GABB Georgia Association of Business Brokers

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GABB TODAY

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"Another Source of Buyers To Tap Into For Deals"

By Patricia McDonald, CBI, GABB Membership Committee

There is a source of Buyers out there that most of us forget about when trying to market our listings that are priced in the range of $400,000 to $1,000,000. Those types of listings are known as an "Add-On Acquisition" to Private Equity and Private Investment Groups. I was reminded of this at the last IBBA Conference. After walking around and chatting with the M&A Source exhibitors, I headed out to the main conference area to share lunch with some of the newer members. Some of them made comments about how the M & A Expo didn't work for them since the "Big Guys" didn't look at their deals.

I used to feel that way myself when I first started walking through the Expo trying to show the "Big M & A Guys" some of the listings I was marketing to sell. One day I cornered two of the M & A exhibitors to ask what information their company wanted to see in a "pitch book" and what some of the investment groups look for in making a decision to examine a package further. When I asked them if they ever look at small deals, they said they did. Then I asked them what was needed to get them to look at the smaller listings I was marketing for sale.

The first thing they told me was how important it was to package my listings properly--to make sure I had included enough information about the company, market concentration and at least three years of financial information. Then they said to look over their handouts to see what their current acquisition criteria included and make sure my listing fit within those criteria, as either a New Platform Acquisition or an Add-On Acquisition.

Needless to say, for the next conference I assembled the packages of my listings a bit differently, and then went through the M & A Expo showing my packages to some of the "Big Guys." Some took the time to look my listings, but none requested that I give them a package. So I decided to ask more questions of some of the M & A source members about how they present their material.

Gosh, I was amazed! Those M & A source members were very helpful and shared a lot of information and advice with me.

1. Learn the language of M & A. Know what Private Investment Groups (PIGs) or Private Equity Groups (PEGs) mean by "add-on" or "new platform." Get to know the different groups that work with the M & A members, what type of funds they have to invest and how soon they need to invest their funds. Tom West was nice enough to send me information on where I could obtain The M & A Dictionary by Fulcrum Information Services, Inc. According to the information he sent me, this small compendium of definitions, phrases and examples

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MEETING NOTICE: TUESDAY - AUGUST 25, 2009 AT 10:30 AM

"WOMEN IN BUSINESS BROKERAGE: FACING ECONOMIC, GENDER, AND PROFESSIONAL CHALLENGES" FEATURED DISCUSSION PANEL – PAT MCDONALD, KATHRYN PUSCH, MELINDA HUBBARD, SANDRA DOHN

** NETWORKING STARTS AT 9:45 AM **

AFFILIATES CORNER:

BARRY ETRA, ETRA ADVISORY GROUP

"Please join Barry Etra as he hosts our popular Affiliate's Corner Networking starting at 9:45 AM. Be early for some great complimentary refreshments!"

MEETING COORDINATOR: ANNE FRANCIS

The Lender Minute

By Carolyn Robinson, Community South Bank

Not much has changed over the last few weeks.

1. Lenders are looking for "skin in the game" (at least 20%) and heavy collateral, at least 50% of the loan amount. First lien on commercial or residential real estate is preferred.
2. Every lender is looking for solid existing businesses that have been able to survive the recession by cutting expenses and "hunkering down."
3. As always, good credit and industry management experience are paramount.
4. Debt service coverage ratios of at least 1.2 times in two of the last three years.

I recommend to all Business Brokers: Contact their past successful customers and find them a piece of good commercial real estate that they can buy at a very good price. There are a lot of bargains out there.

Another Source of Buyers... CONTINUED

is a book that you will refer to often. It not only contains the definitions that you might expect, but also valuable information on the Securities and Exchange Commission, the Department of Justice (Antitrust Division), the Federal Trade Commission and Horizontal Merger Guidelines. There is a lot of information packed into this little book. To find a copy, go to the website: http://openlibrary.org/b/OL11746010M/The-M%26A-Dictionary. This site publishes where you can find the book, used or new, and it can also be found in some of the local libraries.

2. Know your listings. Ask detailed questions of the Owner, do a write-up about the Company and be sure to get three years of financial information to put in your package. Make sure you have a current year-to-date balance sheet, as well as the income statement.

3. Make sure that all material is legible. When Owners send information by fax it is not always easy to read, and if you make copies, make sure that they are neatly copied. Then put all the material in an organized fashion in some kind of bound notebook. (A three-prong folder will work.)

4. Send your listing to as many exhibitors as possible. They are beating down doors these days to find businesses to purchase. They want to see what businesses you have for sale and if it falls within their criteria. Be sure to follow up with a phone call to make sure they have received it.

The key to getting the "Big Guys" to look over your package—and listen to you talk about your listings—is all in how well you believe in your product and are able to present the material.

