

What Happens For Us Next?

By James Welch, GABB Past President

It is almost seven months since voting Americans elected a new Democratic President, and the Democratic Party now controls both the White House and the Congress. In a two-party system, no matter which party has this much control, it usually spells trouble with no real power for the other party to negotiate on their constituents' behalf. So far, we have seen billions of dollars worth of taxpayer-funded government bailouts for the huge banking and financial institutions, the big U.S. automakers GM and Chrysler, Fannie Mae and Freddie Mac and whatever else could be slid in under the radar—like fish hatcheries in the middle of nowhere. It seems as though in a span of less than a year, starting late in the “lame duck” Bush administration and elevating after Obama took office, our elected officials have gone on a spending rampage that I am afraid will “shackle” the American taxpayer (particularly small business owners) for many years to come! First, let us all understand that the only absolute way for the Treasury to survive all of this newly “printed money” debt is to increase tax revenues. This means anywhere they can—from corporate taxes, energy taxes, capital gains taxes, death taxes, personal taxes and any other kind of tax they can dream up—and mostly without listening to the actual taxpayers.

So, what happens for us next? Well, as individual and business taxpayers, we can be assured that we will be paying a larger portion of what we earn to our Uncle Sam, for a long, long time. But we all knew that, didn't we? Over-spending at every level will catch up with you sooner or later, and it has now happened. Americans—both individuals and businesses—are now living out the new buzz phrase, “The New Normal,” as we learn to live within our means. Unfortunately, all of this “printed money” federal debt

will also be devaluing the U.S. dollar, so we can also expect to see it take more U.S. dollars to buy things. What did cost \$10 will now cost about \$12 sooner than we know it.

But even with all of that, we still have to stay focused on the most important thing for us and our families, which is what we do to earn our livelihood day-to-day. So what about us as Business Brokers, bankers, attorneys, CPA's, etc., as we continue working to help small business owners sell their businesses and properties when they want to retire or pursue other interests? Or as we also work with qualified parties wanting to invest in the purchase of a small business or property? Well, guess what? We must also learn to operate under the “New Normal” for our industry, which will include lower multiples, lower appraised values, less financial institution financing, more Seller financing and a much smaller pool of qualified potential Buyers—for a while anyway. But, with all of that said, those of us who quickly adapt to this and begin to “educate” Buyers and Sellers will continue to do business and will be successful. Those who do not adapt and who continue to try to operate in the “Old Normal,” pre-2008 mode, I predict will not

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MEETING NOTICE: TUESDAY - JULY 28, 2009 AT 10:30 AM

“KEYS TO SELLING IN A DOWN MARKET”

FEATURED GUEST SPEAKER – MARK MCGRAW

Sales Instructor and Trainer, Sandler Sales Institute

**** 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: JOEL BANKS

THE LENDER MINUTE

BY CAROLYN ROBINSON, COMMUNITY SOUTH BANK

1. The SBA announced the ARRA 504 Debt Refinancing interim final rule in the Federal Register [Volume 74, Number 119, page 29589-29592]. The interim rule is **effective June 23, 2009**, and will be a permanent change to the 504 program. As per this interim final rule, SBA allows 504 loans to include a limited amount of debt refinancing for a business expansion. The refinancing portion of the project may not exceed 50 percent of the project cost of the business expansion.
2. Remember, no 7(a) guaranty fees to the borrower until the end of the year, or until the Economic Stimulus money runs out, whichever comes first.
3. Officially, the SBA is limiting the amount of goodwill financed for 7(a) loans to 50 percent of the loan amount, up to a maximum of \$250,000. Unofficially, the word is that the SBA has been approving submitted loans that go over this maximum amount, with strong underwriting to support it.
4. In this lending environment, most lenders want a decent cash injection and as much collateral as possible.
5. Lenders look at a small decline in sales as unavoidable (e.g., 10-20%). The business Owner's ability to reduce expenses during this recession is very important. This will insulate their cash flow and make the business loan more palatable to the lender.

Feel free to call me to prequalify your listing, or if you have any questions, at 770-971-8893 (office); or 770-639-6734 (cell).

