
GABB Today

Volume 105 Issue 3 Newsletter of the Georgia Association of Business Brokers March 2005

Director's Letter by Greg DeFoor

I am writing this letter the day after our annual GABB Spring Conference. Another wonderful conference! A special thanks to all who participated in putting together this great educational opportunity for GABB members and guests.

Even though we did have some newer and less experienced business brokers in attendance, the conference was attended mostly by more experienced brokers. As an officer of GABB who has seen the number of new members that have joined our association in the last twelve months, I was disappointed at the lack of participation by more of the newer or less experienced members. As usual, there were a number of veteran brokers there who took advantage of the opportunity to freshen up skills and perhaps learn new skills. Whoever said you can't teach an old dog new tricks certainly wasn't referring to business brokers and our profession. One of the sayings I use on my website is: "The only sure thing in this world is change, and the ability to adapt to change is often the difference in success and failure." That is certainly true of our profession as we face constant changes in the way we must conduct business. Let me encourage everyone, regardless of your level of experience, to take advantage of the educational opportunities we have. Learn about how to be better brokers and provide better services to our clients. This in turn will help us all earn a better living and will improve the image and reputation of our profession.

One of the prevalent thoughts throughout the day, regardless of the subject matter, was to make sure we ask the seller this very important question: What would a buyer need to know in order to consider buying this business that they wouldn't know or couldn't easily find out unless you (the seller) told them? Let's never forget that our main role is to match buyers with sellers of businesses. As part of this process, we must make sure we ask not only the right questions, but enough questions to adequately be able to perform this service. Below are some general thoughts regarding selected topics covered in our conference.

Agency: Understanding BRRETA safeguards us and our businesses. Having a client informed about the broker/client relationship helps prevent misunderstandings and leads to better client satisfaction. If you are not up to date on items regarding client and customer relationships and guidelines under BRRETA, I encourage you to take a continuing education class on agency and how it affects your business and real estate license.

Letter of intent: Not only did we learn when we should use a letter of intent, but also received examples of what should be included in a letter of intent, the pros and cons of using a letter of intent and a sample form of a letter of intent. This was also a great reminder of how the proper utilization of attorneys in the buying and selling process can help keep the deal

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MEETING NOTICE:

Tuesday, March 29, 2005, 10:30 AM

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

"Business-Brokerage Ethics"

Director's Letter Continued from page 1

together and make the deal happen. We as business brokers need to make sure the buyer and seller are both informed about how to utilize legal counsel; this is key before either party contacts an attorney. We need to advise the parties to remind their attorneys that the goal is to negotiate a deal and complete a transaction that is fair to both the buyer and the seller. I'm convinced that if we as brokers do a better job up front, in talking to the buyer and seller about how they should utilize their attorney, we can close more deals.

Recasting Financials: This is the topic I presented, and my most important reminder is this: take the time to ask enough questions so you can adequately and accurately present the financial position of the company. Ask more than you ever thought you'd want to ask, and you'll find out more than you ever thought you'd need to know.

Pricing: Price is what a buyer pays, and value is what a seller hopes to receive. It certainly is best to have an appraisal or valuation of the business being sold. Wouldn't it be nice if it was that easy? Absent that, the main lesson learned in this session is that it is neither simple nor quick to properly address the issue of pricing, and considerable analysis needs to be done in order to assist the seller in coming up with a price to list or sell the business.

Appraisal: If you look at multiples of sold businesses, the higher the annual revenues of a business, the higher the multiples the business will bring. Small businesses may only bring a multiple of 2 to 3 times earnings (or cash flow), while lower middle market businesses may bring multiples of 4 to 6 times, and businesses with revenue in the \$150 million to \$500 million range may bring multiples of 7 to 8 times. Many of us have talked to sellers with hopes of high multiples; our unfortunate role is to bring their hopes back to earth. As brokers, we need to stay informed on the trends of business multiples and utilize appraisal professionals whenever we can to properly price a business.

