

Boomers Driving the M&A Cycle

Approximately 65 percent of small and medium businesses will transfer ownership in the next 10 to 15 years. This will be the largest transfer of wealth the nation has ever seen. Some have suggested this may be a \$10 Trillion transfer, which obviously surpasses what we know is going to be committed to importing oil or even creating anew “green” energy industry.

Despite the current financial chaos, expect to see a lot of activity. It’s true that even though the banking industry is generally behaving as if it’s not in the lending business, knowledgeable business owners and skilled intermediaries continue to execute favorable exit strategies. While eight months ago, many boomer business owners were thinking of getting out of business, today many of the same are thinking “growth by acquisition.”

The difficult business climate has also resulted in creating many opportunities for well-managed and disciplined companies that find themselves in a position to acquire vertically integrated opportunities that may not be able survive this downturn on their own. Business boomers who were sellers yesterday, have come to realize that “buying” may very well be a strategic step that ultimately enhances their exit strategy process.

Today, the oldest boomers are just beginning to reach retirement. The first boomer turned 60 on January 1st, 2006, but about 8,000 more reach that milestone every day. What this means becomes obvious; there are many, many businesses that will be changing hands and sadly for some, merely from “weak hands to strong.”

By the tail end of the cycle, we’ll be in a buyers market with more boomers selling their businesses than buying. Business owners who prepare now will be in the best position to take advantage of improving market conditions. If you are considering selling your business; improve your chances of a successful sale and maximize business value by working with an experienced team like those at Chesnut & Cape Capital Partners. You may hear this over and over again - an exit strategy takes time to develop and execute. There really is “no time like the present” for you to begin the process that will allow you to **ExitStrategically.com**.