

PRESIDENT'S MESSAGE
May 2007

Dear Colleagues:



So much to say as we begin this new year. The 2007 board of directors is hard at work making plans, setting goals and leading the way as we continue to grow and build our organization.

One of the many things the board does is determine budgets and begin activating committees. The board has spent many hours developing a proposed budget for our organization and for the conference scheduled for September, 2007. This information is available to you by contacting our administrative office.

In addition, this is the time of year when our committees become active. New members are always welcome on our committees. Each committee plays an important role in reaching out to ICBC members and the general public. In addition, maintaining the integrity of the organization and planning our annual conference are all performed by committees.

Committee chairs are listed in this newsletter, as well as at our website: www.i-cbc.org. Take a moment and contact a chairperson.

As always, we are looking forward to our annual conference. This year, it is scheduled for September 19-22 in Annapolis, Maryland. We will be hosted at the Historic Inns and are looking forward to several days of outstanding speakers and educational events. Mark your calendar now for this event.

As always, any new members that join when planning to attend the conference, will receive a discount on conference registration.

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On a special note: ICBC founder, Wally Stalbertz, is interested in receiving calls from ICBC members. Wally is not feeling well, so a note or call will be very supportive.

Jeff Adam
ICBC President

THE CERTIFIED BUSINESS COUNSELOR

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EDITOR'S COLUMN

We've had so many new members join in the last 6 months that it is a strong statement of the quality of our organization. Each of these members is available for you to contact and recommend.

New Members:

Rick Elbanna, Integrated Business Solutions, Milltown, NJ
Business Brokerage, Business Consulting and Valuations
Rey Gonzales, The Professional Group, Sioux Falls, SD
Business Consulting, Valuations, Business Banking, Management Advisory Service, Loan Facilitation and Packaging
Astrid Hartleb, US Business Brokers, LLC, Cape Coral, FL
Accounting, Business Brokerage, Consulting, Turnarounds, Financial Planning, Management Advisory Service
Lori King, Global Payment, Inc., Calabasas, CA
Intermediary, Merchant Banking, Management Advisory Services
Robyn Nixon, Robbinex, Inc., Buffalo, NY
Accounting, Business Consulting, Mergers, Acquisitions
Charles Scherr, American Business Brokerage, Fort Worth, TX
Business Broker, Real Estate Leasing & Sales
Ronald Schuster, The Restaurant Broker, Buena Park, CA
Business Brokerage

In addition to increasing our membership, we also have current members that have continued their education to receive the CBC designation. This designation takes additional studies: _____

Greg Boucher, Robbinex, Columbia, Maryland
Stewart Cloer, IPA Advisory and Intermediary, Buffalo Grove, IL
Charlie Cole, Powell and Associates, Inc., Mancos, CO
Donald Forrest, Robbinex, Inc., Hamilton, Ontario, Canada
Laurel Gaumer, Robbinex of N. California, Sausalito, CA
Erin Hollis, Accountancy Associates, LLC, Buffalo Grove, IL
William Kobayashi, Robbinex, of S. California, Los Angeles, CA
Carl Kuby, The Kuby Company, Decatur, AL
Evelyn Principato, Robbinex, Inc., Hamilton, Ontario, Canada
Heinz Schweinbenz, Robbinex, Inc., Hamilton, Ontario, Canada
Kenneth Sweet, International Profit Associates, Inc., Buffalo Grove, IL

Finally, let me support our President. Committees are up and running, so if you haven't contacted one of the committee chairs, please do so immediately! Also, place September 21-24, 2007 on your calendar. Annapolis, MD is our host city and the 2007 conference will be a great opportunity to meet fellow members and continue to increase your knowledge.

Ray Hanson

To fee or not to fee,”
That is the question!
INTERMEDIARY UPFRONT FEES THAT IS.
By Doug Robbins, Robbinex,

The Business Intermediary is a relatively new profession. In the early seventies, there was virtually no one selling businesses compared to thousands now being in the profession. The profession is unregulated and a few bad apples can easily ruin a barrel of good ones.

Let's look at what you might reasonably expect it would take to be an "Intermediary:"

- * University degree
- * University certificate
- * College degree
- * College certificate
- * Association membership
- * Association accreditation
- * Significant start up capital
- * Ability to pay significant monthly overhead
- * A license

Unfortunately: **None of the above.**

So let's ask "what skills *should* an Intermediary possess?" Countless! Just to name a few:

- * A broad range of business acumen and hands on experience
- * Powerful communication and sales ability
- * Leadership
- * He/she must be knowledgeable about:
 - o Sales
 - o Marketing
 - o Distribution
 - o Manufacturing and process
 - o Retail and wholesale
 - o Law
 - o Accounting
 - o Taxation

How can a competent businessperson be expected to make a sound business decision when choosing a Business Intermediary? Some charge retainers; some charge hourly fees; some charge success fees; some charge commission (with the choice of numerous scales); others charge a combination of the hourly, retainers, up-front fees, commissions, or success fees.

One of the underlying responsibilities in choosing the right person lies with the business owner.

Most business owners ***procrastinate*** over making a life-altering decision, particularly as signifi-

cant as selling their business. Ask any businessperson in their 50's or 60's when they think they will sell, and they will most likely say in "about 5 years." Ask them 5 years later, and they will say "in about 5 years." I have had many 75 year olds and older tell me in "about 5 years."