Marketing: This was a great session on different and new techniques to help focus attention on your business. If you missed this you missed a great opportunity to learn more ways to effectively market and promote your business. Competitive advantage: conference attendees.

Negotiating the deal: This course covered basic negotiating skills, how our communication is perceived, future pacing, integrative or interest-based negotiating, positional bargaining, action-forcing mechanisms and dealing with difficult people. We all benefit when we know how to communicate more effectively and how to resolve conflicts in the negotiation process.

Due diligence: What has been disclosed, and is it accurate? What has not been disclosed, and is it important? What does a buyer need to know in order to consider buying this business that they wouldn't otherwise know or couldn't easily find out? That question sounds so familiar....

As you can tell, those who attended the conference benefited greatly. Those that did not attend fell behind the rest of us on the business-broker knowledge curve. Let me encourage all of you to remember that learning is a lifelong journey.

Thank you for the privilege of serving as your vice president. For those of you who are successful, congratulations! For those of you who need encouragement, let me leave you with a quote from the great Abraham Lincoln:

"Bear in mind that your own resolution to succeed is more important than any one thing."

TECHNOLOGY TODAY**Do's and Don'ts of Making a Website**

Making a website... Sounds hard doesn't it? It isn't. Don't be intimidated or think you need to learn a bunch of techie stuff to make one. Just be sure to remember these eight do's and don'ts, and you will do very well!

Regardless of what software you use, or even if you use a professional when making your website, there are some basic do's and don'ts you need to keep in mind. It's very easy to get carried away "especially if it's your first site" and do things that inadvertently drive your visitors away.

**When you are making a website:**

Give it personality. Don't build a bland website with absolutely no personality. Give it your personal touch by adding tools and other items that you like on the websites you visit. Giving your website personality shows your style and often can reflect how your business is run.

Do keep it simple. Don't cram your website full of clutter. Unless it's a how-to site, the less text, the better.

Do make it eye pleasing. No crazy fonts or colors. The standard fonts for web sites are Arial, Verdana and Times New Roman. Whatever font you decide on, use it throughout your site. Don't alternate fonts.

Don't use big Flash introductions. Most web designers love this, but most people click off as soon as they see it loading. The object is to get people to see your website, not drive them away. Little subtle flash introductions or images are okay and can complement a page well.

Don't put music or sound files on your site. It startles people when they are surfing and suddenly hear music blare out. Their immediate reaction is to back track immediately. If you want to include music then give people the option of "click here" to listen to it. Let them decide if they want to hear it or not.

Don't put a lot of slow-loading graphics on your page. No matter how pretty the graphics are, people aren't going to stick around and wait for them to load. You can optimize your images for free at NetMechanic; the direct link is <http://netmechanic.com/accelerate.htm>. What this means is that you load the image onto Net Mechanic's web page, and they will condense the size of the image for you; then, you pick the image you like from the results. Usually you can reduce the size by 50% or more without there being a noticeable change in quality.

Do make sure visitors to your site can tell at a glance what your website is about. For example, if you sell widgets, make sure that's evident right up front. Most people will leave in the first five seconds if they don't think your website offers them what they are looking for. They aren't going to take the time to scroll around to see if you have what they need. Making it immediately clear what your website is about is very important.

Don't use pop-ups on your website. Visitors find these really annoying. The less you annoy a visitor, the more likely he or she is to stay.

Thanks, **Jeremiah Johnson, Etoxic Solutions Inc.**

Broadcasting your business, your future!



**ABB'S Annual Member
directory will be handed out at the March
meeting to all dues paid members.**

Meet A Member- Up Close & Personal



Name: **JAMES WELCH** Company: **METRO BROKERS GMAC**

Position: **SENIOR BUSINESS BROKER/INTERMEDIARY**

James Welch has been an active member of GABB since 2000 and is currently Secretary of the GABB Board. He is a Senior Business Broker/Intermediary at Metro Brokers/GMAC Real Estate, Inc., in Roswell, GA, where he has been for two years. James explains that his company focuses on training and professionalism. In order to accomplish this, they have established a Business Brokerage Division. His primarily targets are small to medium size retail, service and manufacturing businesses.

