

THE NEWSLETTER OF THE GEORGIA ASSOCIATION OF BUSINESS BROKERS

Hello 2011! We Survived 2010

By Art Lennig

I think it is safe to now say “We survived 2010.” No matter whether you are “the glass is half empty” or “the glass is half full” type of person, the signs are there for us to have a better year in 2011. Our friends who process SBA loans will tell you about the great time they are having right now getting deals done. Buyers want to buy, and sellers want to sell. All indicators and all economists that I have heard predict a long slow recovery. But sellers don’t want to wait it out. They are tired and ready to sell. Yes, their business is down in comparison to 2006 and 2007, but it is still a good business and will command a good, fair price today. Don’t be afraid; the light at the end of the tunnel is not a train. Go out there and talk to the sellers; they are ready to sell.

GABB had some changes in 2010: Our membership dropped. We normally have about a 30% turnover in members each year. Usually the year ends with the same number of members or with a slight



Is that jolly white-haired fellow Santa? No, it's outgoing GABB President Art Lennig presenting more than 100 toys donated at the GABB holiday party to Children's Healthcare of Atlanta. Accepting are hospital coordinators Laura Smith left and Kate Carpenter.

increase. This year it was not meant to be. Yes, we had the traditional turnover in members, but we ended the year down about 20% in actual membership. Normally in times like we have just gone through, the strong survive and get stronger. Congratulations to all of us. Let's benefit from what we have learned and be stronger.

In 2010, we sent out the GABB survey. We had a terrific response with great comments. The Board has tried to respond by instituting the changes as best as we can.

Continued on next page.

GABB January Meeting

Join the new GABB Board on Jan. 31 for a panel discussion about the future of the organization.

In 2011: Get Active in GABB

Continued from previous page..

They will continue to do so. I am very pleased with the direction that GABB is heading and the changes that are being implemented.

The year 2010 also brought a time for some action to help our industry and its regulations. The Securities and Exchange Commission is considering requiring those that sell stock in a privately held company to carry a SEC license of some sort. As we discussed in the last meeting, the Alliance of Merger & Acquisition Advisors (AM&AA) has urged the SEC to adopt a "Broker Lite" type license for all those who normally deal with the M&A market. The AM&AA also has recommended that those who normally deal in the "Main Street" and/or "Mid Market" levels be exempt from having to carry a Securities License. GABB supports that position.

GABB Board Member John Jugovic wrote and sent letters to all the members of the SEC expressing our agreement with the AM & AA to not require us to have a Securities License. We gave out copies of those letters at our November meeting and urged everyone to sign them. Thank you, John, for all that work. If you were not at the last meeting, you can go to the GABB website and download all the information on the SEC License issue. I appreciate your help and support here.

I'm writing this the morning after our annual Holiday Party. Once again Eric and Robin Gagnon put together a wonderful event. Thank you both for your time, effort and dedication to GABB. We had a terrific time and enjoyed mingling with everyone. The location was great and the weather helped you feel like the sleigh was waiting to take you over the river and through the woods to Grandma's house.

I am taking the gifts we collected to Children's Healthcare. They are very appreciative of our support

each year. 2010 was an enjoyable year for me. As the end of the year quickly approaches and my term as President of GABB comes to an end, I have many mixed emotions. I truly enjoyed my term as your President. I also enjoyed the Board. It was a Board of diverse personalities with a vast array of talent. There was never a problem in getting things done, and in most cases the results exceeded the expectations.

One of the greatest things about this Board was the dedication and integrity of each member. The concern was always "what is best for the membership." I have been on Boards before that made decisions for expediency. Not this Board; everyone spoke their mind. One of the basic characteristics of a successful Business Broker (at least in my opinion) is that they will always have an opinion and also are not afraid to voice that opinion. Our Board confirmed my belief on that characteristic.

Thank you to all those who served on the 2010 GABB Board. I appreciate all your contributions. I want to send a special thanks to our departing board members, Van Watkins, Henry Hicks, and J. Snyppe.

2011 is a great year to get involved. There are so many ways to help the association:

Serve on a Committee

Write for the newsletter

Sponsor an event

Be a Meeting Co-coordinator

If you would like to get involved but aren't sure what you would like to do, call me. I can at least direct you in the right direction.