THE CODE CORNER

by James Welch, GABB Past President

Don't fake it! Sometimes it is easier for us to fall into that trap of trying to please and we attempt to do more for a client than we are qualified, certified or licensed to do. Article Eleven in our Code of Ethics addresses this important issue. Don't hesitate to call on a qualified professional GABB Affiliate Member or more experienced Business Broker Member to help you in these situations.

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."*

NEW MEMBER ORIENTATION

All New Members are required to attend the New Member Orientation on Tuesday, July 28th, beginning immediately following the regular GABB meeting. Various Committee Members will discuss important information about GABB By-Laws, Co-brokerage, the GABB Code of Ethics, Forms and other topics.

Lunch will be provided - RSVP with J. Snypp at j@preferredbrokers.com, or 404-966-5989, to order your lunch and materials.

What Happens For Us Next? CONTINUED

see many closings for the foreseeable future. As the United States' and, more importantly, Georgia's economy improves and activity in the marketplace increases, the good news is (for those who do adapt) you may have opportunity for **more** Buyers and Sellers! Some Business Brokers will not adapt and will move on to other interests.

So here are my questions to YOU: What will YOU do? Will YOU adapt and use all of the tools that you have at your disposal? For example, will YOU work more closely together with your fellow GABB members to help sell each other's listings, or to get a loan, or to get a deal closed? Will YOU take advantage of the educational opportunities GABB offers you? Will YOU take part in all the GABB activities to network with other Brokers and with all of our professional Affiliates?

Throughout my years in the corporate world, then as a business owner and now as a Business Broker, I can tell you the one theme that has always proven true—"It's not what you know, but who you know", so the networking contacts and friendships you make through GABB will greatly benefit you. But...**YOU** have to participate...**YOU** have to be a part of what is happening...**YOU** have to decide to make it work for you...What will **YOU** do?

Meet A Business Broker Member “Up Close and Personal”

CARLOS JARAMILLO

Associate Broker

Murphy Business & Financial Corporation | Office: (404) 287-2436; Cell: (404) 271-3136

GABB Associate Member Since 2007 | Business Broker Since 2003

How long have you been with the company?

I have been a Broker for 6 years.

What role do you play within your company?

Business Broker and Machinery & Equipment Appraiser

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

We are a full service Business Brokerage company. What makes us different is that we have a national presence, and we are very selective about the people we bring into our organization. We hold ourselves to a high standard and expect nothing less from any of our members.

What are your company's target markets?

There are seven of us in the Atlanta region and, much like everyone else, we target businesses with average annual revenues of about \$500k to \$5 million.

What led you to this line of work?

Believe it or not, my wife.

What experience did you have in before you became a broker?

I came from a Fortune 500 company and really did not have any direct transaction experience. I was fortunate that Murphy provided great training and it made the transition very simple.

Have you always lived in Atlanta? If not, where else?

When I started as a Business Broker in 2003, I joined BBN in Dallas. Then I moved to Miami, where I joined Murphy Business & Financial Corporation. In 2007, I moved to Atlanta.

Professional Affiliations

SEABA - South East Atlanta Business Association

GHCC - Georgia Hispanic Chamber of Commerce

SBA - Society of Business Analysts

NEBB - National Equipment & Business Builders

Personal Affiliations

Southeast Pug Rescue & Adoption

Atlanta Humane Society

Colony Square Fitness.

All About You

I am married to an Attorney, Irma Espino, and we have 2 rescue cats and 2 pugs. We live in Grant Park, in what used to be a candy factory but are now lofts. I have 2 degrees—one in International Business from a university in Colombia, South America; the other in Economics from the University of Texas-Austin. It should be obvious that I am a huge Texas Longhorns fan! I really enjoy outdoor sports, but unfortunately I tore my ACL 2 weeks ago. I still don't know what that means for my future in sports. I also really enjoy watching movies, and my injury has allowed me to catch up on a great variety of movies that I have wanted to see. "Slum Dog Millionaire" was one that I particularly enjoyed.

Accomplishments

B.S., International Business, EAFIT, Colombia, South America.

B.S., Economics, University of Texas, Austin, TX.

CMEA-Certified Machinery and Equipment Appraiser, NEBB Institute.

