

Exit Doors are Wide Open for Business Owners

We here at Summa Financial Group have seen quite a rise in activity in 2007 over 2006 for mid-sized companies. In its annual "data dump," *PEWeekWire* announced the announced deal value of 2007 was \$468.7 billion, topping the \$436.2 billion from 2006.

In spite of some signs of an expected slow down in the overall economy in 2008, the M&A Market looks to continue strong. The exit doors are opening wider for Mid Market sized businesses.

The M&A market is heating up

There are more and more private-equity firms targeting investments in the Mid Market, \$2million to \$50 million range. We have been data basing these because most of our clients are in that value range.

In addition, investors, entrepreneurs and corporate buyers have been busy making small to mid-sized acquisitions in recent months after some spent several years sitting on the sidelines.

Business owners, buoyed by improved financial performance, are finding once-elusive exit strategies emerge in the slowly rebounding economy.

These companies are seeing better performance, and they're more optimistic about the future. They're able to convince a buyer or an investor that their business has good growth potential.

M&A activity among mid-sized businesses mirrors the increased buying and selling by corporate titans we read about in the newspapers.

The Baby Boomer factor

The market is filled with aging baby boomers looking for the optimal time to sell their businesses. Some theorize that too many of these sellers will enter the market at the same time and bring down business values.

In 2000, when the economy crashed, some had unrealistic expectations of what they could sell their businesses for and now it is eight years later, and they still want to retire.

We're starting to see those companies come back into the marketplace with descent growth projections.

The market now more than ever reflects pent-up demand among both buyers and sellers.

Meanwhile, companies focused on managing their existing operations while financial buyers such as private-equity firms had raised plenty of capital but couldn't find growing companies. Now, there's strong cash reserves on the part of buyers who need to put their money to work or give it back to their investors.

The sellers are performing better, so they can get a better price. It also helped that interest rates stayed low through the period.

So, is this the right time to sell?

Sellers shouldn't jump into the market just because activity is picking up, unless their business is at a point such that it will obtain the maximum price possible.

Whether it's a good time to sell depends on the business in question.

Summa Financial Group intermediaries understand how to find the hidden values that go beyond the numbers and take an objective look at the factors that make their company unique and valuable to an acquirer. We can help you prepare your business for market to attain the highest value for all the blood, sweat and tears you have put into your business.

Don't miss the opportunity to create wealth for you and your family. The exit doors may not ever be open wider.

Call us today to arrange for a free consultation **408-454-2600** and let us help you plan your exit strategy.

SUMMA Financial Group, LLC is one of the leading M&A firms in California and nationally. Established since 1985, we have a combined experience of over 75 years in the M&A profession. We hold all of the credentials and qualifications necessary to provide our clients with professional, skilled and aggressive services in meeting their goals.

Robert Gurrola and Kevin Dempsey are principal partners of Summa Financial Group, LLC. Please call or e-mail us for a free initial consultation at your offices or SUMMA's offices. Phone: 408/454-2600 or e-mail:

summa@summallc.com.