

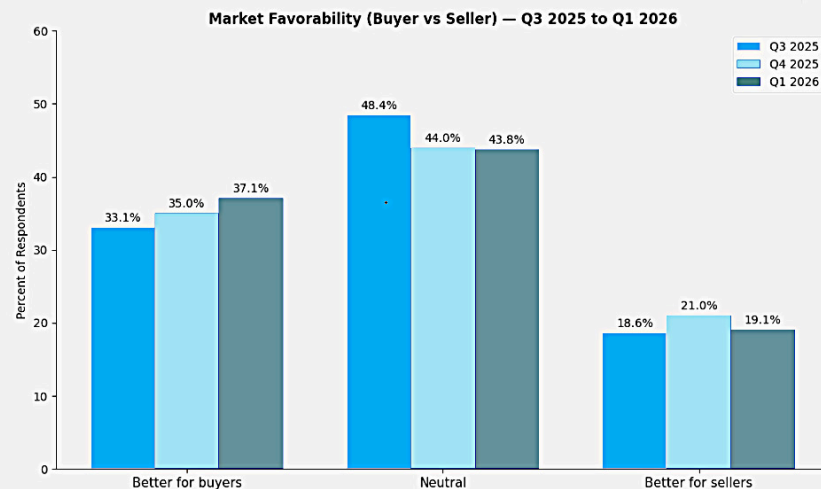
Newsletter



Midwest M&A Market Outlook

It's a Buyers' Market...

The buyer's edge continues as the Q2 survey results show a buyer-dominated market, one that continues to favor acquirers over sellers by nearly two-to-one. Respondents who called the market better for buyers increased slightly from Q1 to Q2 (37.5%), with a similar minor increase among those who feel the market is better for sellers (19.9%). Those who call it a toss-up — or neutral for both buyers and sellers — continue to dominate the responses, but declined slightly from 43.8 to 42.6%.



Source: DEALSTREAM

Note from Managing Partner, Dan Gerdman, CExP:

Our team recently attended the annual International Business Brokers Association conference. The dominant subject across educational, speaker, and vendor events was **Artificial Intelligence** shaping the business sale process. As I listened for ways we can better serve our clients, two other thoughts continually came up.

1) How can specific companies we've worked with use AI now? In my conversation with the Buyer of a lawn care company on their one-year purchase anniversary, they mentioned using AI in their marketing and back office. I suggested the cost of an AI subscription tied to Google Maps and their customer list, used for route planning, would pay for itself immediately with reduced fuel and vehicle expenses. Standalone route planning software exists, but it costs more than AI. Also, having all these functions performed by the same AI is more efficient, enabling faster growth and higher profits.

Home services like lawn care are just one example of an industry considered "AI-proof" that will benefit from AI.

2) Buyers are not only looking at how they themselves can use AI to grow the Sales and profit in the company they're buying. They're starting to look at how our client companies use AI. Are they using it at all? Many are not. It's not a deal-breaker at this time, but I expect AI adoption will become a standard Due Diligence item in the near future. So we now address this in our discovery process when we learn about an Owner's business.

Additionally, there is a human factor that cannot yet be replaced by AI in many industries. But the strained labor supply and undeniable return on investment should make it a high priority for most companies. It is for Buyers.

Dan Gerdman

M&A Broker, CExP



Case Study

Creating a Competing Market for a Strong Aluminum Gutter Business

Midwest

Creating a Competitive Market for a Strong Aluminum Gutter Business
Sometimes we meet an Owner who has already taken steps to prepare their business for sale. In this case, an Aluminum Gutter contractor we worked with recently had many strengths to promote in the business listing. Our biggest challenge was creating Buyer competition for a company that wasn't as large as is typically necessary to garner serious, qualified interest from multiple parties at once. Since this was a referral from a professional partner and the Owner had a reasonable price expectation, we offered a full-service sell-side engagement and began our discovery, positioning, and marketing of the business for sale.



Messaging from the Owner was consistent: the company was built on dedication to quality materials and workmanship. Also, documented SOPs, incentive-based compensation, cross-trained employees, back-up vendors, clean financials and equipment, and a strong reputation proved this company was built to grow. Given its smaller size, we knew it would still require an "all of the above" marketing approach to deliver the best outcome for our client. National listing sites generated some interest—a few individual Buyers looking for an opportunity to grow a small business. One of them proceeded to the next step in meeting the Owner virtually after our screening, helping create early momentum.

Our direct outreach to complementary companies interested in adding aluminum gutter services to their existing home services generated two more interested Buyers. Both met with the Owner virtually and discussed submitting a Letter of Intent.

At the same time, we scoured our database of registered Buyers, many local, and shared this opportunity with appropriate prospects. One of them was not only interested but willing and able to act quickly. Ultimately, after their meeting with the Owner, both parties provided positive feedback, indicating a meeting of the minds. In fact, this Buyer communicated their ability to send a full-time Operations Director on-site after closing to immerse themselves in the business, learn everything about it from the Seller, and begin growing immediately.

