

Buyers Active in Today's Marketplace

The current marketplace for private companies is made up, essentially, of four types of acquirers. An outline description of each is as follows:

The Strategic Acquirer

- typically a large firm, usually a Public Company
- accustomed to long term planning
- economic considerations are evaluated, however, reason for
- acquisition is not always purely economic.
- acquisition prompted by factors such as establishing new markets.

The Corporate or Sophisticated Acquirer

- typically comes from a large company background
- employs "schooled" approach when determining value
- usually a high net worth individual, a group of individuals, an investor group, or a small Corporation
- focuses on current and future, rather than past
- places primary emphasis on capitalization of earnings, and on the ability to finance and leverage a purchase.

The Financial Buyer

- usually an individual
- primary focus on income replacement and the opportunity to build equity
- major emphasis placed on historic and current conditions.
- case for case, the perception of risk is likely to be higher than that of the strategic or corporate style acquirer.

The Industry Buyer

- usually from within the same, or affiliated, field as the company.
- primary focus is on a business' fixed assets.
- presumes that they will bring virtually all other value to the enterprise.