

Dealmakers Q&A: Taft's James Zimmerman

Law360, New York (September 22, 2014, 11:12 AM ET) -- [James M. Zimmerman](#) is a partner in [Taft Stettinius & Hollister LLP's](#) business and finance group and co-chairman of the firm's private equity and venture capital practice. He represents businesses, entrepreneurs and investors on a range of matters, including financing transactions, mergers and acquisitions, securities offerings, technology licensing agreements, and stock options/executive compensation. Zimmerman serves as outside counsel for numerous startups and growth companies, and represents private equity and venture capital groups in fund formation and investments. He also has significant experience leading complex financing and M&A transactions.



James Zimmerman

As a participant in [Law360's Q&A series](#) with dealmaking movers and shakers, James Zimmerman shared his perspective on five questions:

Q: What's the most challenging deal you've worked on, and why?

A: For better or worse, I've worked on a lot of challenging deals in my career! One that stands out is our representation of a financial services company in its sale to a competitor a couple of years ago. Our client had a diverse shareholder base, including private equity investors, executives and legacy owners, all with differing perspectives on the transaction. There were complex regulatory issues to deal with as well, and we were under intense pressure to close by a certain date. These factors and others created a very challenging, sometimes acrimonious set of negotiations that continued right up to the wire (literally — we were still negotiating deal terms at 3:30 p.m. on the day of closing). Ultimately, we got it done on time ... barely.

Q: What aspects of regulation affecting your practice are in need of reform, and why?

A: We need greater clarity from the U.S. [Securities and Exchange Commission](#) on when a person assisting with a capital raise must register as a broker-dealer. The SEC recently provided helpful guidance on this issue for M&A advisers. Specific guidance from the SEC on this issue in the capital-raising context would be very helpful. There are a lot of people out there helping companies raise capital that probably should be registered and aren't.

Q: What upcoming trends or under-the-radar areas of activity do you anticipate, and why?

A: As someone who spends a lot of time in both the venture capital and private equity/M&A worlds, I find it interesting that legal documents in the VC world have become much more standardized over the last few years, but in M&A, legal documents (and points of negotiation) still vary significantly from deal to deal. For buyouts of early-stage technology companies, I see a recent trend towards more standardized documents and streamlined negotiations. It will be interesting to see if this trend continues.

Q: What advice would you give an aspiring dealmaker?

A: Do not underestimate the importance of perceived fairness to the other parties you are negotiating with. Early in my career, I took more of a “bulldozer” approach to negotiations, particularly when I felt our side had negotiating leverage. Over the years I have learned that — at least outside of the litigation context — most people, even tough dealmakers, want to reach a deal that feels fair. Whether you are negotiating a business term like price/valuation, or a legal point, you must be able to articulate why your position is logical and fair to all parties. Negotiating leverage matters a lot too, but even if they have no leverage, most people won’t do a deal if they feel like they are not being treated fairly.

Q: Outside your firm, name a dealmaker who has impressed you, and tell us why.

A: I have been fortunate to work with Ted Polk from Capstone Partners on multiple transactions over the years. Ted has always impressed me with his straight talk, and the fact that he consistently puts his client’s interests ahead of his. He is the kind of person you want on your team.

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