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TALE OF A SALE...Letting Go of the Family Business

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# **TALE OF A SALE**

***LETTING GO OF THE  
FAMILY BUSINESS***

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# TALE OF A SALE

*LETTING GO OF THE  
FAMILY BUSINESS*

Eugene J. Alexander, Ed.D.

**IN THE BEGINNING...OR WAS IT THE END?**

We just were not sure! My wife Sandy and I have been business partners for almost three decades. As told later in this story, we began our business in 1978. It grew from an idea into a Placement Agency devoted exclusively to finding employment in education for teachers, school administrators, and other professional school personnel. It was our business, our mom-&-pop enterprise. Were we ready to sell? Were we ready to divest ourselves of our identity? Were we ready to get out of business and retire? These questions and many others haunted us; the ‘what-ifs’ and ‘should haves’ filled our thoughts.

Selling our ‘small business’ productively was something we’d talked about...half-seriously and half in jest...for more than a quarter of a century. Probably we never thought the day would actually arrive when we’d make the decision to sell...probably thought we’d never be ‘*at that point*’ when it was time to move on to other projects...probably we never really thought the business would be worth anything to anyone else. Our business, both by design and by chance, was truly small. While we called it a ‘small’ business, according to

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government standards, we just about made that ‘small business’ status (or probably once or twice we did)...and remained a ‘mom-&-pop’ outfit for most of our 28 years.

Some of us are “quick” decision makers; some of us are slow ones. Most of us fall between the two, making quick decisions sometimes and slow ones at other times. Some of us cannot even decide when it is time to make a decision at all. If you are a quick decision-maker, then you have to slow down for this particular decision. If you are too slow, however, you may miss great opportunities and may also forfeit being in the market at the right time.

Most of us have been forced into making a decision at least once in our lives. In our case, we’d been “sort of” forced into starting our business at the beginning, and we could reasonably argue that we were ‘forced’ out of business too. The decision was made quickly and somewhat spontaneously at a time of national calamity in the United States, that fateful day - September 11, 2001.

We live on Long Island in downstate New York. Our business was in an upscale, small community in central New Jersey. For all those years we fought gargantuan traffic snarls, road construction and road-blocks, inclement weather, and

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vacation travelers, as well as business commuters. As the years wore on, we made the trip only three times a week, working from home on the other two days... but on September 11, 2001 we *were* in New Jersey. Through teary eyes, we watched the events in New York City, Washington, and Pennsylvania unfold on a small, borrowed television set. As announcements were broadcast indicating that traversing New York City – which we had to do to get back to Long Island – would not be permitted, we called a local motel where we often stayed either when weather was poor or when our physical attendance in the office was a “must” during our “busy season.” Fortunately, they had a room available for us, and by noon on that historic and infamous day, we closed the office. No one on staff could concentrate on working, and we too were unable to continue with our normal activities. The situation was made more frightening because ordinary land-line telephone service was interrupted and cell phone calls were just about impossible to be connected. We had no way to tell our adult children that we were safe. We had no way to learn whether they were safe either. Absolutely distraught on so many fronts, we sought to establish some normalcy: we went to purchase needed toiletries, buy a change of clothes, find some food to tide us over.

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By the time we settled into the motel, emotional and physical exhaustion controlled our every move. Never-the-less, we asked to be awakened at 3 A.M. (yes, 3 o'clock in the morning). After calling several local police headquarters, we determined that if we traveled 40 miles north out of our normal pattern, then turned east (extending that part of the trip by an additional 10 miles) we would be able to get to Long Island in a very round-about detoured way. So we left the motel.

The commute that ordinarily took 1 hour became a grueling 3-hour trek, even at that ungrateful hour in the middle of the night. National Guardsmen, local police, and regular Army and State Police blocked us at various points, although they never actually searched our car or us. It was during those three hours of travel that we decided it was time to make firm plans to sell the business. The business operational stress that we had managed for 28 years had been made more difficult by the onslaught of the Internet – but the frightening debacle of 9/11 made it clear that the time to sell was now.



