



Benefits of Being a Boutique

An Interview with Marshall Sonenshine, Managing Partner, and Grant Tolson, Managing Director, Sonenshine Partners



EDITORS' NOTE After beginning his career in the law, Marshall Sonenshine joined Salomon Brothers in 1986, where he handled corporate finance and mergers and acquisitions assignments. In 1989, he joined Wolfensohn & Company, L.L.C., the M&A boutique headed by former Salomon Brothers' head of banking Jim Wolfensohn and U.S. Federal Reserve Chairman Paul Volcker. Sonenshine became a Partner in Wolfensohn in 1992 and part of the leadership team that merged that firm first into Bankers Trust and later into Deutsche Bank, where Sonenshine was asked to serve as Co-Head of M&A. In 2000, he founded Sonenshine Partners, also an M&A and Restructuring boutique firm. Sonenshine holds a BA, magna cum laude, from Brown University and a JD from Harvard University, where he served as Editor of the Harvard Law Review. He also served as a Teaching Fellow in International Relations at Harvard University's Government Department and Instructor in Legal Methods at the Law School. Following Harvard, he became law clerk to Honorable Lawrence Pierce of the United States Court of Appeals in the Second Circuit, in New York. Sonenshine's numerous civic and charitable affiliations include serving as a member of the Council on Foreign Relations, a trustee of The International Center of Photography and of Jazz at Lincoln Center, a past member of the Brown Annual Fund, and Vice Chairman of the board of New York-based ArtsConnection.

Prior to assuming his current post at Sonenshine Partners, Grant Tolson was an Executive Director in the Financial Institutions Group at JPMorgan from 2006 to 2008. Tolson has been a career M&A banker, with a focus on financial institutions, since starting at SBC Warburg (1995-1997) through to his positions as a Director in the Financial Institutions Group at Salomon Smith Barney/Citigroup (1997-2005) and Fox-Pitt, Kelton (2005-2006). Tolson is a graduate of Duke University and holds an MBA from Columbia University's Graduate School of Business and a MIA from Columbia's School of International and Public Affairs.

COMPANY BRIEF New York-based Sonenshine Partners (www.sonenshinepartners.com) is an investment bank providing mergers, acquisitions, restructuring, and strategic advice to CEOs, management teams, boards of directors, creditors, and independent committees for Fortune 500 and middle-market companies. The firm is owned and managed by partners who were principals of major Wall Street firms.



Marshall Sonenshine



Grant Tolson

How do you characterize Sonenshine Partners' market?

Sonenshine: We advise Fortune 500 and middle-market companies on a global basis in corporate strategy, mergers, acquisitions, restructurings, and other corporate finance transactions. We have a broad mandate with our clients, reflecting how boutiques are different from large banks. As a boutique, we provide in-depth senior-level attention to our clients' strategy and business development, as well as to transactional work. We provide this without any possibility of conflict of interest because we're smaller and, therefore, can provide that individual client-centered focus as part of the advisory relationship. In that context, we are particularly desirable to companies in highly competitive and sensitive industry environments in which information and corporate opportunities are matters of particular sensitivity and vulnerability. In areas such as technology, business services, and financial services, boutiques play an important role, and our practice reflects that.

Are you focused on particular industries?

Sonenshine: Our legacy businesses are media, communications, and technology, but as we've grown, we have added multiple vertical lines of expertise, including consumer, retail, business services, and financial services, which is a very important focus for any boutique today. In these challenging financial markets, we are increasingly called upon to advise financial firms.

What opportunities are available in the current market?

Tolson: For better or worse, opportunities abound in this market, whether it is assisting your client to buckle down and weather the storm, such as disposing of noncore assets and raising incremental capital, or seeking opportunities to

better position oneself in a turbulent market and emerging stronger and more capable as a result of the dislocation, such as acquiring a depository to create funding options. You need to have the ability to have an open dialogue with a client on what keeps him up at night and to create solutions for the CEO and management team. Those abilities are where we excel.

Sonenshine: To add a few more examples to Grant's list, we see capital shortages driving a new round of bank consolidations. Also, we see disappointments in diversified services driving divestitures by banks, insurers, and specialty finance firms. And we see strategic and financial players already targeting these dynamics opportunistically.

Even as a boutique firm, is it necessary to have global capabilities?

Sonenshine: Yes. Virtually every client we represent is a global business. Our bankers speak, collectively, some 10 languages. We have bankers whose points of origin are Europe, Asia, and Latin America. We are all internationalists in the way we look at the markets and at strategy, and all of us have international elements to our professional pedigrees and experience. Without that, you'd be a narrow firm in a market that requires breadth.

Has globalization made deals more complex?

Tolson: Globalization has created options, as we have seen from the vast amounts of capital being raised from around the world. But we are also in the middle of reformulating the regulatory rule book, which can complicate our goal of how transactions are structured, notably if they involve private equity investors at various positions of control. I have executed multiple cross-border deals involving about 20 countries, so I would say complexity has not necessarily increased, only that the deployment of capital from around the world has never been so front and center.

New York has long been considered the financial capital of the world, but London and Hong Kong are stiff competition for that title. Will New York lose its edge?

Sonenshine: It would be arrogant and misguided to expect New York to be the only financial center in a world as globalized as ours. That said, New York is the nerve center for the American market, and the United States is still the largest single sovereign economy in the world. ●

From left to right: Cyrus Deboo, Jennifer Doré Russo, Stuart Ray, Marshall Sonenshine, Carlo Bronzini, and Phil Kuvun