



2009 First Quarter Newsletter

Welcome to a new year.....

IS IT THE RIGHT TIME TO SELL YOUR BUSINESS?

Mergers and acquisitions experienced impressive growth in 2007. This was largely the result of a marketplace of undervalued companies and low interest rates. But once the subprime-lending crisis jolted the marketplace, merger activity experienced a drastic decline.

The Wall Street Journal just reported that last month, just 397 deals were announced in the US, the lowest monthly tally since Sept 2001, according to Thomson Reuters.

With sharp declines in the stock market and forecasts of a recession, many owners are delaying sale or acquisition plans. Yet, if your company is growing and the outlook is promising now may be the very best time to sell. There are always acquirers looking for promising businesses, and in difficult times there tend to be fewer opportunities. So if you elect to sell now, you may end up with more potential buyers interested in your business, which could drive the price higher. This was recently confirmed in a November 13th Wall Street Journal article stating that "A smaller supply of sellers means those companies that show stability, profits and steady cash flow can command a premium price."

A typical buyer of businesses buys two or more companies a year; a typical seller sells once in a lifetime. Who do you think has the advantage?

Each year 15,000 to 20,000 mid-market sized companies change hands. Three out of every four are sold for a fraction of what they are really worth. Normally sellers leave between 35% and 70% of the full value of their businesses on the table. We don't want that to happen to you!

Selling a business is a difficult undertaking, particularly in times of anxiety and uncertainty. If you are not experienced at doing it, make sure you use a professional advisor, such as, the Marston Group. Marston professionals can provide insights regarding the best time to proceed with a transaction. They will also help you manage the sales process, find the right buyer, and negotiate the very best terms for the transaction.

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