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The Value of an Investment Banker in a Sales Process: The 2025 Imperative



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The 2025 Imperative



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As an entrepreneur and business owner, choosing a qualified, experienced investment banker with transaction experience relevant to your industry to represent your company in a sale might be one of the most important decisions to ensure a successful outcome.

While investment banking fees can range significantly (often depending on deal size), engaging an investment bank is an investment, not just an expense. In today's complex, technology-driven environment, the banker's expertise is more critical than ever, frequently increasing the sale price enough to offset the fees and net additional proceeds to the seller.

The M&A market in 2025 is poised for a rebound, but it remains defined by strategic complexity, technological acceleration, and elevated risk. The days of purely opportunistic dealmaking have been replaced by a focus on strategic growth, often tied to acquiring new capabilities.

In this updated post, we cover three key areas where the value of an Investment Banker and M&A Advisor is now essential, far outweighing the burden of trying to execute a transaction alone.

1. Navigating a Hyper-Complex Regulatory and Geopolitical Landscape

Nearly ten years ago, an investment banker's role included anticipating challenges and buyer questions.

Today, that role has expanded to managing global risk factors that can derail a deal:

Heightened Regulatory Scrutiny: Antitrust, national security, and foreign direct investment regulations are under increased focus globally. An experienced IB is adept at navigating these complex legal landscapes to minimize delays and prevent deals from collapsing.

Geopolitical and Supply-Chain Risk: Geopolitical volatility, tariff uncertainty, and the imperative for supply-chain resilience have introduced new diligence areas. Dealmakers are taking a nuanced view of geography, often favoring stable markets or seeking to re-shore production. An IB helps position the company to demonstrate resilience and manage these risks in the eyes of the buyer.

ESG Integration: Environmental, Social, and Governance (ESG) factors have become a critical component of value and risk assessment. M&A advisors guide sellers on reviewing their performance in areas like carbon footprint and labor practices, ensuring they are prepared for a rigorous ESG due diligence process.

2. Harnessing Advanced Technology for Deal Velocity and Value

The M&A process itself is undergoing a digital transformation, which an independent seller cannot replicate without a dedicated team.

AI-Enhanced Due Diligence: The use of Generative AI, advanced data analytics, and automation is now standard for sophisticated dealmakers. An IB leverages these tools to mine vast amounts of data—reviewing contracts, financial records, and identifying patterns—

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faster and more accurately than human teams alone. This accelerates the diligence timeline and provides a superior view of risk.

Technology Due Diligence (ITDD): A thorough technology due diligence (ITDD) is no longer a secondary concern; it is a prerequisite for value validation and risk reduction. The IB is essential in coordinating the ITDD process to vet the target company's infrastructure, cybersecurity posture, software licensing, and technical debt. They ensure the technology can scale and integrate with the acquirer's platform, identifying and mitigating cybersecurity gaps that could otherwise kill a deal.

Strategic AI Positioning: As acquirers increasingly look to gain access to innovation, especially in Generative AI, an IB helps a seller strategically position their AI capabilities, data assets, and proprietary platforms to command a premium valuation.

3. Maximizing Proceeds with Creative Deal Structures

The sales process is incredibly time-consuming and disruptive, typically consuming at least six months of dedicated effort, which is why an IB manages the process to let the owner focus on the business. In 2025, a key part of that management involves bridging valuation gaps in an uncertain market.

Bridging Valuation Gaps: Market volatility can lead to a disconnect between the seller's valuation and the buyer's view. Investment bankers are masters of creative deal structures designed to mitigate these risks.

Innovative Structures: An experienced M&A advisor can introduce elements like earnout provisions, collars, and equity rollovers to ensure the seller can realize future value while giving the buyer confidence in the near term.

Managing Financial Sponsor Activity: The M&A market is seeing significant activity from financial sponsors

(Private Equity), often seeking to monetize aging portfolio companies due to pressure from their investors. IBs are crucial for managing these sell-side processes, ensuring the client is prepared for the rigorous financial and operational scrutiny required to generate a distribution.

Final Thoughts

Contemplating a business sale is a momentous decision for owners and entrepreneurs. Doing it yourself is not only daunting while trying to manage the business's plan, but it is now increasingly risky in a market defined by technological and regulatory complexity.

Carefully researching and choosing an experienced investment banker and M&A advisor who can anticipate these 21st-century challenges and proactively address issues—from sophisticated ITDD to regulatory compliance and creative deal structuring—will help put you in the best position as you begin meeting with and negotiating with potential buyers.

Disclosure

David H. Crean, Ph.D., is a Managing Partner for Cardiff Advisory LLC, an M&A investment banking strategic advisory firm focused on the Life Sciences and Healthcare sectors. This article is provided for informational purposes only and does not constitute an offer, invitation, or recommendation to buy, sell, subscribe for or issue any securities.

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