

GABB Today

Volume 106 Issue 1 Newsletter of the Georgia Association of Business Brokers January 2006

"Get Involved and Become a Successful Broker For Life"

By David Still, President, GABB

At the November meeting, I remember looking at the faces of the past-presidents on the stage. They were all smiling when they received their president plaques. They all had earned the admiration of their peers. They all had worked long hours volunteering for GABB before becoming president and afterwards as well, yet they were still smiling.

Well, you might say it is easy to smile when you are finally being recognized for your hard work, but did you notice that these past-presidents were also smiling before they got their plaques of recognition? Why do you think that was the case when they are working on GABB projects for FREE? One of the reasons is that they are SUCCESSFUL in business brokering year after year. How can that be when they give their time away to the GABB instead of working every minute to close the next deal? Here might be a few reasons:

- **Building Relationships for Education-** By working with others on committees or projects for GABB, you will build relationships with other that can give you opportunities to talk with other Brokers and learn from their experiences. Successful GABB members are always willing to help other business brokers who are showing a desire to improve the profession. By all working together, we can become more successful than working alone.
- **Building Relationships for Co-Brokering-** Successful brokers are able to complete more co-brokering deals because they know more brokers through their work on committees and projects and have developed relationships of trust that help move deals through to closing more often and quicker.
- **Building Relationships for Vendor Services-** GABB has many affiliate members that have great services and products that help a business broker become successful. If you are working elbow to elbow with some of our affiliates on the GABB projects and committees, you have the opportunities to understand their services and products better, plus you are able to establish trust with them. Their will be many times that you will find yourself in a bind and need services quickly. Those affiliates that know you and have developed a friendship with you will respond quicker to someone they know and trust than if you are just another faceless number.
- **Building Relationships for Support-** In business brokering, you will have your up days and your down days. By developing brokerage friendships, you will have someone to call when you need a "lift" to get through working with a difficult client, and you will have someone to call when you are having a great day and would enjoy a "pat on the back" for a job well done.
- **Building Relationships for Opening Doors-** Our industry and the way we do business are forever evolving and changing. We are a young industry, and by being involved in GABB you are a part of decisions that will impact our industry and make it even better. You will hear about it first if you are a part of the process through a committee or project. When do you want to hear how to improve your success rate of closing deals, before or after everyone else?

If you want to be one of the smiling successful brokers and improve you bottom line for 2006, take action -

Get Involved and Become a Successful Broker for Life!

MEETING NOTICE: Tuesday, January 31, 2006, 10:30 AM

**South Terraces Building
115 Perimeter Center Place, NE
Atlanta, 30346**

**Speaker: Matt Towery
Topic: "The Current Business Climate in Georgia"**

Protecting Confidentiality and Still Getting A Deal Done!

By Paula Charles, President, Abraxas Business Services, Inc.

One of the biggest fears of any prospective business seller is that the word will get out on the street that the business is for sale. The seller is legitimately concerned that such a disclosure may cause his employees to leave, his competitors to try and steal the business, and his customers to get nervous and start looking for alternative suppliers. Similarly, buyers can also be sensitive about the confidentiality of a deal in progress – especially if it is a strategic buyer, a great deal, or a public company. How serious is the problem of confidentiality breaches, and how often are businesses harmed by them? What can intermediaries do to minimize the chance of a leak? In developing this article, ten successful, active intermediaries were interviewed to learn about their experiences. A few of the key findings of these interviews are:

- Eight of the ten intermediaries have had confidentiality breaches at least once. On average across the respondents, less than 5% of their deals had confidentiality breaches.
- The most common breaches were perpetrated by buyers and/or their advisors.
- In each reported case of a breach, the client was (understandably) very upset; two intermediaries reported breaches that actually killed deals.
- There were no reported instances where breaches irreparably harmed the targeted businesses.
- Co-brokerage (one intermediary bringing a buyer to a deal where the seller is represented by another intermediary) had NO effect on the likelihood of confidentiality being breached.

In addition to requiring signed nondisclosure agreements before disclosing identifying information, intermediaries have developed a variety of procedures to minimize confidentiality breaches. Some of these include:

- Frequently remind all parties of the requirement for confidentiality – especially when a new party is to be introduced to the deal;
- Assign numbers to the Confidential Business Profiles, and require these and other materials to be returned if the recipient does not proceed to acquisition;
- Don't put the company name in the documents – especially on the front of a Confidential Business Profile (where it can easily be seen);
- Password-protect sensitive documents;
- Release information in stages;
- Properly screen buyers before disclosing identifying information;
- Clear any advertising with sellers so that the ad does not inadvertently identify the business;
- Put reminders throughout any distributed documents;
- Know the other intermediary and its business practices.

