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Expansion Through Acquisition:

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The quickest way to grow and acquire market share.

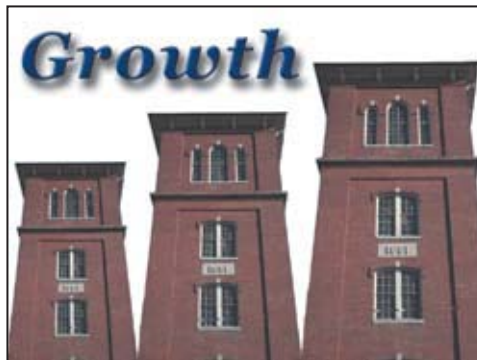
It takes years to grow a business. Often it is a laborious step-by-step process. Another approach to growth is through mergers and acquisitions. It is done visibly on Wall Street every day; Exxon and Mobil, AT&T Wireless and Cingular. In small business, it is done every day also but it is not as apparent or public.

Growing a business traditionally takes years and years. Products or services have to be repetitively marketed while business owners experience only incremental growth. Often internal matters, such as recruiting, hiring, training and supervising personnel; adjusting purchasing or production, space logistics, and financing growth create cash flow challenges and at the same time running the business is "chewing up" the owner's time and resources.

When merging or acquiring a business, there is an opportunity to jump instantly to a new level igniting synergies

where 1 plus 1 equals more than 2. There may also be an opportunity to remove a competitor, be at a new level of challenges and with appropriate compensation. Let's look at an example.

In banking, recent mergers and acquisitions have allowed some banks to gain both deposit and loan accounts. These mergers have at least three advantages; one is the obvious increase in assets and sales. Secondly, there is an opportunity to reduce overhead in



both redundant personnel and branches resulting in higher relative profit margins. Third, there are economies of scale in things like advertising, technology, and purchasing power and efficient use of systems.

Growth through acquisition isn't limited to banking. The same principles could apply to print shops, landscaping companies, cleaning businesses radio stations, manufacturing, distribution and the

list goes on and on. One of the interesting things I've observed here in Maine is the work ethic of our entrepreneurs. There is a feeling that hard work pays off in growth, and the more growth desired, the more willingness to work harder for it. Well, without faulting that approach, there is an expression my father used to say, "work smarter, not harder." How appropriate for the topic of growth through acquisition.

It's all about reaching your goals sooner, rather than later; the use of leveraging so the end result might be exponentially higher. Perhaps there is some immediate gratification that might otherwise take years to achieve. Stronger wealth accumulation, and the resulting stronger sales price when you decide to retire or move on.

Check out our website www.balfourcommercial.com or call one of our associates to see if there is an acquisition opportunity for you. (207) 774-7715. If we don't have it, allow us to find it!