It is possible to earn very large profits as a privately-held company without going public. Some of the most successful companies you may think of, not just your start-up or Mom-and-Pop retailer, are privately-held companies,

Q. I always hear people in business talking about going public. Sometimes it seems like the thing to do, but I am not certain. So, I am interested in knowing why do companies go public? I have been in business for roughly six years. Can I do this too? -- **Super CEO from Columbus, OH**

A. Oftentimes the owners of a company will want the company to “go public” so that they may really hit the jackpot and “cash-in” on their investment of time, labor, sweat and their finances. Generally, entrepreneurs who build and operate privately-held companies are also the owners of a majority of the stock of the company. The owners of privately-held companies oftentimes were there, at the company, from the beginning. These owners generally re-invest the majority of the earnings of the company in order to stimulate and sustain growth or to avoid an unbearable taxable event. You should understand that owners of successful companies may spend a substantial period time living modestly despite the positive performance of their companies because they have deferred the opportunity to take cash value out of the company. Going public is a strategic way to raise a large amount of money for your business enterprise and for which to exchange one’s equity interests. An owner of 90% of a company with a valuation that exceeds what he or she has invested in the company may be able to sell 30% of his or her shares to the public at a premium rate per share without relinquishing control of the company. The public may buy up all of the shares on the basis of excitement and speculation.

It is possible to earn very large profits as a privately-held company without going public. Some of the most successful companies you may think of, not just your start-up or Mom-and-Pop retailer, are privately-held companies, including, but not limited to: Cargill, Mars (candy), Aramark, Meijer and Enterprise Rent-A-Car. These companies follow models which allow them to be profitable and sustainable without going public. However, when a company or its owners want to raise financial limits or need additional capital in order to reach the next benchmark they have set, going public can be a viable option.

The discussion above is really just the tip of the iceberg as far as going public transactions are concerned. If you have additional questions, please send them to the Counselor at counselors desk@call-post.com

Be well and Godspeed.

Aaron A. O'Brien

Aaron is a business attorney at Baker Hostetler LLP and a Committee member with the Legal Aid Society of Cleveland.