## **WHERE TO BEGIN?**

Most of my life was spent in improving my own education and promoting that of others. I hold a Bachelor of Science in Education, a Master of Science in School Administration, and a Doctorate of Education in Senior Administration. While most men outgrow their ego-centered opinion of their importance, knowledge, and abilities somewhere in their mid-thirties, I just never developed a realization that I was unable to accomplish – alone, or with minimal assistance – anything I set my mind to do. At this juncture, I was in my early sixties and still over-confident, sometimes even smug, about my talents. I set out to sell the business without assistance.

Before understanding the process used throughout this narrative, it is important to understand the nature and scope of our business, how we were “forced” to start it originally, and why it never grew like other mammoth business names also beginning around the same time.

I had been headmaster of a small independent private school when the funds to operate the school (obtained in a partially clandestine manner by its senior operatives) were confiscated just about overnight. The ‘senior’ organization

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disappeared almost instantly as the founder took his own life. I was left with the school, but not the money to operate it. Six weeks later, after having found other schools for the youngsters and employment for the professional staff, I quietly closed the doors and went home, determined that if I were going to work as hard again, it would be only for myself. At this point in time, I was 36 years old and had a wife and two children to support.

Recognizing the overwhelming financial needs of my family and knowing that we didn't have the luxury of time, I was literally forced *into* business. Within a week, my wife Sandy and I were incorporated and began to recruit accounts. Sandy and I had grandiose ideas about being ad-hoc, freelance consultants for schools, but almost exclusively, all school administrators that we contacted told us they didn't need my services as a consultant, but if we could find them excellent teachers to join their staffs, we would have successfully assisted them. Following the path outlined by their needs, we gathered our pride, organized ourselves, and developed our corporation into a professional employment agency for the placement of teachers and school administrators. Within a very short time, we had our license to operate as an employment agency...and shortening this story and saving the details for another time,

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suffice it to say that within 24 months, we had a fully-staffed office, had opened a second location, and were in the development stage of planning a third office. Simultaneously, we were marketing the entire concept, along with operational guidelines, for sale as a franchise venture, an idea that never took hold. However, the ebb and flow of business helped us expand, as did our use of technology to reach more and more markets. We became more and more successful, made money, traveled between our multiple offices, and wondered how it all happened.

Years later, as we realized opportunities were not limited to on-location facilities, we consolidated our overhead. None-the-less, staff expenses grew. In order to maximize the most lucrative situation in which governmental pricing controls were very limited, we decided to locate our full operation in New Jersey while maintaining service in all the locations where we were previously located physically. Our efforts paid off! We both achieved recognition as leaders in industry-wide organizations, and I published articles about our achievements and business philosophy while also teaching 'how-to' courses for industry organizations and local community colleges as well. Later, I was even recruited nationwide from California to

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New York to serve as an 'expert' witness for court appearances involving cases in the teacher employment and agency operation categories. Business was good...life was great...money was plentiful (most of the time) and we chronologically 'grew up.'

**Then came September 11<sup>th</sup>!!**

## **START THE PROCESS**

The ‘selling of our business’ began in earnest. [See bibliography] I began the process of discovery. I needed to discover which were the leading companies in the general-employment agency industry as well as those that specialized in other professional placements somewhat related to education field. Various business magazines from time to time published their own version of entrepreneur leadership, corporate giants, leading growth-business operations, and financial wealth. I was surprised that some sources indicated that employment agencies or other types of recruiting firms were actually among the wealthiest and/or fastest growing organizations in our country.

