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MID-STATES CAPITAL
A Private Placement and Business Brokerage Firm
Newsletter

Dear Joseph,

Spring is upon us and 2012 is well underway. We hope that the year is progressing well for you and your associates.

In this month's newsletter we discuss "Timing" and its impact on business decisions, and the "Increased Activity of Companies Searching for International Financing." We are also pleased to announce that we have updated our website and invite everyone to visit and give their comments.

Best Regards,

Mid-States Capital



Current Market Rates

1 Month LIBOR - .24
3 Month LIBOR - .47

6 Month LIBOR - .74
1 Year LIBOR - 1.05

WSJ Prime - 3.25
Federal Discount Rate - .75

(These rates as of April 2, 2012 according to www.bankrate.com)



Joseph P. Alam Receives Management Accounting Designation

We are pleased to announce that Joe has received the Chartered Global Management Accountant designation from the AICPA and the Chartered Institute of Management Accountants (CIMA). This new designation was bestowed upon Mr. Alam in recognition of the value he provides to organizations by guiding business success through his understanding of finance, budgeting, internal audit, strategic planning, operations, risk management, governance and more. Congratulations to Mr. Alam.



Timing: A Key Ingredient of Business Success

Timing must be taken into consideration when making important business decisions. There are numerous courses of action a business can take to increase its success, but the environment in which they are taken can be the difference between profitability and drastic losses.

Decision makers often get overly excited about an opportunity and make a faulty decision without considering vital factors. One key element is the state of the general economy. Is the economy expanding, mature, or contracting? Pursuing an acquisition opportunity as the economy contracts or taking on a new customer which the company can neither finance nor support, or expanding capacity without a commitment from the customer base, are just a few of the examples of the importance of timing. These are decisions that can change the face of a business. A business that was previously successful and reliable, can be transformed into a business in trouble, forcing top management to make difficult business decisions based on short term considerations to try to recover. The idea is to fully analyze the timing of important decisions before committing to a course of action.

Look at what happened in the economic downturn from which we are now recovering. Buyers purchasing automotive suppliers or owners managing their liquidity to make it through the downturn are respected for their business acumen. Those who decided to withdraw from the market, thinking they could find security or safety, are looking back in regret wishing they would've anticipated the return of the market and the resulting increased sales volumes, reduced competition, and higher selling multiples that the market is currently yielding.

While it is not possible to know exactly what will happen in the future, making an educated decision based on proper data is achievable. Completing proper due diligence, developing detailed projections, benchmarking against market leaders, and market trend analysis can drastically increase the probability of success when considering major decisions.

If you are considering a potential opportunity and need help in evaluating it, please feel free to contact Mid-States Capital. We can help you evaluate and execute to reach your desired goals.



Mid-States' New Website

Mid-States Capital is pleased to announce that it has updated its website, making it easier for clients to navigate. If you would like to visit our new website please go to www.midstatescapital.com

You can also now visit Mid-States' LinkedIn page at www.linkedin.com/company/mid-states-capital-llc



Increased Need for International Financing

As the banking industry in the United States has settled, lenders have further defined their target markets. At this time, U.S. lenders have determined which markets they are comfortable pursuing, and many of them have chosen not to provide funding on an international level. If they do, it is in limited markets under limited circumstances. The lack of availability of capital to middle market

companies on the international stage is limiting immediate opportunities for businesses and can further limit future opportunities.

International financing is not easy to come by, with a multitude of potential problems arising when searching for funding. The largest road block is finding a lender that is comfortable lending into the country in which a business is operating. As an example, many lenders have an aversion to lending into Mexico based upon the difficulty in perfecting liens and collecting receivables under current Mexican law. Additionally, other sources will only lend money to companies in need of funds over \$5 million and possibly more. In addition to the above road blocks, international financing can be costly, with rates often in the double digits in many markets.

Borrowers frequently encounter a problem in finding a lender willing or able to lend in the local currency. This is true in Mexico, and throughout Central and South America.

In the process of evaluating your international opportunity a lender will evaluate each customer and their payment terms, collection history, and current receivable aging. A lender may also require the borrower to purchase insurance on its receivables and inventory, and perhaps to ensure against political risk. If the company is a subsidiary of the a U.S. based company, the financials of the U.S. based company may need to be analyzed and a guarantee may be required.

Despite the roadblocks, an international opportunity may be the best option to profitably grow a company and should not be thought of as unattainable. At Mid-States, we stay in contact with international financing sources, from traditional banks to finance companies. If you would like to discuss an opportunity that you or one of your clients currently has, please feel free to contact us.



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For more information about Mid-States Capital or our services, please contact Joseph P. Alam at (313) 215-1700 or email JPA@MidStatesCapital.com.

Sincerely,

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