



LANCE PARTNERS

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Lance Partners presentation

Lance Partners represents a small boutique specialised in the offer of corporate finance services. It operates in various geographic markets through its branches in Milan, London, Frankfurt and Lugano and it deals mainly with small and medium enterprises.

Lance offers to its clients a wide range of services and it articulates its internal departments according to this output division; thereby the organisation chart depicts the presence of the:

- Tax & Legal department which is formed by cross border experienced lawyers and chartered accountants. It mainly offers services of due diligence, compliance to legal requirements, tax audits & advisory.
- Capital solution department that deals with execution, negotiation and closing of structured tailored capital solutions to sustain the ordinary, growth or expansion stage of businesses using sundry instruments: from senior debt to pure equity, through mezzanines.
- Restructuring department, in charge of providing solutions to financially distressed companies.
- M&A department that mainly performs activities of scouting and evaluating potential target or acquiring companies. It also advises on negotiation strategy, timing and the determination of the best price taking into account the peculiarities of each transaction.
- Block-chain department that via the new centre of excellence ChainCyber opened in Lugano deals with cybersecurity risk mitigation and ransomware protection.

In this 2-month work experience I have been mostly working in the M&A department of the Milan branch. The manager in charge of that division is Dott. Roberto Marchi which has been the person I have reported all my outputs throughout the whole experience.

Role & tasks

I have been hired to do the work of a junior financial analyst within the organisation. Since my work experience was, and still is, very limited, I have basically worked side by side with my line manager helping him out with his corporate duties.

Obviously, the beginning has been the part of the experience when I struggled more: I had to learn fast how the business works and get familiar with the corporate procedures and software as soon as possible. Luckily, I was surrounded by helpful people, starting from my line manager, and this allowed freeing me up from a lot of pressure: I really understood what working in a health and positive environment means, and it represents something hidden but way worth beyond any money-related benefit.

Once I got my hands dirty with the main department procedures I started to work in a more independent way.

My job generally started with a new-project introduction call with my line manager where he gave me a brief background of the operation we were about to begin, as well as a summary of the people involved: acquiring and target companies' key figures and all the other consultants and financial institutions that gravitated around. These internal introduction calls were always followed by virtual meetings with the involved parts. These were spaces where different parts of the future contract came up with their views, needs, questions, thoughts and requests. My tasks during these calls were to collect and sum up all the information and the requests coming from each part in order to schedule a plan of action able to include all the steps until the closing, and at the same time helping my line manager addressing all the questions and requests coming from the clients.

To be fair, this was the first time in my career I attended meetings holding on my shoulders the responsibility to be a professional and qualified advisor on such high-level matters. Also, taking notes of all what is being said to generate a plan of action has been something really difficult and challenging

at the same time. For sure, it helped me building a better personal way to deal and perform well under pressure.

Usually, following those meetings I would have had alignment calls with my line manager: a place used to show him the summary of what has been previously said and to find a common agreement on all the next steps required to accomplish the task. From my point of view, I saw remarkable leadership skills in my manager: he made me feel his confidence in me by delegating me each time crucial sub-parts of the whole task. For instance, he trusted me when it comes to analyse the past performance and develop the 5-year forward looking financial plan of the target company (even from the first M&A project we did together): he constantly kept an eye on my work through brief daily alignment calls but he gave me carte blanche for all the calculations, the assumptions and the projections (this does not mean I could write whatever I wanted, each number had to be properly explained and justified at the end, but he let me ran this project basically by me).

Hence, once the action plan was clear and agreed, it was the time for me to start pushing on my own. Normally I would have put myself in contact with any tax, legal and financial consultant of the target company we were about to advise the purchase of: I used those connections to collect any useful information on past performances, actual and prospect opportunities and threats, any ongoing or possible legal process to face in order to acquire the best possible big picture of the situation.

Then, I use those information as input in my Excel spreadsheets for building the forward-looking financial plan and in my PowerPoint slides to produce the most accurate possible report: the two principal documents for the deal's seal.