After spending hour upon hour utilizing both the telephone and computer on-line resources, I developed a list of the names and direct mailing addresses of the people in charge of mergers and acquisitions or, in the absence of such a titled people, the name of the senior-most corporate executives. {See addendum] Simultaneously, I worked on a letter designed to attract interest in our business. Various elements of *our* operation, including our specialty, geographic scope, and financial attractiveness had to be included, but not in their entirety, so that it would be necessary to meet us in person to

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review our data. The following is a sample of the letter that I developed:

*“March 8, 2002*

*Dr. Felix -----  
Senior Vice President  
A---o, Inc.  
-----, New York -----*

*Dear Dr. -----:*

*A-----o has been recommended to our organization as one that is interested in expanding horizons to encompass other professional placements.*

*G----- Agency, Corp., organized in 1978 and having enjoyed more than 24 years of success, is solely devoted to the placement of teachers, school administrators and others concerned with education. We specialize in the geographic areas of New Jersey, downstate New York and through the network of the National Association of Teachers' Agencies ([www.jobs-----.com](http://www.jobs-----.com)) in other areas of the United States.*

*Some statistics about G----- Agency: (more information available at our web site: [www.-----agency.com](http://www.-----agency.com) )*

- Billing has maximized at \$615,000. Average for last three years (1999, 2000, 2001 )is over **\$573,000**. Numbers of Placements range from 115-215 yearly*
- Our office is licensed under the statutes of New Jersey. All operators are licensed...all hold CPC (Certified Personnel Certificates) and CTC (Certified Teacher Certificates).*

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*Average length of service of licensed consultants is 22 years.*

- *More than 90% of fees are applicant paid, under terms of a strict, approved contract. Better than 95% of all fees have been collected since 1978. Average fee for last three years is \$4330.*
- *Profit, including officer compensation, averages (1998, 1999, 2000) is over \$250,000. yearly.*

*The combination of APF marketing and the predicted need for over 2,000,000 teachers in the next 10 years, makes **teacher placement** viable, reliable and virtually recession-proof.*

*Principals are anxious to reduce workload and travel time. Residing on Long Island and commuting to New Jersey is taxing, increasingly expensive, and since "9/11" 20-30 minutes longer each way due to security checks, etc. None-the-less, principals are willing to remain active, if appropriate. Similarly, manager, employed since 1983, will remain. Full training into the applicant paid market, and particulars of the teacher placement industry will be employed to assure smooth transition and continued success.*

*If interested in entering into discussions, or for further information, kindly reply in confidence to home address or private e-mail: [address] / dr----@-----.com*

*Very truly yours,  
**G----. AGENCY***

*Eugene J. Alexander, Ed.D., CPC, CTC  
President"*

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Before beginning this project I was fully aware that the general employment agency industry in the metropolitan New York-New Jersey area charged a fee only to the employer, thereby avoiding most governmental restrictions related to consumer protection statutes. Charging the employer is considered ‘corporation to corporation’ business, and is therefore consequently exempt from such restrictive business edits. *Our* organization charged the fee to the applicant... a common practice in the mid-twentieth century, but one that is somewhat antiquated today. We knew it would be a long-shot that any of the researched enterprises or executives would be interested in us, but we had to try.

Simultaneously, we knew that our most positive response would come not from these fast-paced, quick-growing organizations, but probably from other members of our professional organization, *The National Association of Teachers’ Agencies*. We had maintained a well-oiled working relationship with each member of the organization, both through our dedicated service to the organization itself and through the sharing of ideas, business practices, and actual placement activity. While each agency maintained an atmosphere of privacy when discussing financial details, each member had a



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general idea of the scope, ability. and professionalism of each other. Without actually admitting that we were seeking a buyer for our particular business, we did discuss our future options in general terms, indicating that retirement was looming on our horizon.

We only needed sincere interest from either a friendly competitor or other some related company - which could be developed into a working 'deal'.

Over thirty of the above letters were sent.

Over fifteen friendly competitors received 'hints' of our intentions.

Only one reply was received.

That reply indicated a total and unqualified lack of interest and wished us well as we searched for a viable buyer.

