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Buyers Want Your Business

Why on earth would someone want to acquire your business? With all the headaches, a tough national economy, and hard to please clients, nobody would willingly want to subject themselves to the harsh environment of a privately held business like yours – right?

In all fairness, not every buyer would be interested. But what does interest buyers? Here is a short list of what buyers are looking for:

- Your Business Cash Flow (Adjusted EBITDA – Earnings Before Interest, Taxes, Depreciation, and Amortization)
- Your Physical Assets (Equipment, Inventory, and Real Property)
- Your Intangibles (Goodwill, Patents, Trademarks, Technology, Etc)
- Your Clients
- Your Employees

A buyer looks at your business from a perspective very different from yours. He or she looks at the business as a fresh start, a new opportunity, a great challenge. A first time buyer additionally sees owning a piece of the rock, American Capitalism, flexibility and the potential for increased profitability.

So who are these elusive buyers, and where do they come from? Buyers can be categorized into the following:

- Personal Buyers
- Financial Buyers
- Strategic and Synergistic Buyers

Personal Buyers

Every day there are thousands of employees wishing they could become employers. Looking out their windows, daydreaming of the time they will finally get the nerve to take that important step toward business ownership. They envision themselves using

their time and talents in order to maximize their emotional investment. These dreamers are tomorrow's entrepreneurs, the future captains of industry. Some fantasize of large multi-national conglomerates, others building deli sandwiches with their children employees. Regardless, these individuals have an unfulfilled dream that with some savings, a home equity loan, or possibly an SBA loan they will one day shed the employee moniker for their own piece of the rock.

Financial Buyers

Ever wonder where all the money went that used to be in the stock market? Some savvy investors took their money out and placed it with Private Equity Groups (PEGs). These groups pool large sums of investors' monies in an effort to acquire privately held businesses. The PEGs are looking for businesses with solid cash flows, which can operate with existing management in place. They typically don't want to run the company, opting rather to incent current management to stay or as a last resort replace the top executive from outside the organization. PEGs are not generally interested in real property either, preferring to give the existing owner a long-term lease. The PEGs are great buyers, usually paying higher prices than personal buyers.

Strategic and Synergistic Buyers

The difference? Strategic buyers are looking to enhance what they are already engaged in, such as expanding by acquisition a similar business into a new territory. Synergistic buyers see a new capacity or capability by combining their strengths and assets with those of the target company. Think of these buyers as existing companies who want something that your business has or something their business needs. These buyers who are on the prowl have financial war chests begging to be invested. They are generally more motivated than other types of buyers and have a greater need than simply cash flow. As a result, strategic and synergistic buyers will likely pay the highest price of any buyer category.

It may seem hard to believe that individuals and groups are willing to pay good money for the headaches and hard knocks you are currently enduring. They are out there. Some future buyer may be in their office dreaming of owning your business right now.

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