Scrooge's Lesson for Brokers: Greed Not A Good Basis for Selling Price

By Loren Marc Schmerler



In this holiday season, the character of Scrooge serves to remind us of the evils of greed, especially when trying to sell a business. I continue to be amazed at how many times a business owner with unrealistic selling price expectations can

come crashing down to reality in a very painful manner.

One such case was with a woman who wanted help selling her high end men's and women's boutique shop in the fashionable Virginia Highland area of Atlanta.

She told us she wanted \$455,000 for the business, which I thought to be a rather odd number because it was very specific and considerably higher than the business was worth based on its financial performance.

I always ask an owner how they arrived at their asking price, and common answers are: It's what I want.

It's what I have invested in the business.

It's what I owe the bank.

It's what I need to pay all my debts and to pay back my loans.

I put blood, sweat and tears into this business, and I will not sell for less, etc.

I have learned long ago that if I try to convince an owner that their expectations are unrealistic

when I first meet them, they will show me out the door very quickly without receiving the listing. So I prefer to set the listing price at whatever the business owner wants and let the buying public establish what they feel the business is worth.



So I took the listing at a price of \$455,000 all cash knowing full well that no one would buy the business at that price. And six months passed before we received any bona fide offers. At that time, we had two women and one man offering between \$300,000 and \$325,000 with differing terms and conditions. Long story short, the owner rejected all three offers because she felt they were not suitable and did not represent the true value of the business as she saw it.

Twelve months into the listing, one man presented an "all cash" offer of \$250,000 for the business. *continued on page 7*

Eric Gagnon Named GABB 2011 President

Eric Gagnon, President of *We Sell Restaurants* and *wesellrestaurants.com* will be 2011 president of the GABB.

The GABB 2011 board also includes

Vice President C. David Chambless, president of Abraxas Business Services in Atlanta;

Secretary Tom Burdick, owner of BEK Brokers, Inc., of Alpharetta;

Treasurer Matt Slappey, owner of Murphy Business and Financial Corporation of Decatur.

Other members of the 2011 GABB Board of Directors are:

Paul Cushman, principal of Cushman & Associates of Alpharetta;

Melinda Hubbard, principal of the Hatteras Group, Inc., of Marietta;

John Jugovic, a broker with The Business House, Inc., in Atlanta;

Kathryne Pusch, President and Broker of ConsultKAP, Inc., and

GABB Past President Art Lennig, owner of Murphy Business & Financial Corporation - Georgia, Inc.

GABB President ERIC GAGNON became a Business Broker in 2001 after a successful career in the financial services industry for Bank of America, Bank of New York and KPMG. He founded *We Sell Restaurants* in the Atlanta marketplace, headquartered at 101 Centennial Olympic Park Drive SW and serving most of the southeastern United



States. Eric Gagnon has served multiple years as an executive board member and officer for the GABB, and is also a multi-year recipient of the GABB Million-Dollar Club recognition. Gagnon is a graduate of Francis Marion University and the University of Montreal. A frequent speaker and writer about the restaurant brokerage industry, he is co-author of the upcoming book, "*Appetite for Acquisition*," scheduled for publication in 2011.

Gagnon has been designated a Business Industry Expert by Business Brokerage Press and is a member of the International Business Brokers Association. Eric is a licensed Broker in both Georgia and Florida.



GABB Vice President C. DAVID CHAMBLESS

is the president of Abraxas Business Services, Inc., which focuses on businesses with revenues between \$5- and \$30-million in

the manufacturing, distribution, healthcare, technology, and services industries. An inactive CPA, Chambless has served in sales, marketing, and executive roles in technology firms; as CFO for public and private companies; and as a management consultant. Chambless

has served or is serving in various roles in the Technology Association of Georgia (TAG), including as a member of its board of directors, chair of its Leadership Council, chair of TAG-Finance, and chair of TAG-FinTech. He also serves on the boards of the Grant Park Conservancy and the Southeast Atlanta Business Association. Chambless is actively involved in All Saints' Episcopal Church. Other community investments include service on the boards of The Samaritan House of Atlanta and the Resource Opportunity Center Atlanta, and on the Advisory Council of 24/7 Gateway, a homeless services center. Chambless has an MBA in Finance from the Wharton School of the University of Pennsylvania and a Bachelor of Industrial Engineering degree from Georgia Tech. Chambless and family live in Historic Grant Park.

