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Improving Outlook?

Credit remains tight for private companies

Hiring is still slow

Private equity deals are on the rise

Take action to improve your outlook

Investment Banking

Mergers & Acquisitions

Restructurings

Workouts

Recapitalizations

Corporate Finance

Negotiations

Value Enhancement

While the economy appears to be picking up slightly, certain segments continue to struggle.

A recent spurt of bankruptcy filings indicates that the financial crisis is not over. Private companies have not been able to access credit and many remain over-leveraged. Mid-sized companies appear to be the most vulnerable, as are companies that have seen their credit rating suffer in the recent decline.

Standard & Poor's has estimated that \$49 billion in loans will need to be repaid or extended through 2014. Access to equity is limited for most companies with revenues under \$100 million. Most companies will turn to community banks, which are reluctant to lend.

Uncertainty about the future of tax cuts, which are set to expire at the end of the year has caused many companies to pull in their horns. This has had a negative effect on the jobs market, as small businesses employ half of all private sector employees in the U.S.

November saw an uptick in hiring, but at a modest rate compared to prior years. Small companies added a net 91,000 jobs last month, but the average monthly net for 2010 has been only 35,000 jobs.

Many companies are skittish about the future of healthcare, and what is perceived to be an unfriendly business environment, especially the new health law's 1099 requirements.

A recent survey by *GF Data Resources LLC* indicates that private equity deals are on the rise, with purchase prices showing an increase in the multiple of earnings being paid for clean deals.

Investment companies are doing more minority investments and staged equity deals. This allows owners to take some money off the table, access working capital for growth, and remain in the game in hopes of a higher valuation when the economy revives.

It is uncertain if the pace will continue into the next year, or if the looming tax deadline has created a short burst of deal-making.

What does this mean for privately held businesses in the coming year, and what can be done to improve the outlook for 2011? First of all, it is more important than ever to have a plan. A good strategic plan can

help to remove much of the uncertainty by causing owners to consider the possibilities and plan for contingencies.

Second, if financing or restructuring is going to be needed during the year, it would be a good idea to begin the process early, as deals are taking more time and due diligence times have increased. Borrowers and sellers need to do a better job of preparing themselves and telling their story. Don't wait until it is too late.

Management Advisory

Corporate Leadership

Turnaround Management

Exit Planning

Succession Planning

Strategic Planning

Interim Management

Lazarus Real Estate Advisors, Inc.

REO Asset Management

Distressed Asset business plans

Debt and Equity Financing

Loan Workouts

Restructurings

1031 Exchanges

Syndications

Business Brokerage

Ideas For Improving Your Outlook

If you are considering new financing, raising capital, or selling your business, here are some ideas that will improve your chances of success:

1. Prepare a pre-deal due diligence check list and assess your strengths and weaknesses. Make corrections early to avoid a deal falling apart at the last minute.
2. Hire a professional to review your documentation and assist in the preparation of presentation materials.
3. Prepare a strategic plan. If you are underperforming or under water, you will need a turn-

around plan, as well.

4. Determine whom you will approach, and what their criteria is, research recent deals they have completed.
5. Your presentation materials should tell your story in a way that creates interest and shows your opportunities.
6. Use a licensed professional to assist you in raising capital, or selling your company
7. If you need to extend or modify your current loans, begin the conversation early.

For more information about improving the performance, and therefore the value of your company, contact us at **Lazarus Resources Group LLC** today.