If you believe strongly in your listing, then tell the "Big Guy" why he should look at your "small deal." They do listen. Take time to go to the different web sites and read all about each group. Read over the list of businesses they are interested in acquiring, but also look at current companies they own. Some of their current portfolios are looking for more small businesses to "add-on" to grow the company.

Get to know the exhibitors and tell them about yourself so they get to know you. You will find that when they get to know you, the next time you call them, e-mail them or walk up to them to present your listing at a conference, they will remember you.

Because our banks have such restrictive criteria today to finance your deals, try out the "Big Guys." They have the funds to buy deals, and believe me when I say they do want to spend it!

Meet A Business Broker Member
"Up Close and Personal"

BHARAT RAGHA

Realtor
Metro Brokers/GMAC Real Estate | Office: 404-843-2500; Cell: 770-265-8882
GABB Associate Member Since 2007 | Business Broker Since 2006

How long have you been with the company?
Since January, 2006.

What role do you play within your company?
Business Broker, Commercial Sales/Investment Properties and Residential Sales.

What is the focus of your company, and how does it differentiate itself?
Real Estate Broker offers all services regarding residential, commercial and business brokerage activities with extensive training, support and educational courses for its Realtors.

What are your company's target markets?
Atlanta Metropolitan Area with 25 offices.

What led you to this line of work?
My involvement in investment properties and my strong business background: owning and managing a motel, C-store, dry cleaners and wholesalers.

What experience did you have in doing transactions before you became a broker?
Buying and selling personal businesses.

Have you always lived in Atlanta? If not, where else?
I have lived in three different continents:
India (10 years); Johannesburg, South Africa (14 years); Atlanta, GA(1978-79); Montgomery, AL(1980); Memphis, TN(1981-2004); Atlanta, GA(2004-present).

Professional Affiliations
GABB, Atlanta Commercial Board of Realtors, National Association of Realtors (NAR), CoStar, FMLS, GAMLS. In 2007, I was also inducted into the Metro Brokers/GMAC Summit Club.

Personal Affiliations
I am a Lifetime Member of the United States Tennis Association (USTA) and volunteer of various Indian cultural events.

All About You
I have been happily married for the past 32 years to Hansa. She's an excellent mother to our beautiful daughters Tejal and Shaleen. Tejal went to UGA and is in pharmacy school at Samford University. Shaleen is currently at UGA. I've been very fortunate and am grateful to have great friends and extended family throughout my life.

I enjoy watching sports, but I would rather play sports (especially tennis) any day. I enjoy reading about philosophy and spirituality. My favorites are *Path of the Masters* (by Dr. Julian Johnson), *The Monk Who Sold His Ferrari* (by Robin Sharma).

Accomplishments
USTA team tennis state champions in Tennessee in 2002.
Champion in various local tournaments of singles' tennis in Memphis, TN.
Travelled through half the world in 9 months in 1974-75.
Travelled across the U.S. in 1988 and 1994.

AFFILIATE SPOTLIGHT

Don Kemp

President

Southern Advisors Group

678-860-4639

GABB Affiliate Member June 2009

How long have you been with the company?
4 years.

What is the market focus of your firm: what does it do?
Southern Advisors Group offers investment advisory and insurance services, helping protect family and business from losses associated with premature death, illness, injury and asset risk. We provide fee-based professional asset management; retirement income planning; strategies to minimize taxes; and life, health, and disability insurance.

What role do you play within your company?
Owner and active agent/investment advisor.

What is the particular focus of your company, and how does it differentiate itself?
"Protecting Your World" is my guiding principle. If someone hires me as an advisor, I never want to say, "Sorry, not my fault." if anything goes wrong for that client.

That means I do things other advisors may not. As an example, I don't sell Property & Casualty (P&C) Insurance, but I provide my clients with a checklist for them to use with their P&C agent to make sure they know what is and what is not covered – before something happens. Because I want to "Protect Your World"

What are your company's target markets?
My primary focus for GABB is helping the Broker have life insurance in place – quickly and painlessly – so the deal can close! Business owners are a primary focus, particularly with GABB.

With 20 different life insurance companies, one is perfect for every situation. Need fast? 10 days with no physical. Need low cost? Typically 5 – 8 of the 20 lowest quotes for any situation. Need tax-free retirement? The best companies for cash accumulation. Need Living Benefits? Several to choose from.

Have you always lived in Atlanta? If not, where else?
We have lived in 10 States, Germany & Korea, while employed with the U.S. Army, Procter & Gamble, Borden and Flowers Industries. Now, we call Atlanta home (for 12 years, the longest ever in one spot.)

Professional Affiliations
GABB, Asset Protectors & Advisors Group, 300 Financial, The 1818 Club, I also work with several CPA and estate planning firms to ensure that legal and tax issues are covered.

Personal Affiliations
Meadow Baptist Church and the Georgia Alzheimer's Association, Karen Handel for Governor.