While I was carrying out all these important but time-consuming duties I really felt the importance I had in the organisation: I was saving a lot of hours to my manager, so he could dedicate his time to other projects while having all the previous done. I think this has been a real win-win situation because with this teamwork I was concretely helping the manager enhancing the company's value (by getting new costumers and sealing quicker past deals) and at the same time I was gaining a lot of professional skills.

Challenges

Arriving in a totally new workplace for an academic student with basically no past relevant work experience has obviously been tough. I don't hide that my pathway during these past months has been bumpy: there were a lot of procedures and techniques I was not aware of, and I had to learn them fast.

Talking about specific financial field technicalities, I had to analyse targets' past performances and construct forward looking financial plans to see if the operations were financially viable for the amount of debt we were asking for. Honestly, I faced the hardest problem of my work experience trying to understand financial statements of real companies, which do not operate in the common sectors we normally study at university either. It has been not easy at all to recognise where all the streams of past revenues came from or address each source of cost to the correct membership group. Every accounting post, even the strangest, could have not been overlooked because all were required to generate the reclassified financial statements. Similarly, it has been very demanding to develop the forward-looking financial plan of the operation because a lot of experience is required to make valid future assumptions. And so, every time I needed to be sure about an accounting voice or a growth/discount rate, I saw a useful tool in looking at the OIC (Italian Accounting Organism) or the PIV (Italian Evaluation Principles).

I experienced on my skin how different and testing is swapping from the academic theory where all is perfect (for learning purposes of course) to on-field practice, where complications are just around the corner.

Although it might not see a big issue at a first glance, relating with corporate managers, professional consultants and financial institution representatives is not a walk in the park. Perhaps it was my attitude to be a reserved person, but I realised that attending our business meeting requires a high-level of professionalism which means behave and dress properly, say the right words in the right moments and comprehend every circumstance. In the first meetings I be honest: I struggled to keep the calm and when I was speaking I felt like I could have delivered the same concept in a shorter and more professional way. For these reasons I started preparing the meetings in advance: I trained myself in the mirror on my speech and I studied the past conferences to gather information on people's previous requests. The preparation, alongside with getting to know better my interlocutors, really helped me to keep calm and put me into the pleasant position of being one step ahead: knowing where the conversation was going, who would have been satisfied by certain changes and who would have not.

Employability skills

A critical overview of the employability skills you developed as part of the placement and tasks you were assigned to.

I strongly believe this work experience has been the right choice for me this summer and I am so glad the university gave it to me.

This practice gave me the valuable opportunity of gaining professional experience in the field of corporate finance (the MSc I am enrolled in) while still being an academic student: this is what a good time management means.

During these past few months I have had the privilege of working in a prestigious M&A boutique with skilled professionals and I tried to learn from them as much as possible.

Inter alia, I feel like I grew up about the concept of **performing under pressure** while keep **meeting very short-term due dates**. For example, when it came the project of carrying out the due diligence of a company we were about to advise the purchase of, I was given ten days to accomplish a totally new task, where I had no background. In addition, the line manager was busy with other ongoing projects and so I had to get by on my own. Through looking by my own at past due diligence reports and spreadsheets and going beyond my past knowledge, performing personal online researches, I have been able to perform a well detailed report which included a triple cross check on the last twelve months (L12M) target's revenue stream. This latter checking procedure includes a simultaneous number check of:

- The monthly proceeds' officially stated amounts in the quarterly LIPE (VAT's periodic liquidations the target sent to the national tax agency),
- The sum of all the invoices issued by the target company within each calendar month (I took this data from the accounting register made available from the tax and accounting corporate's consultant),
- The sum of the positive operations (accredits) within each calendar month from the quarterly bank statements.

The first two steps were essential to understand whether the target's internally stated proceeds matched with what has been externally declared to the national tax agency (to prove that the operations really existed). The last step enabled us to understand whether each regular issued invoice has been effectively paid or not. This was a fundamental stage of the due diligence because in the LOI (Letter of Intent) it was stated that the advisor had to work following the cash principle rather than the accrual one.