**GABB Treasurer
MATT SLAPPEY**

owns the Decatur office of Murphy Business & Financial Corp.,

where he works with businesses of all types, ranging from \$100,000 to \$50,000,000

in gross sales.. He is a Certified Business Intermediary through the International Business Brokers Association (IBBA) and is a member of M&A Source. Slappey was the top-selling Business Broker in the GABB last year. Matt's practice is split 50/50 between representing sellers and buyers. Slappey has degrees in Accounting and Business Administration, has 12 years of experience



in management with a Fortune 100 healthcare company, holds an FAA license as an airline pilot, and enjoys playing guitar in a band. Matt is married, has three daughters and lives in Decatur.



**GABB Secretary
TOM BURDICK** broker and principal of BEK BROKERS, LLC of Alpharetta; helps entrepreneurs buy and sell their business ventures. Burdick enjoys and specializes in ownership

changes of main street businesses. Burdick is also a member of the Atlanta Commercial Board of REALTORS® and the International Association of Business Brokers (IBBA), where he earned the designation of Certified Business Intermediary (CBI). Burdick, who is a licensed Georgia real estate broker, returns to the GABB after being one of last year's Board Members.

GABB Board member PAUL CUSHMAN founder and managing partner of Cushman & Associates, has a BSEE and a graduate degree in Engineering Management from University of Alabama, Huntsville.



He is also a member of the IBBA and the Atlanta Commercial Board of Realtors.



GABB Board member JOHN JUGOVIC

broker with The Business House, Inc., in Atlanta has worked in the small business community in Atlanta for nearly 30 years. He has a strong

record of success in Operations and Finance in both high-paced environments with significant

growth, as well as start-up ventures applying strategies for achieving aggressive business goals. Jugovic has managed acquisition and reorganization of entrepreneurial enterprises in the medical devices, distribution and consumer products industries. Jugovic earned a B.S. in chemical engineering from Purdue University and was recently awarded the Certified Business Intermediary (CBI) designation from the IBBA. Jugovic lives in the Virginia Highland area in Atlanta.

GABB Board member MELINDA HUBBARD



joined The Hatteras Group as a principal in 2003 and is a life member of GABB Million Dollar Club. Her previous experience consisted of owning and selling a large family business. She also spent

three years working in an accounting office, learning tax and bookkeeping skills to handle business evaluations. After staying home to

raise two children, she worked in residential real estate for five years and attained her broker's license. Hubbard represents clients in the manufacturing, distribution and service industries with a strong emphasis on automotive-related businesses. Her other professional affiliations include the Kiwanis Club Marietta, North Cobb Business Association and the Georgia Association of Realtors. Melinda lives in Marietta.



GABB Board member KATHRYNE PUSCH

, President of ConsultKAP, Inc,

began her career consulting for a large international consulting firm in

1979. She has worked successfully in large corporation and small enterprises across a broad range of industries, private and public sector, and has owned and managed two small businesses herself, in addition to her successful brokerage. ConsultKAP intermediary services focus on helping individuals and companies who want to sell or acquire a business to do so with the greatest likelihood of success, as defined by the achievement of their unique objectives. She is the 2003 past president of the GABB, a published author, and a licensed Georgia real estate instructor. Kathryn earned her MBA from George Mason University. She is a frequent public speaker on topics related to business transitions and exit strategy. She volunteers in a range of ministries in her church community, and is on the board of Family Promise of NewRock, an interfaith non-profit solution to local family homelessness.



GABB Past President ART LENNIG, owner of Murphy Business & Financial Corporation - Georgia, Inc.,

became a Business Broker in 2000 after more than 20 years of owning

and operating his own businesses. He enjoys working with his clients to help them accomplish their goals and dreams. He has served in various leadership roles with the GABB, is a member of the International

Business Brokers Association (IBBA) and has earned his Certified Business Intermediary (CBI) designation. He received the Senior Business Analyst Award from the Society of Business Analysts in 2003. He was graduated from the University of Evansville, Indiana, with a B.S. in Marketing. Lennig lives in Acworth.

