



## **FOCUS Wealth Transition Advisory Services**

### **Characteristics of SUCCESSFUL Middle Market Transitions**

- The sale of or investment into the company when relative prices for private companies are high.
- A transaction or investment structure that results in low taxes overall; and the least taxes paid by the business owner.
- Bullet-proof due diligence: the price on the term sheet is the price at closing.
- A thorough and careful identification of potential investors or buyers.
- A period in which company performance is sustained over the period in which the investment or sale takes place.
- A company that has been structured with a strong continuing management team that inspires new investors with confidence in the future profitable growth of the company.
- Strong accounting and control systems that result in a high level of integrity and build the confidence of all concerned.

### **Characteristics of Middle Market Transition Failures**

- An attempt to sell a company when the quality of earnings is poor or suspect.
- Erosion or shrinkage of a purchase price because of poor tax or estate planning.
- Perception that the business owner's involvement is the source of the business success.
- Weak or non-existent management team.
- Financial statements that have been prepared for internal eyes only, that are not in GAAP format and that will not withstand due diligence.
- Investment advisors who are not capable of structuring and executing an investment strategy for large amounts of proceeds.
- Financial performance that deteriorates in the midst of the investment or sale process.

### **CONTACT US**

**If you, or a business owner you know, is contemplating a liquidity transaction in the future and would like to learn more about the FOCUS Wealth Transition Advisory service, please contact your local FOCUS Partner, or, if you are in the Midwest, contact Michael R. Zook at [michael.zook@focusenterprises.com](mailto:michael.zook@focusenterprises.com) or G. Stanley Cutter at [Stanley.Cutter@focusenterprises.com](mailto:Stanley.Cutter@focusenterprises.com).**