After waiting weeks for additional replies and after calling each of the recipients to make certain that our letter was indeed received, we realized that direct contact was not going to materially result in productive negotiations leading to our desired end. Furthermore, it served as a wake-up message to me that selling our specialized business required a professional – perhaps an entire professional organization – dedicated to selling businesses. Indeed, I could not do it alone.

### **THE NEXT STEP!**

Early in our career as business owners, I had begun to collect articles, news clippings, and professional writings concerning ‘how to’ information relating to disposing of a ‘small business.’ We had attended seminars outside of as well as within our industry. We personally had invited specialists in business ownership transition to address us as a group at our yearly meeting of the *National Association of Teachers’ Agencies*. Long ago we had determined that the mutually recommended practice of enticing the younger generation of family members to assume responsibility through ownership transition was not going to work in our instance. Our youngsters had married and had families and careers of their own. Over the years we had urged them to buy homes closer to the location of our corporate headquarters. Instead, they moved in the direct geographic opposite direction, making it abundantly clear that they had no desire to assume command. Fueled by that knowledge, I realized that it was now time to sift through the multitude of collected printed materials I had gathered.

One suggestion continually recurred in those collected printings. A professional ‘business broker’ should be charged with tailoring and recasting a business – our business - into an

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attractive offering, followed by utilizing the broker's services to actually locate and introduce us to prospective purchasers, and then to negotiate 'closing the deal' which would be mutually desirable to us and the purchaser. Sounds so simple!

The advent of the Internet was often both a benefit and a detriment! The Internet's job search sites had adversely affected our small business. Now, *Googling* the main topic of 'business broker' had produced 1,440,000 sites in less than 1/10 of a second! Quite obviously the search would have to be further limited to business brokers in New Jersey...perhaps even specifying business brokers specializing in the sale of service businesses. Now the search results were reduced to a mere 600 or so, depending upon the actual *Google* input parameters. It would still be an Herculean task to select the most appropriate professional broker from among that size group. Our determination to successfully find a suitable purchaser for our business compelled us to make the choice based upon as many appropriate criteria as practical. We had to move onward, and so we began again to sort out information and to narrow down our search.

First we developed criteria by which to research the more credible successful brokers. Our criteria considered the

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location of the brokerage office, the types of business structures of each of their last ten sales and the industry of each of those sales, the professional manner of brokerage business solicitation materials, and personal telephone conversations that we initiated with each brokerage principal owner. After researching more than 50 of the suggested 600 *Googled* results, we determined that there were six professional business brokers with appropriate backgrounds and experiences within a 50 miles radius of our location in central New Jersey. The next step would be to conduct carefully orchestrated interviews with the senior representative of each of these six companies. We had to develop a series of open-ended questions which would elicit from each of these six executives a response demonstrating his general as well as specific success in prior sales of businesses which were at least similar in status, financial structure, scope, and - if we were lucky - industry to our existing business. The initial telephone contacts had been fairly brief and had always ended with our request for their own printed brochures and related materials.

Now it was time to delve more deeply. In-person meetings beginning at our site at mutually convenient times were established with each of the selected six business brokers.

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In order to ‘show’ our business to each broker without indicating to our staff who each broker really was and the purpose of each visit, a ruse was fabricated. One or two of the visitors were introduced as “insurance brokers” while another few were “product salespersons” of one genre or another. In a large business, a visitor walking around, observing and questioning workers is a more ordinary activity, seldom causing concern. In a small mom-and-pop operation like our own, alarm, job security concerns, and/or general fear may have ensued had any of the staff realized that our business was going to be offered for sale. We were aware that any of those or hundreds of other real or imagined worries probably would have had a negative impact on staff productivity...and a negative impact on staff productivity would have had a major negative effect on our ability to sell the business, to say nothing of reducing our income at such a critical juncture. Following the initial “look-around” stage of each visit, we thought it was essential to continue the dialogue away from the premises. Wanting to continue the high level of confidentiality that we had established, we had to find a local eatery where it was unlikely wait-staff or other customers would overhear our conversation.

