



Experience, Leverage, Results

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Grow or Go? Access To Growth Capital

At Fulcrum Partners we often see clients in the lower middle market reach an inflection point in the life cycle of their business. They reach a point where they have a substantial growth opportunity and are faced with a choice: Do they ante up, and once again leverage everything they have, or do they sell out to someone with more capital and energy. Do they grow, or do they go?

There are many variations on the same theme. The owner may really want to pursue the opportunity, but does not have access to enough capital or borrowing power to pull the trigger. Or, there may be two principals in the business - one wants to grow and the other wants to go. Logic says find an investor or partner, but the problem in this market has been most investors want majority ownership. What options does that leave an owner with a great opportunity?

Fulcrum Partners has cultivated access to a pool of investors that will entertain minority interests under the right circumstances. These investments may take the form of equity, bridge capital or convertible mezzanine debt, so they are more expensive funds than conventional bank financing. However, many business expansion projects with excellent profit potential are classified as soft investments and are not bankable because they cannot be sufficiently collateralized. If the opportunity and business case are strong, these types of funds can help make a project happen.

If you know of a business owner currently wrestling with these issues, they may find this a very interesting discussion. We would be happy to schedule a discrete meeting to learn about their circumstances, explain the process and determine how closely they may fit investor criteria.

Fulcrum Partners is a strategic business consulting and M&A advisory firm serving owners of privately held, lower middle market companies. Fulcrum Partners specializes in manufacturing, distribution and select services industry businesses. For more information on Fulcrum Partners LLC visit our web page at www.fulcrumpartners.biz.