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Finding the Personal Touch In The Internet *by Suzanne M. De Lucia, CBI*

The first business sale which I can definitively credit to the Internet was in 2000. I'm now reselling that business and it has made me think about the changes that have occurred in business in that short five year time frame. These changes are so significant that, in our office, we like to joke about the pre-Internet age as being "so last century".

Perhaps the biggest benefit of the Internet to me is the ability to internationally advertise both our company and our listings on a 24/7 basis. The numerous business listing websites and our own company website have provided us with an increased volume of buyer inquiries, greater recognition of our firm, and a significant number of sales and new listings. The Internet and email have also made it possible to transmit reams of information efficiently and inexpensively. It is wonderful to be able send Confidential Business Reports, business financial information and redlined contracts with the push of a button. Targeted marketing campaigns and mass communications with clients or customers can be accomplished much more efficiently and inexpensively. It is fantastic to be able to relay changes in the status of a listing without dozens of phone calls or to instantly notify an entire industry email list about the availability of a new listing. It's also pretty exciting when a great strategic buyer finds you before you've begun an exhaustive buyer search or when a prospective seller learns you have experience in his industry and chooses you to represent him.

In my opinion, the biggest downside to all of this great technology is reduced personal contact. Businesses are not commodity items. Each is unique in its particular situation, management and unrealized opportunity. It's maddening when buyers make their decision to contact you based solely on an SDE or EBITDA multiple. Even sophisticated or focused buyers don't get the whole picture by looking at a number. The situation worsens for inexperienced buyers. The Internet has enabled them to become so much more educated about the mechanics of business acquisitions. However, I feel they are unknowingly doing themselves a disservice by their self-selection process.

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AFFILIATE SPOTLIGHT *STRATAGEM Services, LLC**Claude R. Beaudry*

3256 Eagle Watch Drive Woodstock, GA 30189

Telephone:(770) 517-0500 Cell:(770) 715-3273 Fax:(678) 935-3374

www.actioncoaching.com/claudebeaudryClaudeBeaudry@Action-International.com

For over 30 years, Claude has developed his skills in general management, turnaround operations, strategic business solutions and organizational transformation. He has leveraged these skills to maximize profits and cash flow, and improve operating effectiveness and productivity within companies. Claude's academic background includes a bachelor degree in chemistry/biology, executive marketing training, and entrepreneurship programs from leading Canadian universities. Claude is skilled at designing/implementing strategic business solutions, Total Quality Management programs, The Balanced Scorecard, international sales/marketing, and staff and HR optimization. He co-authored the book "Walking With The Wise II", published by Mentor's Magazine, with such celebrated people as Bill Gates, Jim Rohn, Brad Sugars, Donald Trump, Christopher Reeves, Suze Orman, Brian Tracy and many more. Guest columnist in the Georgia Trend Magazine, he has given seminars and workshops teaching business owners on how to grow their business.

Claude resides in Woodstock, GA with his wife, Layne, and they have 3 children. He enjoys golf, ice hockey, handyman projects and cooking. He is an active member of the Cherokee and Cobb Chambers of Commerce. Claude is a board member of Men Stopping Violence, a non-profit organization dedicated to ending men's violence against women, and a member of Hillside Methodist Church.

Claude is a business owner and owns an Action International franchise. He is a partner and COO of The Old Towne Gazette in Woodstock, GA.

"As a business coach, I understand the concepts of small business, having run one myself. I have experience and results to back it up. I realize that both change and continued success is obtainable. As a business coach I enjoy the satisfaction of seeing my clients' dreams become realities. My goal in business is quite simple...to help my clients reach their goals. I am fully committed to my client's success, because I believe that *Being in Business should give you more Life.*"

Joel Strimban, Associate
Prudential Georgia Realty
Marietta, Georgia
678-429-3273

John Mitchell, Associate
Preferred Business Brokers
Atlanta, Georgia
770-551-8208

Jay Fenello, Active
Keller Williams Realty-
Atlanta Perimeter
Atlanta, Georgia
678-585-9765

PROSPECTIVE NEW MEMBERS

Daniel Jordan, Active
Business Brokers, Inc.
Marietta, Georgia
770-640-0010

Bobby Goff, Affiliate
Community South Bank
Atlanta, Georgia
404-932-6562

Patrick W. Zomer, Affiliate
Ridge Technical, Inc.
Acworth, Georgia
770-592-1955 x 710

