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INVESTMENT BANKING

Key Considerations

In Successfully Selling a Middle Market Company

Successfully selling a mid-sized business is often as challenging as owning and running the business. For business owners, successfully selling a business requires careful reflection, professional assistance, and an understanding of what to expect in the transaction process. It is one of the most important considerations a business owner will undertake and must be managed diligently. Business owners need to address a number of key considerations in advance of and throughout the sale process. These include questions relating to:

TIMING

When is the optimal time to consider a sale?

PROFESSIONAL ASSISTANCE

Do I need help in selling my business?

VALUE

What can I expect to get for my business?

TRANSACTION PROCESS

What is involved and what is expected of the business owner?

CLOSING THE DEAL

What are the steps?

Timing considerations are initially driven by company and personal variables. A review of market conditions generally follows. To maximize value the optimal time to consider a sale is when the business is growing, improving margins and has a positive future. Unfortunately, business owners sometimes consider selling

when the business is in decline vs. when the business has a positive future. In addition, personal triggers such as a loss of interest in the business or life events are often key elements in considering the sale of a business. Market conditions should also be reviewed. Fortunately for sellers, recent middle-market deal activity has been quite favorable.

U.S. corporations have significant amounts of cash on hand and private equity firms also have available cash to invest in private businesses.

Professional assistance is critical in executing a successful sale with worldwide strategic and financial buyers. It is a full time undertaking to sell a middle-market business and experienced investment banking professionals are essential to lead and manage this complex process. Working with a team of professionals that the business owner trusts is important.

Value is driven by three major considerations: the business, the industry and the market. The strengths and growth prospects of the business and the activity in the industry determine value. In addition, market conditions influence value. Merger and acquisition (M&A) activity is expected to remain solid. Strong equity markets, accommodative debt financing and an improving economy all contribute to a robust M&A environment.

The sale of a middle-market business is a complex process that requires time, talent and experience to manage. There are many ups and downs in the process and the stakes are high. Successfully selling a business can be a rewarding process with a transformational outcome.

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Benjamin F. Edwards' Investment Banking team specializes in selling middle-market companies.

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