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These six meetings, conducted over a period of approximately six weeks, proved more challenging, while simultaneously more encouraging, than we had anticipated. I had really expected that I would conduct all aspects of the interview, such as eliciting responses, looking at materials, reviewing and questioning retainer and ‘closing’ terms of the brokerage while simultaneously evaluating personality traits of the broker initially. I had not thoroughly developed an attitude of ‘interviewee’ – being interviewed, rather than ‘interviewer.’ Mistake! It was a naïve, egotistical mistake on my part. Although the results of each of the first several meetings were identical, my inexperienced attitude did not allow me to readily, or willingly, adjust to the reality of the situation. The six broker-executives were, of course, experienced and professional in their own right, generally work on a contingency-fee arrangement. They were not anxious to agree to an assignment in which much of their time, knowledge, effort, and expertise would be expended without possible reward for either them or us at the conclusion. Try as I would to completely control the meeting, I had to acknowledge that I was being interviewed as well. Most small business/mom-&-pop operators are really in-tune with their own businesses and are unable to see the entire

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perspective. I was no exception. Frustrating and demoralizing as they were, these meetings nevertheless helped me to crystallize our goals in a realistic manner and to refine the procedures we would have to go through in order to effect our goal – securing a business broker that could concretize the sale of our business.

Eventually, after an exhausting dialogue with some very fine brokers, two brokerages met all – well, almost all – of our criteria. The final analysis would depend upon checking their references. Each of the two brokers was as much a salesperson in promoting his own business as I was a salesperson trying to sell my business. They were charming, bright, well-dressed, glib entrepreneurs, and it was our job to look behind the “glibness” to the solid core of business acumen that we hoped to find. The two we selected as finalists were personable, witty but serious, and exceptionally thorough. Each had a well thought-out presentation with highly developed materials that represented his own personal as well as corporate backgrounds, yet neither appeared ‘slick’ or condescending. I felt I had met two potentially trusted new “friends” who had our interests sincerely in mind, business contacts who could assist us in separating our personal hopes and dreams from our professional reality.

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Making the final decision on which of the two to select was another daunting task. We spoke to the four or five references that each had provided. Since Sandy and I had close to a half-century of practical interviewing experience between us, we depended upon our own instincts to question each reference as to the processes, skills, attributes, personalities, etc. that each of our finalist brokers had demonstrated to them. One reference in particular was exciting because the broker had sold multiple businesses for this particular reference. We were able to really delve into the reasons why – other than the obvious, successful sale – the reference continued to work with the broker.

Concluding the reference checking process and conferencing with each other helped us determine that we continued to be equally comfortable with either of them. Breaking the stalemated selection process finally occurred when we discovered that another business in the building in which our office was located had been recently sold by one of these two brokers. What better on-site reference could there be than simultaneously being able to question both the selling and purchasing principals? We made our choice!



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*d)Additional terms: \$100,000 for consulting / expense reimbursement to be worked out between the parties. Payable at approximately \$20,000 per year for five years.*

*e)Accounts receivable less related expenses shall be paid within ten (10) days after receipt of same.*

*3.The closing shall take place on or before 5 o'clock p.m. on January 31, 2003 at the office of the aforementioned Business Broker or one of the attorneys for the parties.*

*4.The full purchase price shall include \$\_\_\_\_\_ of Accounts Receivable less accounts payable, related commission obligations and bad debt as of the closing date.*

*5.The sales tax on fixtures and equipment, if any, shall be paid for by the buyer.*

*6.Seller warrants that at time of physical possession is delivered to buyer, all equipment will be in working order and that the premises will pass all inspections necessary to conduct such business.*

*7.The buyer and seller agree to execute all documents necessary to consummate the transaction including where applicable, such documents as are necessary to comply with the Bulk Transfer provisions of the Uniform Commercial Code.*

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*8.This document contains the entire understanding of the parties and there are no oral agreements, understandings or representations relied upon by the parties. Any modifications must be in writing and signed by the parties.*

