

ShopTalk FROM THE **NewEnglandNorth** GROUP

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WHO WILL BUY YOUR BUSINESS?

Relative Small Size of Northern New England Businesses More Likely to Attract Hands-on Entrepreneurs Offering Creating Deals

As a successful business owner, you can't help but wonder who will buy your business when the times comes.

No one can predict for sure, but you can make some reasonable assumptions based on the size of your firm, your location, your product or service, and your own level of flexibility in negotiating a transaction with a qualified buyer.

To be sure, the answer will be far different if your business is like most Northern New England enterprises—the huge majority falling into the \$500,000 to \$5 million revenue range—than it will be if you're privately held business in the \$5 to \$20 million sales niche.

While traditional M&A jargon would lump all of the above into the small businesses category, we like to refer regionally to the \$5 million-plus niche as "mid-market" since they're more likely to attract a different kind of buyer than the smaller entities.

Let's take a look at potential buyers at the different levels in the region as experienced by NewEnglandNorth Group professionals.

\$500,000 — \$5 million sales

Assuming you're an enterprise with at least a modest record of growth and profits, you are going to find a serious buyer.

The smaller the business, the stronger the odds that this buyer already may live in your area, is aware of your business, and might have even purchased your services or products.

The serious buyer may be networking with accountants, lawyers, bankers and intermediaries on a regular basis to keep apprised as opportunities arise.

That is not to say a po-

tential buyer from outside your region isn't going to land on your door step, especially if your firm requires some special professional skill to continue successfully.

And, yes, the attractive lifestyle of northern New England may be a positive for a buyer hoping to escape the urban jungle, but the attractiveness of your business will be first priority.

In a nutshell, your buyer will have appropriate skills, have personal equity to invest, be committed to the role as hands-on owner, be creditworthy for bank financing, and will be expecting you to finance a portion of the business sale.

\$5 — \$20 million sales

It's entirely possible that any of the above scenarios will be in play in the mid-market niche as well. However you will have additional options as well.

You are also a target for a strategic buyer, a larger or similar sized firm in your line of business that sees advantages in acquiring your revenue and profit flow. In these cases, there's always a chance that your business may be closed and/or relocated so the buyer may effect cost savings.

Many owners in this larger revenue niche are also attractive to Private Equity Groups (PEGs), which create portfolios of larger "platform" businesses (usually \$50 million and up). Then the PEGs seek to build these with "add-ons", smaller businesses, some as low as \$5 million revenue, that have synergy with the platform company.

In some of these cases, PEGs seek management to remain with the business after acquisition.

No matter your size, if You Build a Successful Business, The Buyers Will Come.

THE INTERNET

*Friend or Foe
For Buyers & Sellers?*

Knowledge is power, and information is priceless, especially when buying or selling a business.

Overall, the rise of the Internet had been a godsend and big step forward for buyers and sellers of privately held businesses.

Still, the Internet raises enough red flags that both parties should be on guard; as Mr. Reagan said, "Trust, but verify".

There are thousands of businesses being offered for sale over the Internet. Many are presented in a responsible and competent fashion on the sites of intermediaries. However, there are many containing questionable information. Buyer beware.

Sellers, too. Beware of grandiose promises that the Internet is your key to a successful sale and retirement riches.

Use the Internet as a research tool. We encourage potential sellers to first check out www.newenglandnorth.com. Learn about us, our services, and our track record

Because we're in a relatively rural region where most savvy observers, including interested competitors, employees, and unqualified buyers can identify businesses even from the most mundane of references, we choose to offer as little information as possible about clients publicly.

Our Private Equity Group Partners Seeking Variety of Add-On Opportunities

The NewEnglandNorth Group works directly with some of America's most successful private equity groups.

We welcome confidential inquiries from potential sellers to determine if you might be an appropriate acquisition candidate.

THE NewEnglandNorth GROUP

MARKETING, MERGERS & ACQUISITIONS

ShopTalk., P.O. Box 985, Stowe, VT 05672

A consortium of independently owned and operated firms serving successful business buyers and sellers

York, Maine ■ Hollis, New Hampshire ■ Stowe, Vermont ■ Boston, Massachusetts

Attention Buyers; Lifestyle is Overrated

Because the NewEnglandNorth Group provides M&A services in one of the most beautiful regions on this planet, some starry eyed buyers dream of acquiring a business that will propel them into a life of serene green-carpeted fairways, glistening white ski slopes, or an awesome coastline with sailboat ready at the dock.

We wish it were so. While the vision of New England grandeur is so enticing, the business you buy will still need the same attention as one in downtown Philadelphia.

Your investment is on the line, so leave the sailboat, the skis, the golf clubs in the proverbial closet for now. Running a business is hard work; A 40-hour work week may get you into Thursday morning, if you're on top of things.

There's not one NewEnglandNorth Group participant who can claim they met their most successful sellers on the golf course. In fact, we all attest that successful business owners are a focused lot, willing to commit time, money and personal effort into whatever needs to be done at the moment.

Still, we don't want to be spoilsports, or dampen your enthusiasm and dreams of finding the right business in the right place (New England, of course) for you and your family.

We're not just seeking *any* buyer for our selling clients. We're seeking serious, professionally and financially qualified buyers who have things in perspective, and will have the ability to maintain and grow the business they eventually acquire.

A positive lifestyle element is something we all strive for. Certainly, there will be time to sit back and relax. But, first things first. And that means grindstone over putting green.

Who is NewEnglandNorth?

The M&A Advisory firms that make up The NewEnglandNorth Group are managed by long-time New Englanders. Their combined expertise serves both sellers and buyers effectively in the Massachusetts areas north of I-90 (Mass Turnpike) and in all of Vermont, New Hampshire and Maine.

The Group stands on a proud track (<http://www.newenglandnorth.com/aboutus.htm>) record of accomplishments, ready to assist sellers in a smooth and successful transition through its variety of networks. Its impressive knowledge of small and mid-sized New England businesses offers serious buyers an edge when seeking the right opportunity.

The Group works primarily, but not exclusively, with assignments selling or seeking profitable businesses in the \$1 to \$25 million revenue range.

Chris Ladabouche Heads Up Massachusetts

Chris Ladabouche, BA, MBA and licensed CPA, has joined Group Member SVI and heads up the Massachusetts area. For more on Chris, check out <http://www.newenglandnorth.com/massachusetts.htm>

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