The GABB is a not-for-profit statewide membership organization committed to establishing and maintaining an environment and support structure for success and professionalism in the business brokerage industry. GABB actively promotes education, integrity, community responsibility, leadership, professionalism and productivity.

Lessons learned from Scrooge, cont'd from p. 3

The owner summarily dismissed this offer. This offer was \$75,000 less than the best offer previously received.

Eighteen months into the listing, when a man offered \$184,000, the business owner was so burned out that she accepted the offer even though it was \$271,000 less than the listing price, \$141,000 less than the first bona fide offer with terms, and \$66,000 less than the "all cash" offer. The business owner wanted and needed closure so she could move on with her life.

And now the story takes a wicked turn. On Monday of the week of closing, the buyer changed his mind and backed out of the deal. So the business owner and I were left shaking our heads over what a disaster had just taken place, and the light at the end of the tunnel vanished in an instant.

If she had decided that freedom was more important than money when we first met, she could have been less aggressive with her asking price, attracted more buyers and probably sold her business for between \$300,000 and \$325,000 within six months. Then, at long last, she would have been free to pursue anything she chose. But greed reared its ugly head, and the business owner paid the ultimate price of closing her business and receiving nothing for her many years of hard work.

After helping sellers and buyers for more than 20 years, I have found that honesty, integrity, full disclosure, patience and a willingness to consider various alternatives makes the probability of success for all parties very high.

Loren Marc Schmerler

Affiliate of the Month

Chris Fonzi

Principal and founder

Logic Environmental, Inc.,

3242 Al Drive, Duluth, GA 30096

ph: 770-817-0212 fax: 770-817-0214

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What is the focus of your company, and how does it differentiate itself?

Logic's business is identifying and resolving environmental issues, primarily in the course of real estate transactions. We perform all types of environmental assessment, including Phase I, Phase II, transaction screen assessments, SBA risk assessments and others.

What are your company's target markets?

Our clients include lenders, developers, land owners, conservation groups and charitable organizations, although we specialize in the environmental requirements of the SBA and government-guaranteed lenders. We take great pride in providing our clients with options that are practical, cost-effective and easily understandable. Our reports include minimal technical jargon, virtually no acronyms and always present the information in the simplest and most relevant terms.

BACKGROUND: I was raised in Miami, Florida and attended the University of Florida law school. I began work as an environmental consultant in south Florida in 1991 when



the constraints of the last recession (and possibly some other factors) prevented the legal profession from welcoming me into their ranks in a timely manner. I relocated to Atlanta in 1992 and established Logic Environmental in February 1997. I am currently a member of the Georgia and Florida Bars and serve on the Board of Directors of the Georgia Lenders Quality Circle.

As I understand it, the most important element in business success is luck. I

have found, however, that working like hell for many years seems to immeasurably improve your chances of getting lucky. The most important thing I've learned in business is to worship your clients, and to try to understand them as well as anti-stalking laws will allow. If you don't understand what motivates them, you have no real chance of serving them well.

The worst piece of advice...I ever received (and still periodically receive) is “Just subcontract it out.” Reputation is too important and too fragile to relinquish control of the service you provide, or to wander into any arena unprepared. A job is better lost than performed badly.

The only thing I read EVERY day ...is my email. Some days I read the Atlanta Business Chronicle, or a technical update, or something from a competitor, or a Shel Silverstein poem. Routine is reassuring, but not always time-effective.

I have no hobbies or interests, but have two excellent children -- Victoria (12) and Alexander (9) -- who are committed to having hobbies and interests on my behalf. They are my proof that great success does not always require a clear plan. My only pet is a small aquatic turtle that I acquired recently. I was delighted to learn that he can live as long as 60 years and so can burden my children for many years when I no longer can.

Many people would be surprised to know that I’m an attorney. Others would probably be surprised I have a job at all.

I would hardly try to give advice to any GABB members on anything except environmental issues, but my environmental advice would be this: Encourage your clients to deal with the environmental issues they know about as early as possible in a transaction, rather than simply hoping the issue doesn’t come up. The regulatory climate in Georgia today favors a relatively quick resolution of most environmental issues, but having two months rather than two weeks can make a world of difference.