Thanks to events like this one I can now state that I gained valuable experience on employable skills like time management and pressure handling. For sure I am totally aware that I am far away from master these virtues, but I suppose that this work placement gave me a solid smattering of these topics.

Alongside with that, especially during the first M&A project I had to deal with, it has come to my attention that I really increased my **time-management** and my **inter-personal communication** skills.

Due to the large size and scope of the assignment I had to start scheduling in advance my whole week timetable according to a plan of action which included the steps to accomplish the task. So, for example, I got used to prepare my working week in the last few hours of the previous week's last working day. This enabled me to have an accurate perspective over the big picture represented by the whole deal: every moment I was able to know if I was on par with my tasks; if instead I was running late or early I would have adjusted my remaining time according to what was left to do. The ploy just described allowed me to work carefree, without the trouble of never knowing if I would have been able to meet the deadlines; and this lightness feeling massively raised my efficiency and productivity. Another field where I genuinely felt I grew up in was the interaction with other professionals. As the work experience went by I was attending more and more meetings, even held by myself nearby the end. I noticed that, each meeting I attended, I was more confident in the way I was speaking and more prepared when it came to find solutions for the customers' requests than the meeting before.

Honestly, although I am aware there is still plenty to learn, this work experience gave me a big hand off in terms of self-awareness enhancement and I feel I can now be even more attractive in the world of jobs by spending those qualities I was speaking about.

Academic skills

One of the biggest help I got from my MSc background studies has been the notions I learnt in the "Corporate Finance" and "Advanced financial statement analysis" courses during the spring term with Professors Dina Ghanma and Linda Arch respectively. Really helpful have not only been the proper academic lectures held by the professors (which gave us the essential theory basement), I took a lot of important and practical skills from the two training sessions run by the organisation Financial Edge within the "Corporate Finance" course. In those meetings we critically discussed, but more important, we trained practically ourselves on financial modelling for M&A projects. We used different models for developing prospective financial statements, we went through a lot of methods to forecast financial streams according to past performances and we calculated in reality what is the difference between performing an asset valuation and an equity valuation, from start to end. All what I learnt during that course turned out to be much more than useful in my work placement, because what I basically did at Lance Partners have been M&A projects.

On-field, I made extensive use of the techniques studied with Professor Arch for analysing the targets' past performances. The in-depth study we completed during lectures when we went through a large number of different companies' financial statements assisted me building a clinical eye to recognise trends and patterns among raw data coming from past reclassified financial statements. This has been a crucial aid in my day-to-day working routine because to construct a forward looking financial plan you have to make assumptions, and in order for them to be more realistic as possible (which is the most important thing in this job of forecasts), they have to match, inter alia, with the past economic and financial patterns. It is true that the future cannot only be predicted by the past, but the future cannot ignore what happened in the past.

Moreover, during the M&A deal, when it came to develop the five-year forward looking financial plan it sincerely supported me what I learnt during the Financial Edge training sessions on financial modelling. I had the chance to put into practice the techniques to forecast the most accurate future financial streams according to the assumptions coming from the market situation of the companies' business. Those financial flows are the vital step of an M&A deal in evaluating the companies' price, and I genuinely felt I had a solid background thanks to the support coming from the knowledge I took from those practical sessions.

Alongside to that, I found really helpful the evaluation methods Professor Ghanma taught us during her theory lectures. The final and most difficult stage of the M&A deal calculation (not the whole deal) is

to determine the theoretical price of the target company (since I basically saw all buy-side deals). In order to find it, the valuator has to apply different methods, and usually, the more methods he/she uses, the more accurate the price he/she find will be. And so, speaking about business evaluating methods, I added some of the ones I learnt from “Corporate Finance” lectures to the classic ones that Lance Partners normally uses, and I managed to give better final explanations in support to the purchasing price we were advising our clients on.

