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Aging business owners putting firms up for sale

By ADINA GENN

MELVILLE – The improved economy, coupled with the increase in baby boomers contemplating retirement, is motivating aging business owners to sell their companies, experts say.



Ken Stein

Family businesses are no exception. According to The MassMutual Financial Group/Raymond Institute American Family Business Survey of 2003, 39 percent of family-owned businesses will change leadership by 2007

as CEOs retire or semi-retire. But of those CEOs planning to retire that are age 61 and older, 55 percent had yet to choose a successor.

Sometimes that delay isn't a matter of choosing one child or another, but rather an issue of finding an interested, capable party.

"Children often don't want to join the business," said attorney Howard E. Greenberg, who has a practice in Melville. "If it's a manufacturing business, they want to be doctors. A lot of times, owners aren't encouraging their children to join."

Ken Stein, president of The Kensington Co., a Uniondale-based business brokerage firm that matches buyers and sellers, estimates a 40 percent increase this year in

business sales through his firm. "It's been the strongest six months in years," he said.

"It's not only because people want to retire," Stein said. "Buyers are less fearful" in today's economy.

Small-business lending is up by about 6 percent, according to the National Federation of Independent Business, a Washington-based trade group, an indication that owners are regaining confidence in the economy. And on Long Island, where housing prices have soared, some sellers, who have



reaped hundreds of thousands of dollars on the sale of their homes, show flexibility on the price of their business, Greenberg said.

"People are cashing in on real estate. If your parents bought a house for \$40,000, and you make \$500,000 on it, you don't need to sell a business as much," he said.

But owners often still want to sell, Greenberg noted, adding that entrepreneurship is "a lot of headaches. There's tremendous competition, and they don't want to do it."

"Financing is loosening up and people looking to retire that missed it in 1998 and

1999 now have to jump on it. At 70 years old, they don't want to keep [running the business]," Stein added. "They don't want to ride the next wave."

But Greenberg said that age isn't always a factor. "If an owner can sell and get the price, it doesn't matter the age. He can sell and get the money and enjoy," Greenberg said.

Also prompting the buying cycle is the glut of laid-off mid-level managers who are choosing entrepreneurship, Greenberg said. The rash of bank consolidations and

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