Now, Buyers do not typically lead with their highest and best offer. But when we generate multiple serious, qualified potential Buyers, it does create a sense of urgency. We informed the three leading candidates of interest in this business and encouraged a full-price Letter of Intent. Because of this competition and urgency, the Buyer from our database offered full price with no seller financing. With the Owner's organizational preparation for eventual ownership transfer, and with the trust built between the parties during the process, finalizing the binding agreement and closing went smoothly.

After touching base with the Buyer after closing, they were excited for the growth prospects and appreciative of all our Seller client had done to prepare the company, its employees, vendors, and customers for this transition. In the meeting with the Seller a couple months after closing, they had that familiar, permanent smile of a client happy to be retired and at the same time proud to see the new Owner taking what they built to the next level.

We were honored to put it together and help them harvest the equity from all they had built.

The Importance of Celebrating Business Anniversaries

- Celebrating business anniversaries boosts staff morale and reinforces company culture and values.
 - Anniversaries enhance team spirit by fostering unity and shared experiences among employees.
 - Joyful occasions like these offer employees a break from routine, promoting fun and camaraderie.
 - Feeling valued and acknowledged boosts employees' self-esteem and loyalty to the business.
- Creative celebration ideas, like themed parties and team activities, work to enhance your brand visibility and strengthen connections within your team.
 - A well-planned business anniversary celebration event reflects the company's history and values, reinforcing its culture.
 - These events can highlight the organization's journey, showcasing how it has grown and evolved over the years. Considering employee sentiment when planning these events ensures that the celebrations align with the team's experiences and aspirations.
- Recognizing employees and engaging with customers during anniversary celebrations can increase loyalty and enhance relationships, driving future success.
 - Leveraging business anniversaries as a promotional strategy can greatly enhance brand recognition and company perception.
 - By celebrating milestones with targeted marketing campaigns, you can showcase your achievements and values to a broader audience.



DELEGATION OF MANAGEMENT IS KEY TO SELLING A BUSINESS

by TJ Sainsbury CBI, CEPA

Originally published in IBBA Insights Magazine

Most often an Owner starts or acquires a company because the industry is something they're skilled in and (hopefully) enjoy. As their team and Sales grow, too often they themselves work more and more in the business and do not delegate their management responsibilities as Founder. Waiting until they're ready to sell before thinking about succession and this delegation is a costly mistake. Heavy "Owner centricity" or "Owner reliance" prevents them from working on the business and is unattractive to Buyers. Delegating management isn't just about lightening the Owner's load—it's about proving there is transferable value – value Buyers will pay for.

As their M&A Advisor, it's our responsibility to do more than just point this out and deliver a below-expectation Most Probable Selling Price. At the same time, it is a disservice to over promise the MPSP while knowing Buyers (and Appraisers) will uncover heavy Owner reliance and discount heavily. So how do we help them?

Put Yourself in the Buyer's Shoes

The first step is educating Owners. One approach is drilling down to the range of comparable sales for similar companies. How can two similar size companies in the same industry sell for such different Sales and Cash Flow multiples? It's very likely the different level of Owner reliance between them.¹ An Advisor can also get into the weeds (not usually recommended) of the company-specific Risk Premium in their Discounted Cash Flow or the Manager's Salary and ROI in the Buyer's Test valuation approaches. An Owner may be most understanding though of the statement "Consider a Buyer's perspective. No one risks their own money to buy a risky small business and work 60 hours per week—not without the Seller sharing a lot of the risk".

Here's why:

When a Buyer evaluates a business, they're not just looking at revenue and profit margin. They're asking: Can this business run without the Owner? If the answer is No, the Buyer sees a risky operation, overly dependent on one person. That means: - Lower offers - Longer due diligence - More earn-outs and contingencies - Or worse—no deal at all. On the other hand, delegation shows that a business is more than the Owner's personality. It tells Buyers, "This company is built to last". By the way, this is the time to discuss earn-outs and seller financing.

But There Is Good News

There is still time to make improvements. According to IBBA, sales of main street and lower middle market businesses take 6 to 10 months from engagement to close.² Additionally, Owners are usually asked to stay on in some capacity--we see an average of 3 to 6 months. If we're providing Sellers a realistic timeframe, they learn that selling today means being active for at least another year. So start delegating and increasing that transferable value now. The longer the runway, the more delegation they can accomplish.



continued

Start Small, Start Now

An Owner doesn't need to overhaul the org chart overnight. Here's how to begin:

1. Identify key management duties still handled personally.
2. Choose one area to delegate—something low-risk but time-consuming.
3. Document the Standard Operating Procedure, so others can follow.
4. Train a team member to take it over, and step back.
5. Gradually reduce monitoring that responsibility until the team member truly owns it.