Taking everything into account, I felt solidly supported from my academic background skills and I am grateful I have done this work experience, because it gave me the fantastic opportunity to consolidate those skills I was mentioning above, obviously by going through a lot of financial statements and building as many forecasted financial plans.

ANNEX A: Student Work Placement Diary

Student ID (SPR code): 29838146

Student Name: Matteo Pavanello

Organisation: Lance Partners

WEEK: I

Dates: 20/06 – 26/06

Summary of work undertaken and events attended during week:

Start of work experience: begin to know the company, its people, what are the main operations it performs, get familiar with the software and the database essential for getting the work done. Introduction to a new buy-side M&A deal regarding the acquisition of a small wine cellar in Tuscany (the target) by a bigger holding of wine entrepreneurs (our clients).

Student comments on progress and issues arising:

It has been very nice getting to know a new and positive work environment, people here are kind and helpful. Obviously the first week is not easy, you have to understand how the business works, you have to do it fast but I feel like I am in the right place and surrounded by the right co-workers which can help me out to overcome every problem.

I really much appreciate what I am doing right now (M&A) since it is what I was studying for during my academic MSc.

Student targets for next week:

Get familiar with the work environment, with the business process and the most relevant IT systems.

Comments/evaluation from host employer:

Trainee made a good impression by introducing to the new team.

WEEK: II

Dates: 27/06 – 03/07

Summary of work undertaken and events attended during week:

Regarding the previous week's M&A:

- attending meetings with the clients, getting to know them, try to understand their points of view;
- attending daily alignment calls with my line manager to analyse the work done so far and set the following steps;
- starting the contacts with the business consultants and the legal & accounting advisors of the target company to have access to the last 5 years official documents (P&L accounts, balance sheets, business strategies, corporate work-chart, chamber of commerce certificates...).

Student comments on progress and issues arising:

This work experience is proving me that theory and practice are two different things: you need to learn the first one to do the second one but once you work you realise you have much more to learn. It is self challenging to attending meetings, contacting consultants because you start feeling like you are no more a student, you are part of a profit organisation and you feel the responsibility not to fail with clients, because it would mean loss of proceeds.

Student targets for next week:

Start working on this M&A project, due dates are not so far away and we are in competition to buy the target with another wine-holding.

Comments/evaluation from host employer:

Trainee performed well, he is in-line with due dates.

WEEK: III

Dates: 04/07 – 10/07

Summary of work undertaken and events attended during week:

Attending daily alignment calls with the line manager which was in charge of the last week mentioned M&A operation to understand what to do, which people I need to contact at each stage of the work to get the information I need.

Starting to work in:

- Excel to analyse the target last five years economic and financial performances and also to build a 5-year forward looking financial projection plan based on real assumptions the target gave us and we saw in it;
- AIDA: the main database to understand the target's market conditions;
- PowerPoint to begin the final report to show in the final stakeholders' meeting.

Student comments on progress and issues arising:

I am really happy with the tasks I am carrying out, I love to analyse a company financial statements to understand its past performance, its future potential and to merge all of this into a final presentation alongside with the threats and opportunities coming from the sub-market of reference of the target. So far I have encountered difficulties in my path, principally related to the way to do the task I was assigned to, but the alignment calls with the line manager have always been really helpful to overcome every struggle.

Student targets for next week:

Finalise the work because on Friday of next week we have a call scheduled with the bank to present our findings and try to convince them that the post-merge company will be able to pay-off all the P&I at the scheduled deadlines.

Comments/evaluation from host employer:

Trainee performed well, he is in-line with due dates.

WEEK: IV

Dates: 11/07 – 17/07

Summary of work undertaken and events attended during week:

Basically focusing my duties on finishing the buy-side M&A operation before the deadline. Attending daily alignment calls with the line manager. Performing a two possible way strategy to acquire the target: through an asset deal or a share deal, explaining the pros and cons of each strategy (on a legal, tax and financial basis). Developing the mortgage repayment plan over a 15 year horizon for the debt we are seeking to finance the operation. Attending the final meetings with all the stakeholders: with the members of the two involved companies (acquiring and target company) to seal the deal and with the bank to obtain the financing.

