of private equity firms about selling companies. The robust nature of the debt market drives valuations, which can lead to a great outcome.

GLENNON: What does this do to a financing contingency? That has to be the biggest concern for a seller, the financing contingencies. How is it affecting that issue?

Wildman: It's part of the process. When you're putting a final indication on a company, you want to make sure your proposal is as solid as it can be, to drive the certainty of closure. I think in that extent you'll have the lenders far enough along, so that they're fairly well committed to doing a transaction. The contingency is, as far as the transactions I'm involved in, that it's not a factor regarding a fear that the lending is not there, given the robust nature of the current process.

In less robust markets, it's a greater concern, and quite frankly the parties who have greater access to capital, who will fund the entire transaction with equity, will oftentimes have a greater advantage. Again, because they provide a greater certainty of closure.

GLENNON: Chuck, are you seeing this filter down to early stage companies? Are commercial banks getting somewhat more aggressive?

Templeton: Yes, there certainly needs to be stable revenue in those banks, and revenue from a source that has a larger amount of customers that they're giving smaller amounts to, which is better than having a small base of customers to which they're giving large amounts. There are no guarantees usually, sometimes but not always. I've seen stuff on receivables, using that as collateral, but not always personal guarantees.

GLENNON: Let's turn to the reps and warrantees, the attachments that follow the process. Some things can be perfectly reasonable for a buyer to ask for, which can cause a real problem for a seller, and could impact the transaction down the road. Is there any way of heading these things off, with insurance products that can cover this?

Rocchio: This is where third parties on both sides can be incredibly helpful, both in investment maintenance and legal representation. This is where people like me and Mike [Sands], we've done have data of what identification caps are – what the current market is for this type of rep or that type of rep. That's when focusing on key issues, being transparent on both sides of the table and having advisors on both sides can help when taking in a holistic view of the whole thing. That's when folks like Jamie [Wildman] are key, to keep everything moving.

What is also positive on the venture side is that for awhile now the National Venture Capital Association [NVCA] have developed approved documents, for use as a starting point in transactions. We're all now seeing the same documents at that starting point, with the boilerplates being the same and the flow being the same. It has made a dramatic improvement in venture investments in the last ten years.

Wildman: Contract negotiations are obviously the final stage of any sort of process, but it's also a very critical one because that's when you're dealing with potential liabilities down the road, that frankly no one wants to deal with after the close. So it's important to go back to the initial decision-making process, in which the sellers are deciding on which party to commit to – it can range from a buyer giving key issues for an eventual contract to having a full mark-up of contract expectations. In a really robust situation, the seller will have two or three parties all with full contact mark-ups, all ready to go, and then they can make a really concrete decision.

GLENNON: There has been a trend for the use of convertible debt, with approximately a third of all venture rounds are convertible debt. Chuck, since you've done some of them, are you comfortable with them, because they have to be so largely negotiated?

Templeton: Earlier in a company's lifecycle, the more beneficial convertible debt is, when you get more angel investors involved than 'professional' investors. A convertible note can move things along faster, with a standard discount on interest. It can make a difference especially in seed rounds.

Rocchio: In seed rounds I agree with you, that is the advice I give to friends and entrepreneurs, in the 250,000 to one million dollar-type rounds. It's really about friends and family, because neither side has time to value the business. We've seen many great ideas sabotaged by a very poor structure in the early rounds. I think the convertible note in the early round is a positive.

GLENNON: Going back to the larger transactions at an exit, huge amounts of very valuable time can be consumed with charge-backs, escrow and indemnities. Are there any steps that can be taken ahead of time to get around these things?

Rocchio: There are always terms you're negotiating at the end. What kind of indemnification period exists? Is there a basket or not a basket? Can you pierce a veil? I don't know if there is a way around it, because they become specific to each transaction.

Wildman: There isn't a way around it by any means, but the one thing we've begun to use lately are insurance products in our negotiations. If there is one rep or warranty in which we don't necessarily know what the exposure is, but we least can quantify it, we can bring in an insurance company to look at it from an actuary perspective and provide a quote in terms of what a policy is going to cost. It makes that risk a bit more minimal.

Rocchio: I would tell you the craziest and most unrealistic 'ask' from potential buyers is the uncapped indemnification. It's the all time non-starter. It's not even possible we can execute success in that situation.

GLENNON: Stepping back from these details, especially from the perspective of Mike and Chuck, what would you especially like to tell bankers and lawyers regarding transactional principles to keep in mind?

Templeton: The biggest thing I think is that the expectations are understood, and the communication is clear. For me, as an entrepreneur, I get a lot of signals and I'm not great at reading signals. [laughs] So more clarity in what they need, and this will be their process. I've seen entrepreneurs go nearly to the last stage in due diligence, and then the investor will say that they don't invest in a particular vertical, and they knew that vertical going into the initial conversation. Just having a better sense of process, from my perspective as an entrepreneur, is extremely valuable. It gets around among entrepreneurs that a particular investor has a good process, and has good deal mechanisms, and helps the entrepreneur understand them. And even if it is a 'no,' as I said earlier, a 'no' while understanding the process is very valuable to an entrepreneur.

Sands: Also, you're dealing with management teams that don't do this for a living. The place where you can be really valuable is as an educator, not assuming that even the experienced management teams have all the context that is necessary. Count the number of times you're going to go through the process of drafting up and reviewing a set of reps and warranties, and imagine the management team going through that, with much less experience. On the legal and accounting side, you can give the management teams you're working with an immense amount of goodwill by providing context during your part of the process, especially for entrepreneurs and young management teams who have never been through it before.