Bruce Bryant, Affiliate
Zions Small Business Finance
Atlanta, Georgia
770-690-4218

Tom Burdick, Associate
Metro Brokers/
GMAC Real Estate, Inc.
Atlanta, Georgia
404-843-2500

Welcome



2006 DUES INVOICE

Due no later than January 31, 2006

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

**Art Lennig
Lennig & Associates
P.O. Box 801170
Acworth, Georgia 30101**

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

ASSOCIATE MEMBER/AGENT OF ACTIVE MEMBER: \$125.00

AFFILIATE (NON-BROKERAGE SUPPORT PROFESSIONAL) MEMBERSHIP: \$125.00

AGENT OF AFFILIATE MEMBER: \$125.00

"I'm eligible for renewal under the terms of the Attendance Requirements. Enclosed is my check number _____ in the amount of _____, which is payment in full for my 2006 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 number _____ and total amount _____ remitted."

YOUR NAME: _____

Active Member or Affiliate Member Company Name: _____

Product/Service if Affiliate (Support Professional): _____

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?

Contact Van Watkins at 678-587-7642 TODAY for an Application Package.

ATTENDANCE REQUIREMENTS FOR RENEWAL
FROM ARTICLE THREE OF GABB BY-LAWS:

In addition to BBMS membership and dues being current (for business brokering members) in order to renew membership in next year, current members must:

“Have registered and attended a minimum of one (1) state-level organizational event during the prior year, e.g., the State Conference, a GABB sponsored course, or a GABB sponsored social event, excluding the reception on the evening prior to the State conference.

Have attended, as verified by attendance rosters, a minimum of one monthly meeting each quarter, and a minimum of six monthly meetings in the entire year, with the Holiday Reception in the 4th quarter counting either as a meeting or a social event, but not both, for any single membership renewal. Prior written notice via mail, fax, e-mail, to the Membership chairperson, or Attendance Sub committee Chairperson, that a member cannot attend a monthly meeting shall be considered an excused absence based upon the reasonableness of the explanation. A member shall not count more than two (2) excused absences in the prior year towards the participation requirements for membership renewal.

Each member shall have a minimum of fourteen (14) events annually (11 monthly meetings + State Conference + Education Course + Holiday Reception) to accrue a minimum participation of seven (7) events (6 monthly meetings + 1 State-level event). Attendance at the December Holiday Meeting will count towards the six (6) monthly meetings requirement. In other words, to renew membership, the member must have participated in 50% of the organization's events during the prior year. GABB members whose office is over 100 miles from the GABB monthly meeting place only must attend 25% of the organization's events during the year to qualify for membership renewal.

Affiliate members are encouraged to attend all events, and the renewal requirement for participation is to attend one event per year.”

Please note that if you are NOT eligible to renew your membership automatically by payment of dues, you must re-apply for Membership. Re-application requires payment of the current application fee of \$100, and a review of your membership. If the Membership Chairperson needs any information other than that provided on your Dues invoice, you will be contacted.

Observations from the Outside ~ and a Goodbye.

I've been calling on and working with member Business Brokers for over five years now and have now been given an opportunity to move into a different area of the Fantastic Sams organization. I have learned quite a bit about how brokers work and wanted to take a moment to offer observations as well as to say goodbye.

The Exit: We have sold our Atlanta Region to Fantastic Sams International Corporation. Fantastic Sams is consolidating many of the fragmented Regions throughout the system to make for a more efficient system. The area covered by our Atlanta office will expand into more of the state of Georgia and into several adjoining states. I have been asked to work the operations side of our business helping our franchise owners throughout this expanded territory.

The Observation: It is interesting how business brokers go about making a living. For the most part, they work very hard! Observing the very successful and working with the barely successful, I have been really amazed at the way different brokers look at things differently. One area where so many are consistent is with their handling of "Buyers".

My training has been in franchising and franchise sales. This forces me to focus on the "Prospect". I only have one product to sell, so I spend my time finding new "Prospects" for my product, determining if they fit my profile, learning about them-their needs & wants, and seeing if they have the ability to afford my program. The "Prospect" becomes part of my database (things change-they may not be candidates today but could tomorrow). They remain a "Prospect" until they either become a Franchisee ("Buyer") or become Inactive.

