

# For Business Owners, This Is a Unique Selling Opportunity

By Jim Harley, The Business Exchange

Granted, this is a terrible economic environment. Job losses, the credit crunch, the troubled housing market, and the plummeting stock market have combined to signal the worst national economic condition since the Great Depression. Despite the bleak economy, the door is wide open to those who are seeking a sale of their business. It is actually a very positive environment for business transitions.

It may seem contradictory in these tough times, but here are the overwhelming reasons why:

First and foremost, mounting job losses have unleashed increased demand by prospective business buyers. During the past few months, monthly job losses have been in the 500,000 to 600,000 range and demonstrating no signs of slowing soon. In Kentucky, the most recent reported unemployment rate climbed to 8.7% - the highest unemployment in 22 years. Locally, it has been reported that two Central Kentucky manufacturing firms – Komatsu and Ainak - will close or relocate operations leaving over 200 local workers without employment. This scenario is playing out elsewhere in firms both large and small throughout the country. The ranks of the unemployed is growing and those with jobs are left wondering how long they will last and are making alternative plans in the event they become one of the statistics in the future.

Those who are unemployed need to find other jobs (good luck!) or an alternative way to produce income. Those who remain “employed but wondering” are making plans that will allow them to have more control over their economic futures. Thus, if you are the owner of a good business with a demonstrated cash flow benefit to the owner, the market flooded (and will become more so) with qualified buyers that are seeking new opportunities. Even if your business is currently suffering, most buyers are willing to overlook temporary downturns in favor of a long-term opportunity to have more control over their economic futures.

Secondly, the Obama Administration has made it clear that they view small business as one of the primary vehicles that will lead the nation to recovery. That view has led to a loosening of lending standards and restrictions by the Small Business Administration (SBA) in order to jumpstart the economy via increases in small business activity and employment. The recently-enacted American Recovery and Reinvestment Act (the so-called Stimulus Bill) has eliminated the SBA’s loan guaranty fee from its flagship 7(a) small business term loan program. There will be no out-of-pocket costs for the SBA guaranty fee – a savings that will average out to be approximately 2.5% of the loan amount. The bill also increases the guaranty percentage to 90% of the loan amount for loans under \$1.6 million. The higher guaranty percentage will allow more buyers to qualify for business loans and will induce more banks to lend on small business loan request. Thus, business acquisition loans cost less, are easier to get, and will continue to benefit from the current low interest rate environment.

If you have a business and are nearing retirement or simply seeking a logical exit strategy, this may be the opportunity you need to successfully transition your business despite the dismal economic times – demand for business acquisitions are up, and low-cost financing is available to allow more buyers to qualify for SBA-backed loans. This may be your chance to “make lemonade” from the economic lemons the nation is currently experiencing.

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**For information on small business sales, contact Jim Harley at The Business Exchange – Central Kentucky’s source for confidential and professional business sales. Call Jim at 859-806-3352, email [thebusienssexchange@gmail.com](mailto:thebusienssexchange@gmail.com), or visit [www.thebusinessxchng.com](http://www.thebusinessxchng.com) for further details and to discuss your situation.**