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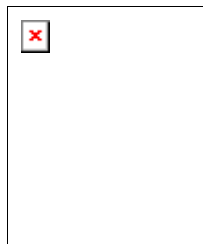
September, 2005

Exit Report

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Businesses For Sale



We are pleased to offer a number of premiere businesses for sale. Of course, this is merely a sampling of what we have to offer. If you are considering buying or selling, please give us a call.

- **Former Car Wash**, High traffic visibility on Rt 50 at exit, asking \$1,500,000, under contract but taking backups
 - **Commercial Sign Manufacturer**; Fully equipped, owner retiring; Unusual Opportunity
- **MotoPhoto** Great location in high income neighborhood
- **Custom Framing and Art**-prime retail locations in AA & Montgomery County
 - **Construction Supplier** Specialty products, owner retiring.
- **Power Washing Company** Profitable, Good Accounts
 - **Hallmark Store**, Great Baltimore County Location

Dear Greg,

Welcome to the Exit Report brought to you by Harvest Associates and Greg Caruso.

The market is very active right now. There are plenty of qualified buyers for quality businesses. While the interest rate increases are raising the cost of borrowing for buyers, they have not become prohibitive.

Increase Your "Return on Exit" when selling your business by working with Harvest Associates.

Enjoy our newsletter.

[Click Here](#) to contact us.

Selling Businesses with Troubled Finances

Sometimes it is necessary to sell a sound business that has a poor financial performance. Because the business sale process almost always involves a financial review prior to looking at other aspects of the business, it is very difficult to motivate prospects to fairly review these opportunities.

There are some things that both the business intermediary and the business owner can do to increase the likelihood of a sale and negotiate a desirable final sales price. These include:

1. Try to find emotional triggers in buyer prospects other than pure financials. Perhaps a genuine love of the industry, a desire to stay close to home, an opportunity in a growth field. These and other reasons may encourage a prospect to take a serious look at a company even when the financials are challenging.
2. If the revenue figures are good and the gross margin is acceptable a buyer with experience in the business (who has a history of lower operating costs) may be willing to pay more than the "formula" price based on prior earnings. They have the experience to know that they will be more profitable than the seller.

We have serious, well funded buyers for your business.

If you are serious about buying or selling a business [email us at](#) or call Greg at 410-507-5441

3. Some buyers in certain industries may have additional cost savings even if the contribution margin is not what it should be. Any industry that gains from economies of scale or industries with route efficiencies may have competitors that want to buy businesses in order to decrease their costs.

Quick Links...

- [Harvest Services - How Might We Help You?](#)
- [11 Keys to Improving Your Sales Price - PDF](#)
- [Questions to Ask to Select the Right Broker - PDF](#)
- [Creating a Million Dollar Exit Strategy - PDF Booklet](#)
- [Successful Exits Website](#)

Join our mailing list!

4. Be prepared to provide seller take-back financing. If you are determined to sell, this is often less risky than it seems because most buyers can only put a certain amount of cash into a purchase. Without third party sources of financing you are faced with either taking the cash at settlement as full payment or taking the "risk" of nonpayment on a note. Nonpayment is a real and problematical risk. But, if the nonpayment risk is on money you were not going to get under any other deal structure, what do you really have to loose?

5. Share the risk with the buyer. You expect them to believe you about how much opportunity your business has. Yet, we often find the sellers will not place any faith in buyers. Earn-outs based on increases in revenues, decreases in cost, or other measurable standards can give comfort to a buyer that you will be there and that you really believe in them and the business. Remember, most franchisors receive a large portion of their income through ongoing fees, not startup fees. This gives franchisors credibility when they help with site selection and promises of future assistance.

6. Agree to stay involved. If you are a really good operator, perhaps you need a buyer who is a really good salesperson. Working together for a period may provide a great solution for both of you. Especially if you combine this period with a gradual stock sale or an Earn-out where the final price is based on the performance during the cooperation period.

7. Grit your teeth and fix your business problems. A year or so of good results can overcome several years of poor results. If better sales and marketing, lower back-end costs, or other approaches can improve your business's bottom and top line -- then do it. If you prove the value through performance you will get paid the value when you sell.

In summary, to obtain a sale and maximize the price potential of a business with underperforming financials, you must carefully market to prospects who are either motivated by something other than the financial analysis, can generate economies of

scale, or have better cost structures. Sound businesses with troubled finances can be sold by using creativity and sharing risk.

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