



THE NAVIGATOR

With 100 plus years of service, Calhoun Companies will help navigate the process of buying or selling a business.

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Serving the upper midwest
since 1908.

The buying or selling of businesses is serious business that involves many steps and complexities.

An experienced guide can make all the difference for business owners who want to maximize their business investments. Such a guide takes care in understanding your needs, explaining the process, finding the best options, and handling the details. Such a guide helps deliver optimal results.

Such a guide makes your business life easier.

Calhoun Companies is that experienced guide.

For over 100 years, Calhoun Companies has helped small- to medium-sized businesses leverage their assets and realize their goals through its business brokerage and commercial real estate services.

www.calhouncompanies.com

Buying or Selling a Business During Tough Times

With negative economic news grabbing the headlines in the United States, business owners may think it's not a good time to sell their company. But fortunately for owners looking to sell, that's not necessarily true.

Business sales are still taking place with sellers capturing attractive prices and favorable terms, when the deal is structured properly.

Look at the buyer's creditability

Of course, you want to find the best buyer possible. Whether it's an individual, another company or a Private Equity Group, look for a potential buyer with business acumen, significant assets to pledge as collateral or a committed fund, as well as demonstrated success.

With a proven, credible buyer at the negotiating table, lenders are more likely to support the transaction.

Expect some seller financing

Oftentimes during a tight economy sellers must share the risks with the buyer and the lender in order to achieve the highest value.

In many instances the value of a successful business is greater than the fixed assets. In today's tight lending environment, a seller can still get a strong value for the business, but the seller may need to finance more of the purchase price than before. Regardless of the capital structure or finance considerations, professionally crafted and creative deal structure is the key during a difficult economy.

Typically, seller financing has been somewhere between five percent and 15 percent. With the current lending climate, seller financing may approach 15 percent to 25 percent amortized over 10 years with a balloon payment between three years and five years.

After the buyer has proven themselves in the business and shown that the debt payments will be made, the lender will generally refinance the seller's note. As a result, the seller receives full payment within three years to five years and the lender gets to loan more funds to a demonstrated lower-risk borrower.

While the economy has put a crunch on available financing, it has not had a dramatic impact on the number of potential buyers. With the right structure, deals are still getting done across the U.S.

The International Business Brokers Association is the largest international, non-profit association operating exclusively for the benefit of people and firms engaged in the various aspects of a business brokerage and mergers and acquisitions.

IBBA has 1,950 members worldwide, with corporate headquarters in Chicago, Illinois.



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Thinking about buying or selling a business? You can explore the database of businesses on the web site of Calhoun Companies.

Without divulging business identities, the database allows you to search for a wide variety of businesses for sale by SIC code, size, or geography and to find basic information about them.

You also can learn more about Calhoun Companies.

www.calhouncompanies.com

Getting a Business Acquisition Loan

With tighter lending conditions, obtaining a bank loan for the acquisition of a business requires greater preparation than ever before.

For developing a business plan try visiting the SBA web site at www.sba.gov. Some items to include in your loan request:

- ✓ **Summary:** *a detailed proposal on how the loan will be used.*
- ✓ **Management:** *Resume and description of relative experience of Key Managers*

- ✓ **Business Description:** *A history and description of the business.*
- ✓ **Financials:** *Two to Three years historical financial and a projected income and cash flow.*
- ✓ **Purpose and Repayment:** *Indicate how the loan will be used and the proposed repayment plan.*