

Profile of the Month - Rene Griemens, MD-Independent Equity GmbH

Rene Griemens, 36, is the Managing Director of IEG, Berlin and an INSEAD alumnus (Class of 1998, September). We spoke with him about Independent Equity GmbH and its activities.

Tell us a bit about IEG and the company's background.

IEG is an Investment Banking firm which was founded in 2000 by experienced investment bankers and private equity professionals. The company is headquartered in Berlin and has associated offices in London, Milan and Shanghai. It provides professional investment banking services to the medium-sized company segment and occasionally to smaller-sized or start-up companies. In particular, IEG offers services like the execution of M&A transactions, capital restructurings, fundraisings and structured finance, private placements, recapitalizations, and independent IPO advisory. Our unique strength in the medium-sized company niche is an international network and the experience from well over 100 corporate finance transactions valuing between EUR 1 million and EUR 50 billion.

Do you have any geographical/industry focus?

Our main focus is on medium-sized companies with a European component. We have started to develop our business in China and India and believe that these will become core markets for our company, as our medium-sized customers in Europe require assistance there and as Chinese and Indian companies are expanding to Europe. We have not traditionally had a particular industry focus as our core strength is to get transactions done. This requires more background and experience in the deal execution than focusing on any particular industry. In terms of experience, we have seen most of our transactions happening in the industrial sector (engineering, steel, etc.), in the "TIME" industries (telecom, IT, media, eCommerce), in Biotech/New Materials, Real Estate, and in Structured Assets.

Why would a company hire IEG in a fundraising or in an M&A transaction?

Because we have done it more than a hundred times over and again. Because we have seen all the tricks, all the contract clauses, all the delays, all the traps and tricks in negotiations. Because we know how to professionally present your company and how to prepare you for an in-depth due diligence. Because we have the investor and partner networks which you require in a transaction. In short: because we make transactions happen. (The best people to answer this question are actually those former clients who called us in late, when their transaction had already gotten stuck and they asked us to save it for them)

What according to you are the current "hot spots" for investment?

After an almost lethargic state of the continental European market for alternative or non-standard investments only a couple of years ago, we have seen more and more interest for such assets coming back, notably with private investors (somewhat slower with institutionals). We have done a few interesting fundraisings recently for structured assets and for funds related to the US secondary life insurance market. We will also be placing the first European fund for venture capital in China, together with the market-leading Chinese venture capital firm, later this year. On the corporate side, the market for investments in IT and New Media has definitely recovered and a renewed hype for large IT/New Media M&A deals is having a positive impact on the early stage sector. A big influx of US investors has been happening in the markets for large-scale venture transactions and MBOs/LBOs as well as in real estate and financial assets in continental Europe.



What do you look for in a company before you decide to assist it in a fundraising?

First of all I should say that we do not take every mandate. We have a track record of closing every fundraising for which we have ever accepted a mandate and we want to keep this track record. Also, we have developed an excellent, long-standing network of private and institutional investors to whom we can only offer interesting and promising investment opportunities. Therefore, we would typically do the same analysis as any investor; most important in this analysis is the business idea and business model as well as the market niche and competitive positioning.

How did you decide to become an entrepreneur and in what ways did an INSEAD MBA help you in your decision?

For me, becoming an entrepreneur was really an impulse decision. After INSEAD, I joined a major consulting firm because I thought I wasn't ready and lacked the necessary management experience to run my own business. One year later, I received an offer to join an internet start-up as their CFO. Accepting this was a relatively quick decision and driven more by impulse than by rational analysis. Joining IEG four years later was a similar decision. I guess that once you have worked as an entrepreneur and enjoyed the combination of personal responsibility and freedom of choice, it becomes difficult to return to a line management position.

The INSEAD MBA helped in many aspects: most importantly for me, in knowing that management is not a science or an art but something that you principally learn by doing and by making mistakes along the way. I was surprised, how much more I took away from the 'soft skill' classes at INSEAD than from the 'hard skill' classes. In running a business it is much more important to know how to recruit, retain and motivate your people than it is to know the details of an option pricing model.

What would you advise entrepreneurs who are thinking of taking the entrepreneurial route?

Go out there and do it. Nobody has become an entrepreneur from spending weeks on writing a business plan. Try to build model cases (mini-"proofs of concept") which will help you in getting investor money at decent valuations. If failure occurs for your venture, try to see it early and accept it as such; don't forget that you learn from it and you are not alone (VCs traditionally plan for only one star in 10 investments). Most importantly, cut your losses early and don't wait until they have eaten your company away.

For more information on the company, please visit www.independent-equity.com. Rene Griemens can be contacted on info@independent-equity.com