

GABB Today

Volume 104 Issue 1 Newsletter of the GA Association of Business Brokers January 2004

from your President

It is with great pride and pleasure that I assume the role of President of the Georgia Association of Business Brokers. I look forward to working with each one of you to making GABB one of the more vital state organizations serving its membership. However, we cannot succeed without your input, involvement and commitment to the ideals we have collectively established for the GABB. I will be calling on many of you to serve in various capacities of our organization and thus broadening the perspective of the GABB while concurrently utilizing the vast pools of talent we have in-house.

I am always awestruck by the month of January as it represents a fresh new beginning. Several weeks ago, the USA Today ran a feature article discussing the dissatisfaction Americans had for the balance they had achieved in their lives. While corporate productivity had reached an all time high, it was at the expense of its workers. People were feeling stressed, dissatisfied and generally overworked. Many were determined to correct this anomaly by bringing their lives more into

balance. As business brokers, we have only one thing to sell and that is our time. We can all become more efficient by focusing on those buyers and sellers that are truly motivated to buy/sell a business. There are no hard and fast rules for screening out these time wasters but I would consider the following items in your decision to get involved with them:

Sellers:

1. Has his business been profitable over the past three years? If not, what could a new buyer bring (other than money)? Let's face facts; it is difficult to sell a business that doesn't make money. If you represent a company like this, there has to be some compelling circumstances that make the transaction doable.
2. Is the seller willing to sell at a reasonable multiple of cash flow?
3. Do the company's assets and cash flow merit SBA financing?

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MEETING NOTICE:

Tuesday, January 27, 2004, 10:30 AM

**The DeKalb BOARD OF REALTORS
1414 Montreal Road, Tucker 30084-8140
770 410-7582 ♦ www.gabb.org**

**Speaker: Nick Nicholson
"New GABB Forms"**

from your President (from page 1)

4. Is the seller willing to advance a reasonable fee that can be offset against your success fee? If not, he has nothing at risk and you have everything at risk. As business brokers, we have to stop giving our time away for free. In several cases, I have reduced my commission rate for large non-refundable monthly retainers.

5. Is their substantial opportunity for a new buyer to increase revenues and profits? I truly believe that buyers buy a business based upon its current cash flow but future opportunities for revenue and profit growth is the driving factor behind their decision to buy.

6. Does the seller have good financial and operational records of his business including monthly or quarterly financial statements, annual tax returns, and cost records legitimating gross profit margins? These items will be needed to complete due diligence and close the deal.

7. Lastly, does the seller have integrity? At the end of the day, the buyer will want to get the "warm and fuzzies" from the seller. He will be reluctant to buy if he is not convinced that the seller is honest, trustworthy and committed to making the buyer successful.

On the other side of the coin, we have the buyers. Here are several items to keep in mind when dealing with them:

Buyers:

1. Are they willing to give you a personal financial statement, buyer profile and abbreviated resume?

2. Are they willing to clarify items in the personal financial statement by providing bank statements, etc.?

3. Do they have the requisite skill sets to be an entrepreneur?

4. Are they risk takers? If not, they may search forever and never pull the trigger.

5. Is there substantial motivation driving them in their search for a business (e.g. loss of job, corporate fatigue, frustration with not being the boss)?

6. Do they have numerous alternatives? The more alternatives they have, the less likely they will purchase a business.

7. Are they willing to work with you exclusively and compensate you in the event they chose not to purchase a business?

In closing, let's have a more productive 2004 by eliminating some of the people that will never complete a transaction. Remember, it is impossible to reduce this number to zero. However, if you successfully screen out 60% to 70% of these individuals prior to investing significant time, you will have added appreciable productive work hours to your week and concurrently increased your profitability.

Have a great month!

Pat Harkins

**Let's work smarter,
not harder in 2004!**



special thanks

 to our generous



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2004 DUES INVOICE

DUE no later than Jan. 31, 2004

Current Members: Make Check Payable to GABB and Mail to:

Georgia Association of Business Brokers
C/O DeKalb Board of Realtors
1414 Montreal Road
Tucker GA 30084-8140

COMPANY OR INDIVIDUAL ACTIVE MEMBERSHIP(Brokerage) : \$145.00

ASSOCIATE MEMBER/AGENT OF ACTIVE MEMBER: \$125.00

AFFILIATE(Non-Brokerage Support Profession) MEMBERSHIP: \$125.00

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"I am eligible for renewal under the terms of the Attendance Requirements attached. Enclosed is my check number _____ in the amount of _____, which is payment in full for my 2004 membership dues."

" I am not eligible for renewal as I have not met the minimum Attendance Requirements. In addition to Dues, please find the \$100 Re-Application Fee. I understand the Membership Chairman may contact me for any additional information required to process my Membership Re-Application. Check # _____ and total amount _____ remitted. "

YOUR Name: _____

Active Member or Affiliate Member Company Name: _____

Product/Service if Affiliate (Support Profession) _____

Company Address: _____

Office Phone: _____ Fax Number: _____

Pager: _____ Cell: _____

E-mail Address: _____ Web Address: _____

Spouse's Name: _____ Home Phone: _____

Home Address: _____

I am up-to-date in my GABB BBMS payments to BizMLS, a requirement of Active (Brokerage) Membership" _____ Signed

NOT a member, but want to be?

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404-843-2500, TODAY for Application Package.**

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Monthly Speakers:

David Still
770-962-8399

GABBMLS:

Ken Stebbins
Ariel Gonzalez
866 881-7861

GABB TODAY Newsletter:

Gina Carr, Editor
770-241-7246
gina@georgiabusinessgroup.com

Kristy Farrell, Production
770-760-7595
farre11s@yahoo.com

Articles Due by the 5th

Listings, Information, Members,
and GABB Newsletter On-Line

GABB Website: www.gabb.org

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1414 Montreal Road
Tucker, Georgia 30084-8140