James was born in El Dorado, Arkansas, and at age sixteen moved to Shreveport, Louisiana. Years later, he became president of a large furniture company. James was hired away by Rhodes and moved to Atlanta, where he became Sr. VP of Operations. He was involved in acquiring and disposing of many locations and/or competitors. After leaving Rhodes, he was involved in a start-up Tone and Tan Women's Salon, founding JAWS Capital Investments, Inc., and purchasing Pacesetter Express, a multi-million dollar commercial printing supply house in Marietta. After a 32 year corporate career in retail home furnishings, James was successful in owning his own businesses. In 2000, he sold his business and became involved full time in business brokerage.

In 2000, James was nominated GABB Entrepreneur of the Year; he is currently Secretary of the GABB Board. James is Chairman of the Executive Board, volunteer Field Marshal and a certified USSF referee of the Norcross Soccer Association. He is a member of Peachtree Corners Baptist Church and Dad's Club for Simpson Elementary.

James is married to the beautiful Dr. Ann Welch, who owns Village Animal Clinic, a veterinary practice in Dunwoody. James says Ann is why he can afford to be a Business Broker. Clayton, his 23 year-old son, is in his fourth year of college at Northwestern State University in Natchitoches, Louisiana. Laura, his feisty 12 year-old daughter, is a "soccer queen" and plays right mid-fielder for the Norcross Magic Gold U-12 select team. "My 12 year-old keeps me young, and my 23 year-old is finding out that money really is hard to make and even harder to keep." James spends his time either at the soccer fields or at AKC dog shows around the country. With his wife Ann, James shows Alaskan Malamutes. They currently have five show dogs; four are AKC Champions, and one is still a pup. And let's not forget his daughter's poodle! He enjoys golf, mudding in his amphibious six wheeler, traveling, tinkering around his workshop, and flying. James is a licensed pilot, but not currently active. James says he does not hate much except deals that fall apart, things that make no sense and waste his time, and snakes.

Pending Associate Members:

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Welcome

SPRING CONFERENCE

What a great GABB Spring Conference we had! As you would expect, while many of you simply showed up to absorb the business brokering information, there were others who spent many hours of their time and effort in making this conference successful.

May I begin by thanking our fine chairman, Jeff Merry, and our president, Pat Harkins. In addition, we appreciate David Still and Kathryne Pusch for their efforts in getting things together to allow the participants to receive the real estate continuing education credit on both Friday and Saturday.

We also appreciate the time spent by our speakers in preparing and communicating the timely and informative subjects we had. And finally, without the generosity of our fine sponsors, the registration fee would have probably been somewhere between \$2,000 to \$3,000 each. Due to their contributions, we were able to accomplish much at an incredibly low price.

A special thanks also to you, the participants, who made a special effort in setting aside a weekend out of your personal and busy schedule to be a part of GABB's major event of the year. May those closings keep occurring!

Thanks again, **Charles A. Jay, Education Chairman**

Reminder of By-Laws Amendment Vote-Tuesday, February 22nd, 2005

All GABB Active and Associate Members: Please be aware that the following amendments have been approved for the by-laws pertaining to Membership: The following language be deleted: "In lieu of the agent/associate member of the GABB demonstrating relevant experience in business brokerage or having the required two listings, the agent/associate can become an associate of the Broker Member of the firm, who is an active member of the GABB, and who recommends the agent/associate within his/her firm and is willing to assume responsibility for training the incoming agent/associate in the field of business brokerage."

This action was approved, by vote of membership at the last meeting, because we have found that there is a formidable challenge in interpreting the wording in practical application to a wide variety of new member situations that is counter to the intention of the Board in instituting this option. It is possible that an option similar to this may be offered in the future should the Board be able to explicitly define the situations under which this option may be chosen in a manner that is not open for interpretation or ambiguity.

Thank you for your continued support as your Board works to uphold the mission and values of the GABB.

~Pat Harkins

GABB TODAY

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