FORMS: A is For Arbitration & Atlanta

By Melinda Hubbard, President, Broker, The Hatteras Group & Assoc., LLC

Have you ever wondered what city to put in the arbitration clause in our GABB listing agreement? Well the answer is Atlanta. That is the closest, and only, office the American Arbitration Association (AAA) has in Georgia

Why do we have an arbitration clause? Arbitration is much less expensive and much quicker than a court trial because you are dealing with people who know and understand contract law. A recent unpleasant experience has made me a believer in arbitration. I am involved in a lawsuit that has dragged on for a year, and I see no resolution in the immediate future. I will also be subject to the emotions of a jury when it comes to trial instead of the unemotional application of contract law.

Is arbitration binding? The AAA says yes, the award is binding from the time it is issued. Mediation is non-binding, but arbitration is binding and there is NO appeal once the award is rendered.

Please note that I am a broker not a lawyer. You will want to consult with your attorney and AAA on your specific requirements.



Front row: Peter Antoniades, and Matt Slappey, Pat Harkins, David Still, Charles Jay and Jeff Merry. Back row, Tom Burdick, Henry Hicks, Art Lennig, Nick Nicholson, John Jugovic, Hank Tanner and Mike Ramatowski.

13 Brokers designated BCI's & BCB's

Thirteen GABB members were presented as new or renewing Board Certified Intermediary (BCI) and Board Certified Broker (BCB) designees on Nov. 30. BCI designees were Peter Antoniades, John Jugovic and Matt Slappey BCB designees were Tom Burdick, Pat Harkins, Henry Hicks, Charles Jay, Art Lennig, Jeff Merry, Nick Nicholson, Mike Ramatowski, David Still and Hank Tanner. The BCB requires having a Georgia Broker or Associate Broker's license, more courses, more time in the business and more closed transactions. You can find an application under the members only section of the [GABB website](http://WWW.GABB.ORG). If you have questions contact [Hank Tanner](mailto:Hank.Tanner@gabb.org) at 770-540-4776.

Welcome NEW GABB Members

Dawn Prater

Coldwell Banker Commercial Metrobrokers

3575 Piedmont Rd, Piedmont Center Building 15, Suite 950

Atlanta, GA 30305

Office - 678-320-4800, Cell -678-232-1879

dawn.prater@metrobrokers.com

Kent Reed

Murphy Business & Financial Corp.

1662 Huntingford Dr., Suite 150

Marietta, GA 30068

Office - 678-383-4781, Cell - 770-286-0950

K.reed@murphybusiness.com

Code Corner

by Van Watkins, GABB Past President

The great Greek philosopher Socrates emphatically said, "**Know Thyself.**" This is tremendous advice for all of us on every level—professionally, personally, relationally and at every level of business. Our profession demands that we understand our professional capabilities (and limitations) and **STAY WITHIN THEM!** This is a matter of utmost integrity. Simply stated, stay within your level of expertise. Never put together a market estimate of value and call it a formal Business Valuation; never give legal or accounting advice unless you are a licensed professional; never allow yourself to overstate, misstate or exaggerate in the course of business! This will protect you, as well as the Clients you represent.

From GABB Code of Ethics, Article Eleven: *"Unless the extent or lack of experience of the Business Broker is fully disclosed to the Client, the Broker should not undertake to make any business assessments that are outside or beyond the scope of the Broker's experience without first obtaining the assistance of a qualified professional."*

GABB
Holiday
Party
Dec. 7, SIP at
Riverside



the



★ ★ UPCOMING EVENTS ★ ★

GABB meetings are held on the last Tuesday of every month, except December.

In 2011, GABB meetings will be held on
 Jan. 31, Feb. 22, March 29, April 26, May 31,
 June 28, July 26, Aug. 30, Sept. 27,
 Oct. 25 and Nov. 29.

8:30 AM -GABB Board Meeting
 9:45 AM -Networking/Breakfast
 10:30 AM -Membership Meeting
 12:15 PM-Committee Meetings



Join GABB in 2011

If you are interested in discussing membership in GABB, please go to www.gabb.org and send the completed Membership Interest Form to initiate contact with our Membership Committee, or contact the GABB Membership Chair J. Snypp at 404- 966- 5989.

GABB BOARD 2010

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 678.852.6228

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 404.593.4193

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