

Services Set Stage for Investment Bankers

By Eric Decker of SBT

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Promontory Point, an investment banking and turnaround firm founded in 2004, is structured differently than any other Milwaukee-area firm dealing with mergers and acquisitions. The firm is actually two different companies, each operated by two partners, but working as one entity.

Promontory Point Capital (PPC) is an investment banking firm that helps its clients connect with financing to make a purchase, recapitalize an ownership stake or transition ownership. Christopher Riegg and Bill Penkwitz, partners in Promontory Point Capital, have their offices at 826 N. Plankinton Ave. in downtown Milwaukee. Promontory Point Partners (PPP) is a turnaround consulting firm and is able to provide clients with interim management and advice on how to improve their bottom lines. Jeffrey Vogelsang, managing partner, and Michael Barto, partner, operate in the Chicago area. Although PPP has an office, Vogelsang and Barto are seldom in it. Instead, they're usually working at a client's work site, often working as interim management during a turnaround effort.

The two-pronged approach is designed to help struggling businesses improve their bottom lines. Once the bottom line and profit margins are improved, the firm can assist with the sale or recapitalization of the business. "First, we help you grow equity value, and then we help you realize it," Riegg said. "There are lots of ways to monetize it. Our job is to find the best fit based on the owner's interests."

Riegg, Penkwitz and Vogelsang previously worked together at Firststar Capital Markets, the investment banking firm of Firststar Bank, now called U.S. Bank, in the early 1990s. Vogelsang left in 1999 to work with several turnaround firms before starting Promontory Point Partners with Barto in 2002. After leaving Firststar Capital Markets, Riegg and Penkwitz worked together again at the Milwaukee investment banking firm L. William Teweles & Co. They formed PPC in early 2004.

When forming PPC, Riegg and Penkwitz decided to partner with PPP because of the complimentary missions of the two businesses. PPC refers potential clients to PPP that might have too high of a concentration of their business with one customer, might have grown too quickly or might have borrowed too much money. In those cases, PPP could deal with potential problems before PPC brings the business to market, Riegg said. When Vogelsang or Barto are completing a turnaround project, they often refer clients to PPC, which can help take the business to market. "These are two companies that operate together, offering complimentary services," Riegg said. "With the Partners, (clients) grow value and improve value. With us, they realize that and monetize it out."

Promontory Point is focused on clients in Wisconsin or northern Illinois. All four partners have young families and want to limit their time on the road. More importantly, there are plenty of family and privately held companies in Wisconsin that will likely be looking to transition ownership in the next few years, they said. With increasing interest in Midwestern privately held companies by private equity firms from around the country, there should be no shortage of work in coming years, they said. "We don't have to look much farther than Wisconsin," Riegg said. "There are a lot of fantastic companies to work with in Wisconsin. Why get on a plane to California, when you can work with companies here."

Riegg and Penkwitz are considering adding a third partner to their business. They're looking for someone with 15 to 20 years of experience, Riegg said. "We're only managing six or seven clients per year, and one of our value propositions is that when (clients) call, they get us," he said. "They don't get a junior analyst. A lot of our job (as investment bankers) is education. If you come to us and tell us in the next few years you're thinking about selling your business, we can tell you who to talk to and how to position your business."