We provide the ExitMap® Management Succession Worksheet, so Owners can repeat this process over time with more responsibilities. When they do, their company specific risk premium decreases, the MPSP rises toward the higher end of the range for the industry, and the Owner will sell at a higher price on better terms.

Nobody Does It as Well as I Can

This is the most common objection we hear—and it's understandable. Owners pour their heart into their business. They know every client, every quirk, every shortcut. But here's the truth: Clinging to control stalls the exit, and delegation doesn't mean disappearing. It means building an empowered team to execute the mission statement. It means training others to succeed, so the Owner can succeed at stepping away.

I Can't Afford to Take My Foot Off the Gas Now

This is a good mindset for an Owner beginning to plan their exit. We all agree that growing Sales and margins are important to both finding Buyers and valuation, but we've all also received inquiry after inquiry from Buyers searching for a business they can grow. We contend that in nearly all cases, the gains from delegation, when done methodically and monitored, far outweigh the losses from marginal productivity of the Owner just putting in more hours. Again, consider how heavy Owner reliance affects the valuation, shrinks the pool of interested Buyers, and reduces the likelihood the company will ever sell at all.

It's Never Too Late

We tell clients this: The best time to start delegating was years ago, and the second-best time is now. If you're thinking about selling your business in the next 1–3 years, start preparing today. Delegation isn't just a management strategy—it builds and proves value that enables Owners to exit from a position of strength.

1. *Stratford Analytics. (2025). The working-owner discount: Why owner dependence erodes manufacturing valuations and how to fix it. <https://www.stratfordanalytics.com/wp-content/uploads/2025/12/The-Working-Owner-Discount.pdf>*
2. *International Business Brokers Association, & M&A Source. (2025). Market Pulse Q2 2025 Executive Summary*

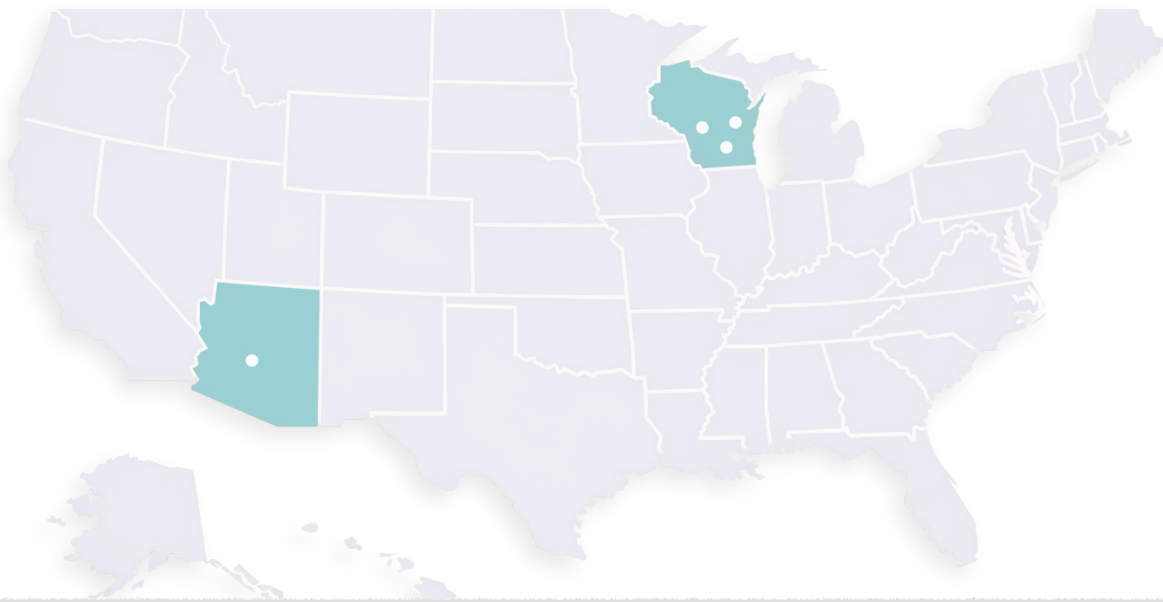


About SAVVY

Business Brokerage
Business Valuation
Exit Planning



While selling a business can be daunting, we strive to stay one step ahead and reduce your stress during the process. Our highly skilled Brokers help you plan your exit from valuation, to marketing and negotiation, to being there at the final closing. We exclusively represent you, the business Owner.



Locations

Headquarters
E10890 Penny Ln
Baraboo, WI 53913
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Dane County Branch
100 Wilburn Rd, Ste 103
Sun Prairie, WI 53590
(608) 839-7410

Fox Valley Branch
210 N Main St
Oshkosh, WI 54901
(920) 557-0050

Arizona Branch
2370 W. Ray Rd, Ste 2
Chandler, AZ 85224
(480) 896-0979

Holiday Hours
Closed September 7th for Labor Day

Sell from a position of Strength, not Desperation