

What You Need to Know About the Golden Age of Business Acquisitions

Business acquisitions are red hot, and all kinds of businesses are being snapped up. Some people are under the impression that only large businesses are being acquired, but this is far from the reality of the situation. It would surprise many to learn that so much of the “action” is, in fact, small businesses buying other small businesses.

In his Forbes article, “Take Advantage of the Golden Age of Business Acquisitions,” author Christopher Hurn explores the true state of the “acquisitions game.” His conclusions are quite interesting. In Hurn’s opinion, there has never been a more active time in the realm of business acquisitions.



If you own a business and are looking to grow, then you may want to consider acquiring a competitor in order to consolidate the market. As Hurn points out, there are many reasons that you might want to consider acquiring a business in addition to consolidating the market. These reasons include acquiring a new product or service, acquiring a competitor that has superior technology or even identifying a business that you believe is primed for substantial growth. Yet, there are other forces at work that are combining to make this moment the “golden age of acquisitions.” At the top of the list of why now is a good time to investigate acquiring a business is demographics. According to a 2019 study by Guidant Financial and Lending Club, a whopping 57% of small business owners are over the age of 50. The California Association of Business Brokers has concluded that over the next 20 years about \$10 trillion worth of assets will change hands. A mind-blowing 12 million businesses could come under new ownership in just the next two decades! As Hurn phrased it, “The stars are aligning for the Golden Age of business acquisitions.”

This all points to the fact that now is the time to begin understanding what kind of acquisition would best help your business grow. Hurn believes that turning to the Small Business Administration in this climate of rapid acquisition is a savvy move.

In particular, he points to the 7(a) program and host of reasons that SBA can benefit small businesses. Since the SBA lowered equity injection requirements, it is now possible to finance a staggering 90% of business acquisition deals with loan terms up to 25 years and lower monthly payments. Additionally, the SBA 7(a) program can be used for a variety of purposes ranging from expanding or purchasing an existing business to refinancing existing business debt.

Hurn truly does have an important insight. Baby Boomers will retire by the millions, and most of them will be looking to sell their businesses. With 12 million businesses scheduled to change hands in just the next 20 years, now is a highly unique time not only in the history of acquisitions but also in the history of business.

Business brokers and M&A Advisors understand what is involved in working with the SBA and acquisitions. A seasoned business broker or M&A Advisor can point you towards opportunities that you may have never realized existed.

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