Another important issue is that most business owners spend more time planning their next vacation than they do planning for their retirement from their business. Then, suddenly, something happens – a major health issue; death of a friend or associate; a significant change in business; a knock on the door from someone wanting to buy – and the world of the business owner is tossed into turmoil.

The owner then calls a couple of intermediaries and is mired in the quagmire of deciding who to choose.

A "competent Intermediary" will provide a full range of services to the client. This will include an evaluation, or range of values; identification of obstacles that, if dealt with promptly, will ease the transaction, reduce costs or may even increase the selling price; identification of value enhancement opportunities that could substantially change the value or even the decision to sell; a complete review of the 14 alternatives to selling, including intergenerational transfers; and access to an industrial psychologist to ensure that a life after business programs have been properly considered.

Herein lies the dilemma about fees. Any Intermediary offering his/her services for a commission only, will have only one goal in mind – to sell quickly so he or she can be paid. They will not be interested in providing those other considerations that are so important to ensure the business is being sold for the right reason, to the right buyer, and for the right price! Perhaps the business should be operated for another year or two to fully capture the intrinsic value of that business, or perhaps the prodigal son/daughter really, deep down, wants to take over the family business and only a psycholo-

gist can assess the most likely outcome. The no-fee broker will not be concerned about these alternatives and will press on for the sale and the commission.

There is not businessperson alive that can make their services available free of charge and stay in business very long. The Intermediary who charges for his/her time is able to make their knowledge and their experiences available to the client to serve the true needs of the client. This eliminates any possible conflict of interest that can arise when the advice being given may impair the Intermediary's ability to be paid.

In summary, *you always get what you pay for*. Business is becoming more complex every day and often the business owner thinks he/she should sell, when in reality there is a much better alternative. Choosing to align with a highly skilled Intermediary with decades of experience, who wants to do what is best for the client (you!), means that you will get the best possible advice for your unique situation. Most Intermediaries credit some or all fees charged to the commission should the business be ultimately sold at a future date.

What to look for in an Intermediary:

- * Longevity – The life expectancy of a newcomer is only 18 to 30 months.
- * Experience – They should be able to demonstrate their knowledge to you and your other professionals
- * References – They should provide you, without hesitancy a list of references of successful assignments
- * Quality Control – There are hundreds of items that need to be reviewed and a competent intermediary must have a system to ensure things are done promptly and in the right sequence. Ideally they would have a quality control system in place similar to ISO 9001-2000.
- * Associations – The world is changing faster than anyone person can manage; by being a member of an association such as the M&A Source, the IBBA, ACG, ICFG, or AM&AA is important to keep abreast and up to date as well as to develop a peer network.
- * Backup – What backup support is available to you if the Intermediary you select is on vacation, becomes ill, or even passes away?
- * Team support – Is the person you are thinking of selecting a “do everything” sort of person? If so the quality of much of what he/she does may be subject to serious concern.
- * Fees – Charges, work fees, retainers, up front fees, or whatever is charged needs to be reasonable, based on the work that is actually being performed. Be sure to understand everything that they are going to do for you, and do not accept platitudes and other false promises of greatness. (Beware of the \$40 and \$50,000.00 retainers; be sure you are dealing with a reputable firm, and be sure to accept nothing less than three to five referrals from those companies).

We have had many clients who, after the initial consultation, chose to carry on with their businesses to capture value enhancement opportunities, refinance, recapitalize, do an acquisition of a competitor, add new product lines, add new equipment, obtain new customers, and even turn them over to their children. The old adage, that “you can't see the forest for the trees,” is so true with smaller companies. The owners run so hard most days that they don't have the time or resources to do the necessary research to carefully assess the alternatives. Don't be too quick to say you won't pay “up-front fees.” Instead, take the time to learn all about the firm you are dealing with. That fee could be the best investment you'll ever make.

By Doug Robbins, Robbinex

ICBC Conference
September 19-22, 2007
Annapolis, Maryland

As your 2007 Conference Chairman, I am pleased to announce that we have committed to hold the annual ICBC Conference in beautiful Annapolis, Maryland. We will begin with the annual Board of Directors meeting at 3:00 pm on Wednesday, September 19th, followed by the opening reception at 6:00 pm, and will conclude with closing functions at Noon on Saturday, September 22nd. Please mark your calendars and plan to join the ICBC camaraderie and networking.

Our accommodations will be the Historic Inns of Annapolis. These are a group of three buildings, each dating back to the 1700's. While they have been updated with modern conveniences, the spirit of colonial hospitality has been maintained. For a preview of the treat that you are soon to experience, go to www.historicinnsofannapolis.com.

You all know that Annapolis is the sailing capital of the United States and home to the United States Naval Academy. However, you will be pleased to learn that a never-ending list of entertainment options, recreational activities, great restaurants and shops are within walking distance of the Historic Inns. Additionally, Baltimore is 30 miles to the north and Washington, DC 30 miles west.

We are in the process of putting together a group of excellent presentations. As a member, if you would like input to this process, please do not hesitate to email or call me. Your suggestions are welcome.

The Historic Inns are in the process of updating their website. They promise to have link accessibility from our website very soon to facilitate online registration. If you would like to register now, give them a call at the contact number in their website. Identify yourself as a member of ICBC or the Institute of Certified Business Counselors in order to get the benefit of the group rate. We look forward to seeing all members in Annapolis.

We will provide additional information regarding the conference throughout the coming months.

Drew Smith, MCBC