Brokers, on the other hand, have "Sellers" and "Buyers". They focus on the Seller to get listings so they will have something to sell. They get many listings because they know that not all will sell and those that do sell do not always sell quickly. When they get these listings they begin advertising/marketing to find "Buyers". This is the point where I see the differences between the very successful and other brokers.

The successful broker gathers information from the "Buyer". Information is put into a database (including email address) that gives an idea of the things for which the Buyer is looking. They get a financial statement from the Buyer. They know what the Buyer is looking for BEFORE they go over the businesses that are for sale. They use the MLS to find businesses that may be a fit if they don't have a listing that meets the needs of the Buyer. They refer the buyer to franchises where there is a fit. They track their closing ratio. They realize the commission they earn comes from the Buyer's money.

The less than successful broker asks the Buyer why he called. He gets a fax number and faxes a confidentiality agreement and may or may not get it signed. He then goes over the particulars of the deal over the phone with the Buyer. If it is a perfect match, the broker will meet with the Buyer, otherwise he never gets enough information to mail a business card. I think this is why I often see the same "Buyer" looking at businesses with several different Brokers.

An "Observation from the Outside" would be that investing a little more time with your Buyers, qualifying them a little more, gathering data (including a financial statement) and creating a database for mailing/emailing future listings, using the MLS to investigate other businesses, and -most of all- referring those that do not fit your listings but do qualify to buy a franchise (that will pay you a referral fee) will help generate a solid, stable income flow.

Thank you for all the help you have given me and all the friends I have made. I will still be at the same office, but will be directing franchise inquiries to a new person that is joining us. I will encourage him to take over my chair on Tuesdays. As for you, I would invite you to work smarter and convert your "Prospects" into "Buyers".
Sincerely: Steve Daniell, Fantastic Sams

Continued from page 2- Protecting Confidentiality and Still Getting A Deal Done!

In middle market deals, confidentiality breaches are common - and should be planned for, according to Louann Bronstein, an M&A attorney with Seyfarth Shaw LLP. She stated that her firm advises its clients to prepare for a leak, simply because the firm's experience shows that, as a buyer properly conducts due diligence, breaches can easily occur. In Seyfarth Shaw's experience over scores of deals, no discernible harm has occurred to its clients - nor has Bronstein ever seen a court case related to breaches of confidentiality.

At Abraxas, we have been involved in several deals where the seller was very open with his employees about his plans, thus greatly mitigating the potential harm from confidentiality breaches. These sellers made the employees part of the team in marketing the businesses for sale. Not surprisingly, in those companies the owners had excellent relationships with the employees and these deals were the smoothest - both pre- and post-acquisition.

As you prepare your clients for the sales of their businesses, advise them on confidentiality. Discuss with them the importance of and risks to confidentiality. Work with them to plan contingencies in the event there is a breach in confidentiality. Implement safeguards to help minimize the chances breaches will occur. Although you should not discount your clients' fears, share with them the real ramifications of confidentiality leaks. And finally, make sure that you are working with professionals that understand and honor the importance of confidentiality!

MEET A MEMBER

David R. Still, Owner & President Capital Endeavors, Inc.
 770-962-8399 phone 770 962 8640 fax
 GABB Member since 1995

David Still is the owner and president of Capital Endeavors, Inc. Capital Endeavors focuses on business appraisals and transactions of privately held companies with gross sales from \$1,000,000 to \$30,000,000.

David, a former newspaper co-owner, handled the broker position when the newspaper was sold. "When I was between my newspaper career and my brokerage career, I told my wife that I thought I would enjoy just making friends as a career. We both thought that would be fun...but it just would not pay the bills!" Thus, David decided on a business broker career.

David has been happily married to Vicki Beall Still for over 22 years. Together they have two children. Carter, 19, is a sophomore at Furman University in Greenville. He is majoring in music education and is in too many choruses to count. Daughter Courtney, 17, is a high school senior and captain of the Color Guard at Dacula High School. She is ranked 3rd in her class of 400 and is currently in the process of deciding which college she will attend. David's wife is a speech/language pathologist and works for the Gwinnett County Board of Education on a team that evaluates pre-school-aged children with special needs.

David enjoys playing golf but only finds time to play about 12 times a year. He also enjoys the sport of basketball, but plays even more rarely. "I enjoyed playing basketball in high school and know that there has to be a basketball court in heaven... which seems to be the next time that I will have time to play with the orange round ball." David spends some of his free time "reading marriage books and helping myself and others strengthen our marriages. Above all, I enjoy spending time with those who want to share their joys and struggles in faith... which we all have."