All About You
I have been married to Karon, my high school sweetheart, for 36 years. We have been blessed with two children: Andrew, a senior at North Georgia College & State University; and Alice, a junior at Georgia State. We have lived in Suwanee, GA since 1997.
Favorite Movie: *Saving Private Ryan*
Current Book: *Crash Proof*
Favorite Bible Verse: "May the God of hope fill you with all joy and peace as you trust in him, so that you may overflow with hope by the power of the Holy Spirit." Romans 15:13

Accomplishments
Being married for 36 years means I'm a good judge of character – I picked someone who would put up with me through thick and thin. Second to that is the feeling I get when I've helped a client weather a major life storm without loss – like clients' who had invested their entire IRA with me and did not lose a dime in the last year.

Tips/Advice for GABB Members
Call me – I can help protect your client's world and help you close the deal when Life Insurance is needed.

ANNUAL GABB GOLF TOURNAMENT

Dust Off Your Golf Clubs...

You will need them for our **Annual GABB Golf Tournament**, which will be Wednesday, September 23rd. This fun-filled event will be at the Brookstone Golf and Country Club, located at 5705 Brookstone Drive, Acworth 30101 (www.brookstonecc.com).

Be there by 8:00 AM for check-in and warm-up, with tee-off at 9:00 AM.

Lunch will be provided around 1:00 PM. If you don't wish to play golf, you are invited for lunch. The individual cost for golf and lunch is $70.00, and lunch only is $15.00.

RSVP Art Lennig at a.lennig@murphybusiness.com by September 15th.

CONGRATULATIONS!

To the following Members who have received their Certified Business Intermediary (CBI) designations:

Charles Jay, Broker Member,
with Jay & Associates, LLC (Lifetime CBI)

John Jugovic, Associate Member,
with Prime Business Investments, Inc.

BBMS TRAINING

If you are a New Member who has not taken BBMS Training or an experienced Member who would like a refresher, the next class will be on Friday, September 11th at the Metro Brokers/GMAC-North Fulton Office, 1580 Holcomb Bridge Road, Suite 26, Roswell 30076.

Ken Stebbins, the Founder and Owner of BIZMLS.com, will give in-depth instruction and useful tips. Lunch will be provided.

RSVP with Art Lennig at *a.lennig@murphybusiness.com*, or 770-303-0044, to order your lunch and materials.

THE CODE CORNER

by James Welch, GABB Past President

As Business Brokers, part of our professional service to a client is to assist them by giving our educated opinion as to what we believe to be the current market value of a given business. The key words here are "educated opinion" because we should not just pull a number out of the air. Our GABB Code of Ethics, Article Twelve, addresses this issue for us:

GABB Code of Ethics, Article Twelve: *"A Business Broker, when making a formal valuation or appraisal of a business, should not render an opinion without careful and thorough analysis and interpretation of all market and economic factors affecting the value of the business."*

★ ★ ★ UPCOMING EVENTS ★ ★ ★

August 25th
8:30 AM – GABB Board Meeting
9:45 AM – Networking
10:30 AM – Membership Meeting
12:15 PM – Forms Committee Meeting

September 10th
5:30-7:30 PM – "Happy Hour"
@ Twisted Taco,
4505 Ashford Dunwoody Rd
Suite 32, Atlanta 30346

September 11th
8:30 AM-4:00 PM – BBMS Training
@ Metro Brokers/GMAC
–North Fulton Office
1580 Holcomb Bridge Road, #26,
Roswell 30076
RSVP with Art Lennig, 770-303-0044
a.lennig@murphybusiness.com

September 23rd
8:00 AM – Annual GABB GOLF Tournament
Tee Off: 9:00 AM/ Lunch: 1:00 PM
@ Brookstone Golf & Country Club
5705 Brookstone Drive, Acworth, 30101
RSVP with Art Lennig, 770-303-0044
a.lennig@murphybusiness.com

September 29th
8:30 AM – GABB Board Meeting
9:45 AM – Networking
10:30 AM – Membership Meeting
12:15 PM – Forms Committee Meeting

October 2nd
8:00 AM – 5:00 PM -- GABB Annual Fall Conference

October 27th
8:30 AM – GABB Board Meeting
9:45 AM – Networking
10:30 AM – Membership Meeting
12:15 PM – Forms Committee Meeting
12:15 PM – New Member Orientation

NEW MEMBERS

WELCOME

THOMAS CRUMPTON
Metro Brokers/GMAC Real Estate
Associate Member
404-843-2500

ROBERT ARZDORF, CPA
Carbo & Associates
Affiliate Member
770-931-1216

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Affiliate Member
678-566-8188

MICHAEL EICHENSEER
Keller Williams Realty
Atlanta Piedmont
Associate Member
678-495-1870

FOSTER BROWN, CPA
Herald Haines & Brown, LLC
Affiliate Member
770-921-8100

SWETA SHAH
BuyTradeBiz.com
Affiliate Member
770-246-1331

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