



Despite Economic Uncertainty, Business Deals Still Take Place

By Gary Papay, M&AMI

The current economic climate continues to hinder some business sales, but even with a challenging environment, businesses are changing hands. Regardless of the economy many aging boomers are looking to retire, while younger boomers are interested in buying and becoming their own bosses.

This is the time when business savvy people don't take cover but actually dig in. While some business owners are hiding from the possibly negative and money draining effects of a struggling economy, there are those who continue to look to buy and are finding that deals can still be done.

Many business owners are concerned with the future and already have plans to sell in the next few years. They may be even more motivated to start the sale process now since businesses that are in the market are not selling as fast as in recent years. Buyers are discovering that business opportunities do exist, and that regardless of the state of the economy, deals are being done, they may simply require some creativity.

With credit markets as they are, banks are utilizing tighter lending and underwriting requirements for business acquisitions. Buyers and sellers must develop creative deal-structuring strategies that make transactions happen and provide future success. Seller financing helps with the capital structure, and has almost become a requirement by lenders in the current environment. Seller participation assures a prospective buyer and lender that the seller believes in the value and sustainability of the business.

Also, to remain competitive, many businesses could treat the down turn of the economy as a time to lay the foundations for future growth and the sale of the business when the economy rebounds. This may include a more global approach. Some regions of the world with advanced economies have escaped the effects of the credit crunch and those looking to create future successes may be able to capitalize on these global opportunities.

While there's much doom and gloom associated with the current economy, opportunities do exist for those interested in buying or selling a business. For business owners, or would-be owners, it's important to work with a qualified business transaction professional, like a Certified Business Intermediary (CBI) or Mergers & Acquisitions Master Intermediary (M&AMI). They can provide the proper guidance on developing deal strategy.

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