Professional Affiliations:

Member of the Institute of Business Appraisers (IBA) since 1995, Member of International Brokers Association (IBA) since 1995, Current President and Member of the Georgia Association of Business Brokers (GABB) since 1995, Member of the M & A Source since 1996, Member of the Gwinnett Estate Planning Council since 2003, CadCom Owners Association (Answering Service)- Past Board of Directors

Personal Affiliations:

Kiwanis Club- Past President, Gwinnett Chamber- Various Committees, Gwinnett Technical College- Advisor Board, Red Cross- Gwinnett Chapter Board of Advisors and Hero's Captain, First United Methodist Church of Lawrenceville- Finance Committee (Secretary), Board of Trustees (Chairman), Building Committee, Evangelism Committee, Children at Risk Committee, Education Committee, Administrative Board, Sunday School Facilitator, Small Group Facilitator, Youth Group Leader, and various special tasks force committees

Accomplishments:

General Manager and Minority Owner- Gwinnett Post Tribune - 12 years, Call Link Communication, Inc. - Owner- 5 years, Capital Endeavors, Inc. - Owner- 1995 to Present, Certified Business Intermediary (International Business Brokers Association), Certified Business Broker - (Georgia Association of Business Brokers), Candidate for Certified Business Appraiser- (Institute of Business Appraisers) (no designation currently), Georgia Real Estate Broker, Turn Around Consultant for Company with net worth of \$60 million, Consultant on Real Estate Assimilation and Master Plan for City Redevelopment, Married for 22 years and counting, Articles published in National Newspaper Associations Trade Journal, Wall Street Journal, and Gwinnett Daily Post

Continued from Page 2- Finding the Personal Touch in the Internet

Due to the confidential nature of our sales, the amount of information which can be placed on business listing websites is limited. It is the broker's job help these new buyers determine their criteria and abilities. The broker needs to learn what motivates the parties and have his/her finger on the pulse of the deal. Communication via carefully worded emails do not allow us to hear those subtle voice intonations or to catch those little, but revealing pauses. It is easy to get into the habit of sending an email instead of picking up the phone. However, it is hard to garner trust and confidence with your clients and customers. For me, this is best achieved through personal contact with the parties. I have always felt this was the reality glue that helps put and hold deals together.

The Internet is now and forever a part of our lives and business and we must learn how to work with and manage such a massive tool. It provides us options and abilities that are a definite asset, but it also takes something important from the transaction if you let it. The art of business brokerage is complex and multi-faceted. The intermediary will always have a role in the transaction that is difficult to quantify and often makes or breaks the deal. Give yourself that extra advantage by getting to know whom you are working with through personal contact.

Reprinted with permission, International Business Brokers Association, 12/05. Suzanne M. DeLucia CBI serves on the Board of Directors of the International Business Brokers Association (IBBA) and is the Vice-chair of the Association's Membership and Education Committees.

GABB Today*Georgia Association of Business Brokers*

4780 Ashford Dunwoody Road, Suite A-241

Atlanta, Georgia 30338-5504

877-680-8891

President: David Still 770-962-8399	Directors: Dave Chambless 404-627-4454 Eric Gagnon 404-593-4193 James Welch 404-843-2500 Billy White 706-568-1372	Monthly Speakers: Eric Gagnon 404-593-4193	
Vice President: Greg DeFoor 678-581-5966	Education: Charles Jay 678-477-6272	New Member Orientation: Jeff Merry 770-534-6630 Hank Tanner 770-534-5868	Professional Designation: Van Watkins 678-587-7642
Treasurer: Art Lennig 678-852-6228	Forms: Nick Nicholson 404-874-6262 James Welch 404-843-2500	Ethics: James Welch 404-843-2500	GABB.org: Kathryne Pusch 770-918-9390
Secretary: Van Watkins 678-587-7642	Million Dollar Club: Billy White 706-568-1372	Membership: Van Watkins 404-843-2500 Melinda Hubbard 678-581-5662	GABB TODAY Newsletter: Dave Chambless, Editor 404-627-4454 dchambless@abraxas.biz Kristy Farrell, Production MrsKistyFarrell@yahoo.com
Past President: Patrick Harkins 770-649-7666		BBMS: Greg DeFoor 678-581-5966	Listings, Information, Members, and GABB Newsletter On-Line GABB Website: www.gabb.org
		Public Relations: Jeff Merry 770-534-6630	