



How a Buyer's Market Might Help a Business Owner Seeking to EXIT in the Next 2 or 3 Years

A buyer's market is characterized by changes in underlying economic conditions that result in purchasers having an upper hand in price negotiations compared to sellers. In this context, private business owners seeking to exit can increase the value of their businesses by engaging in strategic acquisitions or mergers before their planned exit. In the process of selling a business, the size of the business is crucial in determining its valuation proposition and identifying potential buyers.

For instance, a private business owner who is a member of an industry association may become aware of other owners who are preparing to sell. Collaborative efforts between two or more companies can increase the value of individual businesses during an exit. Suppose two business owners, each worth three times the multiple in the current market want to exit in two years. In that case, they can collaborate to become worth four times the multiple before any operational improvements. This would enable them to attract strategic corporate or private equity group buyers who are usually more interested in larger-sized businesses.

After collaborating, the two business owners and their advisors can set out to improve the businesses' operations, financial controls, and eliminate redundant costs over the next year or two before the exit. This would have a positive impact on the value proposition of the business, enabling them to attract strategic corporate or private equity group buyers for 5-6 times multiple.

It is important to note that this approach may not work for everyone, and it requires patience, planning, and a willingness to compromise amongst participants. Engaging the services of a reputable firm like Stony Hill Advisors can provide guidance and support for private business owners seeking to exit. The firm provides comprehensive services, including ♦ pre-planning, ♦ due diligence preparation, ♦ business valuation, ♦ target acquisition, ♦ deal structure options for acquisition/merger, ♦ integration support, ♦ operational enhancement analysis and strategies. Subsequent spin-off services include ♦ go-to-market strategy post-transaction, ♦ combined entity valuation, ♦ targeting of buyers, ♦ confidential offering memorandum, ♦ negotiation, and ♦ closing.