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Invest:



Interviewee: Alan Scharfstein

The Approaches To Optimizing Business Values For Mergers and Acquisitions

In an interview with Invest:, Alan Scharfstein, founder and CEO of DAK Group, discussed the approaches to optimizing business values for mergers and acquisitions. “With the advantage of private equity and all the optionality that exists for business owners, many of our younger clients look at the sale of their business as just one step in a much larger career,” Scharfstein added.

What recent changes have shaped DAK Group’s operations in New Jersey?

The past year has been exceptional for mergers and acquisitions in New Jersey. There has been a huge amount of interest in many of the basic industries in which New Jersey has leadership, such as manufacturing, biotech, business services, and technology. That interest has come from strategic investors, publicly traded companies, and the private equity community. The transactions have been more challenging because of the uncertainty around tariffs and sourcing issues.

How does your Legacy Partners alliance bring strategic advantages to your clients?

DAK Group has differentiated itself from other investment banks by always helping the business owner prepare for the transaction, in addition to facilitating it. Many business owners will approach us years before the company is ready to sell. We can help increase the total valuation by allowing them to understand how a buyer would look at the business, identifying problems and key areas that need improvement, and giving them the time to eliminate issues or mitigate their effect over time before they begin

the divestiture process. This step allows them to be better prepared to go to market and typically enables them to yield significant additional value.

Our partnership with Legacy Partners brings us one step closer to the business owners. Through the Master Exit Planning process, we can now address the question of an exit strategy early on in the life cycle of a business. We can then think holistically about the business itself, the owner’s objectives, and the owner’s planning for the business transaction, including tax issues. It allows us to develop our relationship with the owner earlier in their ownership of the business and create even better value for the business at a much earlier stage.

Most owners don’t have a real understanding of the best possible way to maximize the value of their business when they go to exit. There’s also a generational difference. Business owners used to look at exiting their business as the final stage in their business career. In today’s world, with the advantage of private equity and all the optionality that exists for business owners, many of our clients consider the sale of their business as just one step in a much larger career. They begin their business with the exit in mind, planning for it strategically and early, allowing them to build in key value drivers that will pay off later when they are ready to exit.

How do you see the current dynamics in New Jersey’s mergers and acquisitions activity?

We’re seeing strong momentum from several directions — private equity groups, strategic buyers, and a growing amount of cross-border activity. In fact, about a third of

the transactions we're involved in include an international component. European acquirers, in particular, find the East Coast appealing. If they're not already here, they want to be — the U.S. is not only the world's largest economy but also widely regarded as the most stable. New Jersey, with its direct air connections to major European capitals, offers a natural advantage as a landing point for these investors.

We have significant experience in cross-border transactions. We understand how to deal with, attract, and negotiate with non-U.S. buyers, which is a big plus for what we do. New Jersey is a mature marketplace. It is one of the world's leaders in medical products and life sciences. It's an interesting mix with traditional manufacturing and distribution businesses, giving the state a robust and varied economy.

Right after last year's election, we saw a notable uptick in demand for U.S.-based manufacturing plants across industries. Both U.S. companies that had been producing overseas and foreign businesses serving U.S. customers began looking to invest here quickly. Their goal was to establish or expand local manufacturing capacity, retool operations, and transition production stateside to avoid tariffs and regulatory hurdles.

How do you help clients navigate economic challenges?

Every industry responds differently to shifts in the economy, and part of our role is helping clients understand how those dynamics affect them. We take a close look at the bigger picture — capital markets, valuation trends, and buyer appetite — alongside the client's own performance and objectives. Based on that, we may recommend accelerating or, in some cases, delaying a sale to ensure they're positioned for the best outcome.

What's most important is that one never pushes a transaction just to get it done. Timing can make all the difference between an average result and a truly successful one, and our priority is always aligning the process with what's best for the client. We also help them think strategically about preparing their business — whether that means strengthening operations, improving financial performance, or highlighting competitive advantages — so when the timing is right, they're ready to maximize value.

How does DAK Group leverage regional insights to optimize outcomes for clients?

One of our greatest strengths is the depth and breadth of our team. We have a strong bench of seasoned M&A professionals with backgrounds spanning a wide range of industries and regions. That diversity of experience allows

us to think creatively about how businesses fit together and to recognize opportunities others might overlook.

Unlike firms that concentrate narrowly on a single industry or geography, we take a broader view. While specialization can have its merits, it often limits perspective and may funnel deals to a small circle of "usual buyers." Our approach ensures clients aren't constrained by that. Instead, we bring proven strategies from multiple markets and apply them where they'll have the greatest impact.

This cross-industry and cross-regional perspective gives our clients a distinct advantage. It enables us to identify buyers others may not consider, structure deals with more flexibility, and ultimately help business owners achieve premium valuations. By combining national reach with regional insight, we ensure every client's outcome is not just successful but fully optimized for their goals.

How do you find the best talent to help clients pursue the best opportunities?

That is the key to our business. We have attracted great bankers and the best team in the middle market. We have a great culture where people enjoy working at this firm, and they enjoy working with each other. Being a stone's throw away from New York City is also an advantage in finding talent. One key differentiator is that our people are back in the office four days a week, enabling us to attract young talent, help them develop, and allow them to have great exposure to clients and different businesses.

How does DAK Group leverage new technology in its workflow?

We have a task force working on how we utilize AI in our business, and we have already incorporated AI in many aspects of our daily work, making what we do more efficient. We expect this to increase our ability to improve time to market, reducing the amount of time it will take from when the client engages us to when we can bring the business to market and begin courting buyers. We have defined a successful strategy in terms of our ability to identify appropriate partners for the businesses we represent, and we expect that AI will enhance that ability as well. It is going to change the dynamics of our business, but it will also allow us to expand our business without adding significant headcount.

What are DAK Group's key priorities for the next few years?

Our top priority is serving privately held, middle-market businesses that often lack the resources and expertise of larger companies. We bring sophistication and strategic

guidance to these midsize firms, helping them define their direction and growth opportunities. Today, business owners have more options than ever. They can sell to a strategic, private equity, or even foreign buyer. They may choose to fully cash out or remain involved to help guide the business toward their vision—whether that means staying for the long term or just a few years. We collaborate closely with owners to help them determine the path that best aligns with their long-term goals.

What is your outlook for the broader financial landscape in New Jersey?

We see continued growth in mergers and acquisitions, and we're investing in our team, infrastructure, and expertise to meet that demand. The middle market, which is often underserved, offers tremendous opportunity. Many of our transactions are as complex as large-scale deals—and sometimes more challenging—given the dynamics of privately held businesses, where personal and emotional factors often influence decisions. Our patience, experience, and resources position us well to guide these owners through the process.

We're also seeing a shift in mindset among younger business owners, who increasingly consider exit strategies from the start, building companies with a future sale or partnership in mind. Combined with the capabilities we've gained through Legacy Partners, this creates a solid foundation for continued growth in New Jersey's financial landscape.



About

Alan Scharfstein

Alan is the CEO of The DAK Group. Mr. Scharfstein founded the firm in 1984 to cater exclusively to the M&A needs of middle market business owners and has negotiated more than 750+ transactions in a wide range of industries. He can be reached at ascharfstein@dakgroup.com.