



## **Bridging the Gap in Slow Economic Times**

What does it take to put together a transaction in such questionable economic times?

How do you deal with the following market?

There are more Buyers in the market than anytime before. Layoffs have put many corporate executives out of the public section and into the private sector. There is less business to be had so larger companies are looking for smaller deals in the private section.

Most banks are anxious and are holding tightly onto their money.

Sellers are not sure where to put their money from the sale of their company once they get it.

Sellers are not as excited to sell if the sales price of the company may be reduced due to lower profits and revenue.

Sellers are still getting burned out after being at the top of the company year after year carrying the responsibility of lonely top management.

It is time to think out of the box. It is time to create purchasing strategies that can help the Seller receive what they perceive as a fair price and you the Buyer can afford the deal and receive a reasonable return on your investment.

Here are a few suggestions if you wish to motivate the Seller now:

You will not be able to leverage the deal as much as has been seen in the past. You will need 50 percent to 60 percent down. Some of this can come in the form of Seller Financing.

For a Seller to allow the Buyer to purchase on credit, the Buyer will need to provide a high level of security for the Seller through strong collateral, a proven track record in the industry and immaculate record keeping available to the Seller moving into the future.

You will need to offer the Seller a portion of the profits of the company once the business is again performing in a robust economy in the form of an earn out or commission basis.

You, the Buyer, may even have to buy into the company on a minority position with an established purchase price that will be paid off in the future when you can purchase the company through its higher proceeds and with third party financing. The banks one day will finance those companies that are showing a strong cash flow under your leadership.

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