I've been advisors to companies who get the reps and warranty requests, and they look upon it as an assault or something. They don't believe me, they think I'm a liar, why are they asking for this? Take a walk in their shoes. They were in college three years ago, and here they are talking to you. As big a talkers as they are – even if they experienced it before – they haven't done it that many times. Take the time to educate – define 'market' and 'reasonable ask' – it's extraordinarily important. So many of these processes can go south from a relationship standpoint, over stuff that if it was just set up in a proper context, everything would be fine.

Rocchio: To add to that, for example, we use a third party management assessment in every investment we make, just a lower level consultancy. And with the seller or entrepreneur, it's how you explain it to them. If I just call up and say, hey our management assessment is coming over, they might think it's a psychological evaluation, and that can be extreme to them. But if we just pitch it as it is, which is providing a set of data points, obviously it's about post investment, which will work for us. We've found that it's not so much a diligence point, but actually helps the relationship.

Templeton: What also is interesting, and what I like, is that on some websites there is a format of the pitch the investor wants you to do. Each slide has the information they want, so the entrepreneur can make sure they have what they need when they go into that pitch. I think it's clarifying.

Sands: The reality is that first time teams don't know pitch structures and the like. One thing you all can do as a group is meet with companies, even if you're not interested in investing with them, and give them advice. Advice can be along the lines of 'give me your pitch, even though I can't invest in you,' and then you can give your perspective back on how they do it. That's incredibly valuable to these new management teams to get third party advice. Most of them don't know how to structure a pitch. If a 23 year-old has never worked for anybody, even basics like 'don't slouch' can be valuable. It's a generational thing, but when you give that kind of feedback it can be meaningful.

Templeton: The last thing is, if you all do say 'no,' it's great to get some feedback on why. Whatever the reason – even just two or three sentences – that is simply a valuable perspective.

The panelists then took questions from the attendees.

QUESTION: How many times at a very competitive auction have you had a price reduction on a re-trade?

Wildman: Here's an example. If you have a situation with an investment bank you can point to them and say, 'here's what you did last time. We're going to assume that's happening again, so we're here to cut your bid by 20%. If it happens again, we'll cut it again.' That's how you get it to a manner that's acceptable. I think it comes down to the competitive nature of the process, when the less competitive it is, clearly the more likely that re-trading is going to take place. The more participants you can into the process, and are invested in that process, the less likely there will be a re-trade. If somebody has a reputation for doing that, you might fall for it once, but you won't fall for it again.

QUESTION: What do you think of a pushing of baskets and caps in the terms sheet?

Rocchio: For similar terms on the venture side, I find the lawyers want you to do that, but it is a tough door to open, because that's exposed position and expense. I think you're going to have the same debate whether it's earlier or later. I think the advisors, the bankers and lawyers, are saying let's negotiate them as a whole, and knock them off. And that's probably sound advice, but I don't see it happening that much on the venture side.

Wildman: Ultimately, too, for those sorts of terms it really helps to know where people are as early as possible, because it creates transparency. In my experience, if someone is going to hold up a transaction because they are not willing to come down to remotely market terms, it's not terribly common.

QUESTION: Are you seeing changes in methodologies regarding how companies are valued?

Rocchio: Yes, just last week had a company last week that asked to be valued for 2015. [laughs]

Templeton: Certainly from the entrepreneur's perspective, there is always the discussion that this investor wants to own 20-35% of the company, so there is a reverse engineering in the raising of the price. Those are the type of discussions you hear in boardrooms, is that a goal for every investor?

Rocchio: It's a bad goal, when that starts to get introduced, if I were an entrepreneur, I'd start listening to competing bids. It's a flawed way to look at things – it causes companies to raise too much money or the buyers are gaming – it's more than ownership, it's about percentage to of the preferred or whether they can block a sale, it's such a bad, lazy position to take. They're either the majority owner or not the majority owner.

QUESTION: What are the pros and cons of hiring a banker during a 'B' or 'C' series of funding?

Sands: We hired a banker, and we did it in a 'C,' it was actually a round that Benedict and I did together. It worked out well. We went for a banker, because I only had a part time director of finance, and we did our seed maybe a bit too early. We hired the banker to get more hands, and to cover a broader amount of territory more quickly. I also valued the perspective the banker gave me, in terms of who to go to, so I found it a benefit at that stage. It was the exception rather than the rule, as most others don't use a banker at that stage. It varies with the situation, the source of capital and the amount.

Wildman: If your outlook is strategics I think it's very helpful. Without a banker, the strategics might not take you seriously, and they really need to be kept on a process. A lot of the VC relationships on the strategic side tend to be on the product management or business development function, and not often with the CFO of the company in the decision-making. Just in a role as advisor, a banker can make sure you're talking to the right people.

QUESTION: The panel has talked about providing transparency in the process, working with service providers and giving them direction in dialogue – when to push hard and when to back off – what are some of the things that trigger you to give those different instructions?

Wildman: It's thinking about the process as a whole, and what are we trying to accomplish? Whether it is speed, or whether we're trying to uncover some specific areas of diligence that are unknown ahead of time. It's tough to standardize the answer, but I think what that leads to, for every process in which you want to follow a formula, that a service provider is what you need to attach to those processes.

There are times we select service providers for the type of investment or personality. It's a Chicago company? We might intentionally use a Chicago legal firm. We take those type of things into consideration as part of the selection.

The next IVCA Education Event is April 23rd, regarding "Implementation of Illinois's Health Insurance Exchange" and is free to IVCA members. For more information and to RSVP, click here.