



UMLAUF, O'DELL & ASSOCIATES, INC.

Business Brokerage & Investment Banking

Character • Integrity • Confidentiality

"Bringing buyers & sellers together to facilitate a mutually beneficial relationship".

# The UOA Report Updates...Outlooks...Analysis

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## WHO WILL BE BUYING YOUR BUSINESS?

Once the decision to sell has been made, the business owner should be aware of the variety of possible business buyers. Just as small business itself has become more sophisticated, the people interested in buying them are becoming more divergent and complex. The following are some of today's most active categories of business buyers:

### FAMILY MEMBERS

Members of the seller's own family is a traditional category of business buyer: tried but not always "true." The notion of a family member taking over is amenable to many of the parties involved because they envision continuity, seeing that as a prime advantage. Too often, however, the difficulty with the family buyer category lies in the conflicts that may develop. For example, does the family member have sufficient cash to purchase the business? Can the selling family member really leave the business? The key to deciding on a family member as a buyer is threefold: ability, family agreement, and financial worthiness.

### BUSINESS COMPETITORS

This is a category often overlooked as a source of prospective purchasers. The obvious concern is that competitors will take advantage of the knowledge that the business is for sale by attempting to lure away customers or clients. However, if the business is compatible, a competitor may be willing to "pay the price" to acquire a ready-made means to expand. As a business brokerage, we use confidentiality agreements and will reveal the name of the business only after contacting the seller and qualifying the competitor.

### THE FOREIGN BUYER

Many foreigners arrive in the United States with ample funds and a great desire to share in the American Dream. Many also have difficulty obtaining jobs in their previous professions, because of language barriers, licensing, and specific experience. As owners of their own businesses, at least some of these problems can be short-circuited. These buyers work hard and long and usually are very successful small business owners. However, their business acumen does not necessarily coincide with that of the seller (as would be the case with

any inexperienced owner). Again, as a business broker professional, we'll know best how to approach these potential problems.

### SYNERGISTIC BUYERS

These are buyers who feel that a particular business would compliment theirs and that combining the two would result in lower costs, new customers, and other advantages. Synergistic buyers are more likely to pay more than other types of buyers, because they can see the results of the purchase.

### FINANCIAL BUYERS

This category of buyer comes with perhaps the longest list of criteria--and demands. These buyers want maximum leverage, but they also are the right category for the seller who wants to continue to manage his company after it is sold. Most financial buyers offer a lower purchase price than other types, but they do often make provision for what is important to the seller other than the money--such as selection of key employees, location, and other issues. For a business to be of interest to a financial buyer, the profits must be sufficient not only to support existing management, but also to provide a return to the owner.

### INDIVIDUAL BUYER

When it comes time to sell, most owners of the small to mid-sized business gravitate toward this buyer. Many of these buyers are mature (aged 40 to 60) and have been well-seasoned in the corporate marketplace. Owning a business is a dream, and one many of them can well afford. The key to approaching this kind of buyer is to find out what it is they are really looking for. The buyer who needs to replace a job can be an excellent prospect. Although owning a business is more than a job, and the risks involved can frighten this kind of buyer, they do have the "hunger"--and the need. A further advantage is that this category of buyer comes with fewer "strings" and complications than many of the other types.

### FIINAL NOTE:

*Whoever the buyer is for your business, rest assured that we will do everything within our capabilities to achieve a good price to you and a win-win situation for all.*

## Manufacturing Note:

According to the U.S. Bureau of Labor Statistics, China employ's 109 Million people in manufacturing while the U.S employs 14 million. France, Germany, Italy, Japan, United Kingdom, and United States in total, employ 53 million workers in manufacturing.

## ACCORDING TO A 2007 SURVEY BY GOOGLE BUSINESS

- Fifty-five percent of small businesses rated themselves as "fair" or "poor" in terms of having a documented disaster recovery plan or an exit strategy.
- 72% of those owners said they had no immediate family or friends who would be interested in buying or taking over their business.

### Businesses for Sale:

- Food Manufacturer
- Other Manufacturing
- Automotive Salvage Yard
- Scooter/Moped Dealer

### We Have Qualified Buyers For:

- Home Health Care
- Manufacturing
- Commercial Printing
- Small Accounting Firms
- Mid-Large Electric Companies