Student comments on progress and issues arising:

It has been extremely challenging to take the responsibility to finish this task, talking with a lot of involved parts to obtain the right information, solve natural emerging difficulties on the pathway in order to deliver the best possible finish product that must meet the needs of the target, the acquiring company and the financial institution. It was deeply time-consuming but worthy and skill-enhancing to build the financial projection plan for the next 5 fiscal years based on past performance, actual market conditions and forecasted assumptions. Also, it has been an incredible privilege to see the report I produced, discussed in institutional meetings by real professionals seeking for profit.

Student targets for next week:

Begin the new task I was talking with the line manager about one of a bigger scale series of acquisitions.

Comments/evaluation from host employer:

Trainee performed well, he is in-line with due dates.

WEEK: V

Dates: 18/07 – 24/07

Summary of work undertaken and events attended during week:

Introduction of a new buy-side M&A operation: the acquisition of a small real estate company in Liguria by a French multinational which operates in the same sector. This is just (a small) one of a much larger series of acquisitions that this french multinational is actually carrying on doing to snatch franchisees from the italian multinational real estate competitor. In this case my duties were to perform a due diligence process on the target whole business.

I have started by organising meetings with tax, legal and financial target's advisors to collect useful information. I have also began to put all this information flow in Excel and PowerPoint for the final presentation.

Student comments on progress and issues arising:

Really happy to work on another project, this will be enhance my knowledge and my skills on the field. Obviously it is a new task, I need to get familiar with it and I have a lot of questions on what to do, how to do it, how to progress; but the daily alignment calls with the manager are beneficial.

Student targets for next week:

Try to get the most of the job done since the deadline is not so far away.

Comments/evaluation from host employer:

Trainee performed well, he is in-line with due dates.

WEEK: VI

Dates: 25/07 – 31/07

Summary of work undertaken and events attended during week:

Performing a triple cross check on the last 12 calendar months of the target's proceeds to verify the base for the affiliation premium (i.e. the price the acquiring company has to pay to acquire the target, which is based on the L12M target revenues). The triple cross check involved the monthly revenue figures reported in:

- The LIPEs (periodic VAT liquidations): official documents that the target submitted to the national tax agency,
- The accounting register of issued invoices,
- The quarterly bank statements to verifying the proceeds have been regularly paid.

Student comments on progress and issues arising:

It has been a really time-consuming task, a bit because it is a new task and a bit because it needs extremely precision and accuracy in the number checking.

Student targets for next week:

Try to get the most of the job done for next week because next Friday is the unformal deadline (the formal one in first days of September) and the company will close for summer holiday as well.

Comments/evaluation from host employer:

Trainee performed well, he is in-line with due dates.

WEEK: VII

Dates: 01/08 – 07/08

Summary of work undertaken and events attended during week:

Finanlising the excel spreadsheets with the L12M revenues check, finishing the PowerPoint report where the target's business, the operation's structure and the market condistions have been presented. Attending calls with my line manager and the acquiring company's managers to see the finished report.

Student comments on progress and issues arising:

None particular issue has arisen during this last week, it was a matter of finish the task began two weeks ago. Obviously respecting the deadline and checking all revenues han not been easy but it is something that will make you grow up.

Student targets for next week:

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Comments/evaluation from host employer:

Trainee performed well, he is in-line with due dates.

ANNEX B: Statement of Completion of Work Placement

Dear Employer

One of our students has been undertaking a placement with your organisation as part of their degree course. We would be grateful if you could confirm how this person has performed during their placement.

Name of organisation: Lance Partners

Student ID : 29838146

Student Name: Matteo Pavanello

B.1. SATISFACTORY COMPLETION

This is to certify that the student, identified above, has satisfactorily completed their work placement with our organisation from 20th of June to 07th of August.

Signed:



Date: 31st August 2022

Position/Job Title: Partner

Comment (if appropriate): the Trainee performed well.

Official Stamp or attached Business Card below:

