

**INFORMATION**

**THE CERTIFIED BUSINESS  
COUNSELOR**

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**Editorial Office**

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West Linn, OR 97068

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**EDITOR'S COLUMN**



Summer is here and that is a great kick-start for some businesses. And everyone else's business activity is good for our activity. I am finally beginning to see the result of the graying of America that I **THOUGHT** would be impacting my business before the double whammy (April 2000 Internet stock collapse and 9/11 disaster and subsequent economic hangover). The 65+ group which started businesses 20, 30 or even 40 years ago wanted to retire five years ago. But then, the setbacks hit and wiped out the value of their businesses first by taking down revenue and profits, then by pulling down the multiple on their business because all businesses were going down in value. Of course, then came the hangover.

A couple of years of building back profits but still multiples are dragging. Now, their businesses are finally valued at the point where they can sell them and retire. There is a large group of these people nationally and I hope you are all getting your share of them.

And now a page from President Bush. Whether you like him or not, he is a master of repeating basic messages until people finally get them. To that end, I will repeat these two mantra:

We are still recruiting here in Oregon and I hope you and your fellow members are doing the same in your region.

Thank you to the members who have contributed to this newsletter, especially those who are contributing for the first time. Your generous, sharing attitude is what makes our organization so special.

Onward,  
Michael Coates

## ICBC COMMITTEES

Listed below are the ICBC 2005 committees and their members. If you have any questions or interest in supporting these committees, please feel free to contact the appropriate chairman.

### **2005 Conference**

Co-Chairs, Bob Ross, Jeff Adam

### **Education:**

Chair, Michael Coates  
Jeff Adam  
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Mark Richardson  
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### **Ethics & Standards:**

Chair, Phil Finsterwald  
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David Finsterwald  
John Harris

### **Membership:**

Chair, Bud Sandberg  
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Mark Richardson  
Bob Ross  
Shane Snively  
Terry Wright

### **Mentoring:**

Chair, Charles Edmonds  
All mentors are members

### **Planning:**

Chair, Ray Hanson  
Shannon Prattt

### **Executive Committee:**

KC Conrad  
Jeff Adam  
Phil Finsterwald  
Ray Hanson  
Bob Ross  
Drew Smith

ICBC Contact Information:  
Phone: 877-422-2674  
Website: [www.i-cbc.org](http://www.i-cbc.org)

## **PRESIDENT'S MESSAGE**

Fellow ICBC Members,

This month I remind those individual members that have not attended an ICBC Conference in the past three years of the requirements set forth for re-certification. Like many professional organizations certain educational requirements must be met to remain in good standing. Requirements are outlined in ICBC Policy and Procedures Manual and are illustrated below for your convenience.

### **1.8 RE-CERTIFICATION REQUIREMENTS & PROCESS**

#### **1.8.1 RE-CERTIFICATION REQUIREMENTS**

Members of The Institute of Certified Business Counselors are required to obtain a minimum of 48 hours of credits every three years for re-certification as CBC or MCBC. The 48 required hours can be earned as follows;

1. Actual attendance at one ICBC conference every three years for 24 hours of credit (8 hours for each day attended) and;
2. The balance (24 hours) can be earned by any of the following: (a) ICBC hours of contribution as outlined; or (b) attendance at industry related professional conferences; and/or (c) hours spent in professional continuing educational programs for selected professions.

ICBC hours of credits may be earned as follows:

- Speaking/Presentation at ICBC annual conference – 8 credits for each hour.
- ICBC newsletter articles submitted and accepted – 4 credits for each article published.
- Committee Director/Chairperson – 12 credits for each full year served.
- Serving on committees – 4 credits for each full year served.
- Board of Director – 16 credits for each full year served.
- Developing material(s) for ICBC, (i.e. education classes, etc.) – 8 credits for each hour of classroom material

I would encourage everyone to attend ICBC 2005 Annual Conference in San Antonio. Bob Ross and Jeff Adam have put together a great program for this conference. Special promotions are in effect and can be viewed at [www.i-cbc.org](http://www.i-cbc.org). I look forward to seeing you at this year's conference.

Respectfully,

KC Conrad, CBA, CBC, CMEA  
Conrad Business Appraisers  
ICBC 2005 President



# INTEGRITY

Integrity can be simply summarized as follows: “Say what you’re going to do, and do what you say!”

Seems pretty simple doesn’t it? Then why do so many people have a problem with the concept of integrity?

Let’s take consulting for a moment. The most important thing a consultant does is to take the time to carefully determine the needs and wants of a client, and then assess their ability to fulfill the needs and wants. If the consultant cannot fulfill the client’s needs and wants, they have a fiduciary obligation to inform the client of the shortfall, even if it means the consultant loses the assignment.

It seems to me that the “ego” of the individual consultant sometimes gets in the way. Pride and self-esteem are huge motivators, and to have to admit to someone that you cannot do something they thought you could do is just not easily done.

Other times, it is the pocket book that becomes the challenge. Many times there isn’t enough work to be had, so we all stretch ourselves beyond our comfort level – promising ourselves we will work harder; or study up; or call in a friend to help (who for whatever reason can’t); or we’ll just figure it out.

Then again, incompetence sneaks in and the next thing someone knows is that they are in over their head. “I thought I could do it, even though I had never done it before, it looked so straightforward.”

Greed is as often the culprit as not. Many times we are into a financial crisis and the only way out is to take whatever work there is - knowing there is no way we can do it, just hoping that something miraculous occurs and bails us out.

The inertia of a project can take a person from a zone of competence very quickly into new areas, through complacency, and by not paying close enough attention to the evolution of the project. Many projects take a long time to finish, months turn into years, and as time goes by the requirements gradually change. Then suddenly, the person wakes up and realizes that this is way beyond their comfort zone. Now self-esteem, lack of other work, personal financial obligations, family needs, etc., come in to play and we have slipped into the world of questionable integrity.

And let us not forget the out and out crooks. They sell themselves as the brightest and the best, making whatever promises they think the client wants to hear. They may take a deposit, never to be heard from again, or provide a useless report that does nothing to support the fee.

Recently the integrity of two of the of the industry’s largest players, have come under serious scrutiny:

Both companies run a program selling a service to small to midsize business owners of valuing and then selling their business for them. The selling of their services to prospective clients is accomplished through aggressive use of seminars, followed up by a visit by a so-called “business analysts”, who then sold the prospective client the firm’s services. “The initial fee” charged for doing a valuation evolved over the years to \$45,000. The subsequent report delivered to the client, valued the business based on future discounted cash flow. (We have had clients claim they were asked what the sales of their business would be if they had no employee problems and unlimited financial resources, and the resultant sales figures were then used in the projections used to value the business.) An equal, far more accurate report, from any of countless valuers could have easily been produced at a price from \$3,000.00 to \$7,500.00, depending on the business being valued and the firm providing the report and their respective overhead.

Included in their price was a promise to revalue the business once within 5 years (at no additional cost) and to take the business to market. The upfront fee would ultimately be applied against the commission, provided that the minimum commission paid to the firm at the time the business was sold was \$100,000 (that actually meant the minimum fee was \$145,000). Reportedly as many as 1500 to 1600 valuations were sold annually, but only 350 to 450 owners asked to have their businesses taken to market (the reasons for such disparity are varied but it would be reasonable to assume that many realized they had not received value and quietly went away) resulting with between 75 and 125 businesses per year actually being sold, mostly through independent brokers, known affectionately as affiliates.

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A class action lawsuit was initiated against one of the firms for misrepresentation, and, while settled without admission of any wrongdoing, \$44,000,000 was paid-out to settle the claim. Since that settlement, the new management team at that firm has drastically restructured their business by downsizing their work force to approximately 50 employees (from more than 250) and eliminated their small business operations.

The other firm also has many dissatisfied and disgruntled clients who have been voicing their displeasure and questioning the firm's integrity and business practices on several websites.

In our opinion these firms have done much harm to the integrity of our industry and to the real professionals who put their name, integrity, reputation, and professional knowledge on the line each time they take an assignment.

If you ever find yourself over your comfort level for any reason, don't panic. There is nothing wrong with admitting it to both yourself and your client, that you need additional skills, and then facilitating the acquisition of those skills necessary to complete the portion of the assignment that you personally don't have the skills to do. Often times, acquiring the necessary additional skills can easily be done by way of subcontract. That then makes you a **"Facilitator of Expertise"**. Clients, for the most part will respect you for knowing your own strengths and weaknesses. At Robbinex, we sell **"Facilitation of Expertise"** as one of our services.

Integrity can be simply summarized as **"Say what you're going to do, and do what you say"**! But the real challenge is doing it. Those who do are the real professionals.

*Doug Robbins, FCBI, is the president of Robbinex Inc. and Raymond Hanson, MCBC, is managing director of Robbinex Northwest; [www.robbinex.com](http://www.robbinex.com).*



## CONFERENCE UPDATE

We are only a little over 100 days away from the annual conference. Speakers are all lined up. You can register on-line at [www.i-cbc.org](http://www.i-cbc.org). There is also a link to make hotel reservations on-line at the special rate of \$109.00 per night. I know most of you will hold off until near the early registration date of September 15<sup>th</sup> to register; however, it costs you nothing now to make your hotel reservations. This will also help us to know approximately how many will be attending.

Remember, the goal is for every member to bring a new member. We need to continue our growth pattern so we can offer more benefits to the membership. If you have not attended a conference in the past three years you need to do so to maintain your CBC designation.

Bob Ross,  
Co-Chair ICBC Conference  
Fuller-Ross Group, Plano, TX  
972-867-9202  
[bobross@flash.net](mailto:bobross@flash.net)