BARRY ETRA

Principal

ETRA ADVISORY GROUP

Office: 404-892-5991; Cell: 770-722-9787
GABB Affiliate Member Since 2008

How long have you been with the company?

I started the Company in 2007.

What is the market focus of your firm: what does it do?

Alternative/Creative Lending – we find money for small businesses if they don't fit or have been turned down by traditional sources.

What role do you play within your company?

Owner/Principal.

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

There is a dearth of information about available funding for small companies. We connect borrowers with lenders and serve as an intermediary – both to make the case and to move the process along.

What are your company's target markets?

Small businesses needing \$3MM or less; we'll fund as little as \$25,000.

What led you to this line of work?

Market demand and an affinity for numbers.

Have you always lived in Atlanta? If not, where else?

I've lived in Atlanta for 3½ years. Previously, I lived in New Haven, CT and New York City.

Professional Affiliations

Chairman, Member Retention, Small Business Growth Council, Metro Atlanta Chamber of Commerce; Member, National Funding Association; Accredited Associate, Institute for Independent Business.

Personal Affiliations

Connect Atlanta; BNI (Brookhaven Chapter); Columbia University Alumni Club; VP, Membership, Shearith Israel Synagogue; BA and MBA, Columbia University.

All About You

I have been married for 24 years to Janice Wolf, who is the CFO of the Marcus Jewish Community Center in Dunwoody. We have twin daughters, Joanna and Dana, who are 22 and in graduate school in NY and Boston, respectively. I enjoy all sports (particularly tennis and golf), photography, rock music, wine and reading. We have a dog named Yankee (NOT named in Georgia!). We live in Morningside, and enjoy much of what Atlanta has to offer.

Accomplishments

In less than one year, we have helped several GABB members and their clients close deals they were having trouble funding otherwise.

Tips/Advice for GABB Members

Don't give up if funding isn't available through traditional sources! We know the traditional sources that are lending, as well as many non-traditional, alternative sources where your clients may be able to get funding. We speak the lender's "language" and can help simplify communication to get deals done.

☆☆☆ UPCOMING EVENTS ☆☆☆

July 28th

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
 Lunch will be provided
 RSVP with J. Snypp,
 404-966-5989, or
j@preferredbrokers.com

August 25th

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

September 17th

5:30-7:30 PM – “Happy Hour”
 @ TBA

September 18th

9 AM-3:30 PM – BBMS Training

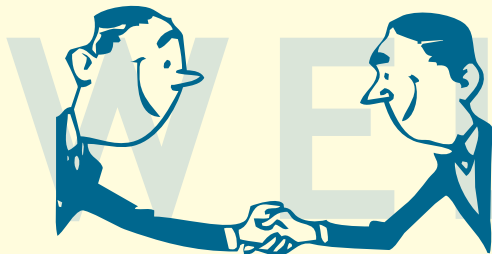
September 29th

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

October 2nd

GABB Fall Conference

NEW MEMBERS



DON KEMP
 Southern Advisors Group
 Affiliate Member
 678-860-4639

THE GABB BOARD

PRESIDENT:
 Van Watkins
 404.226.5271

VICE PRESIDENT:
 Art Lennig
 678.852.6228

TREASURER:
 Eric Gagnon
 404.593.4193

SECRETARY:
 Peter Antoniadis
 770.491.3710

DIRECTOR:
 Stuart Brady
 404.663.8080

DIRECTOR:
 Jay Fenello
 770.516.6922

DIRECTOR:
 Pat McDonald
 770.565.6750

DIRECTOR:
 J. Snypp
 404.966.5989

PAST PRESIDENT:
 James Welch
 404.843.2500

COMMITTEES OF THE GABB BOARD

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 678.852.6228

MEMBERSHIP:
 Pat McDonald
 770.565.6750

GABB.ORG:
 Jay Fenello
 770.516.6922

MEMBER DIRECTORY:
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 Hank Tanner
 770.534.5868

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 James Welch
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FORMS:
 Nick Nicholson
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PUBLIC RELATIONS:
 Stuart Brady
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EDUCATION:
 Charles Jay
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 678.852.6228

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