*9.The seller warrants that it has a clear and marketable title to the business being sold except as mentioned above.*

*10.Seller shall deliver to buyer a valid lease or assignment of lease to the satisfaction of the buyer.*

*11.the following adjustments and prorations shall be made as closing: rent, utilities, postage machine and copy machine.*

*12.If seller fails to accept this agreement by 5 o'clock p.m. December 8, 2002, than the buyer may revoke this agreement.*

*13.Buyer agrees that if he should fail or refuse to complete this transaction after timely acceptance by the seller, then any funds or deposit with the broker will be forfeited and, at the broker's option, shall be split 50% to the seller and 50% to the broker.*

*Purchaser and Seller individually acknowledge receipt of a copy of this agreement.*

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*This is a legally binding document. Read it carefully. If you do not understand it, consult an attorney. Broker is not authorized to give legal advice.*

*This offer is contingent on the following:*

*1. Buyer review and approval of the financials of business.*

*2- Buyer review and approval of the terms and conditions of the lease on the premises of the business.*

*3- Buyer/Seller agreement on acceptable training and transition period for new management.*

*4- The deposit is fully refundable if any of the above three contingencies is not consummated.*

*[Both parties signed accordingly on December 2, 2002]*

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We had hot pastrami sandwiches ready. Diet and regular soft drinks were on the table. Excitement reigned! Jeffrey was coming to sign an agreement and to bind it with a check. Reading the fax and understanding the monetary terms of the ‘agreed’ sale literally silenced us! It was a great price (better than offered before), fabulous working arrangement, and good payment terms. We didn’t want anything to go wrong.

Jeff arrived... and again we engaged in lots of mutual political and social discussion. This time it was accompanied with hugs all around. Jeff paced! Jeff exclaimed he was famished! Jeff paced! Jeff consumed coffee and pastries! Jeff paced! We had lunch! Jeff paced. I had severe indigestion! Jeff paced!

Finally.... we discussed each paragraph of the *Letter of Intent*. Minor changes in dates and determination of minor details were ironed out. We really had no major disagreement, but in order not to look too anxious... too excited that we may be ‘unloading’ an albatross around Jeff’s neck... we remained serious, concentrated, and worried. Jeff paced! My indigestion grew. After more than three hours, not counting the lunch break...we all signed the ‘Letter of Intent’. B I N G O!!! We’d won! Jeff paced!

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Jeff announced that he had accidentally left his checkbook home! I paced! How could we agree upon something so major without the stipulated binder? How could Jeff ‘forget’ something so elementary in a sale situation? I paced! My wife became silent. I paced!

Finally, we agreed, after many calls to New Jersey and discussion with the broker and our attorney that providing Jeff dropped off a check directly at our attorney’s office by 10: a.m. on Monday morning, the deal would be considered valid. We inserted a line indicating the check drop-off provision. Jeff indicated that he would need the first business hour on Monday morning to make sure he had \$1000 in his checking account. I paced! How could Jeff come to a point in discussions, ready to formalize an agreement to which he had already placed his signature without knowing that he had enough money in his checking account to cover the ‘small’ binder-deposit needed against the total sale price? His \$1000 was slightly more than 2 tenths of 1% of the total amount of the sale. We had agreed to the price... and even agreed to turn over the accounts receivable – about a half million dollars more – which would help him finance the initial months after takeover. How could we do this when he didn’t even have \$1000 in the checking account?!

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Something seemed very wrong. Something seemed very amiss!  
I paced!

We all hugged again and Jeff left. We were uncertain whether we should hug each other and continue celebrating, or cry because apparently a miniscule fraction of one-percent of the total money due was absent. Something seemed very wrong. Something seemed very amiss! I paced!

On Monday, at five minutes before the appointed hour of 10 a.m., our attorney called. Jeff had arrived. He had his check for \$1000, properly made payable to our attorney's trust account. The pure anguish of the 72-hour weekend seemed to vanish in an instant. Again we were on target. The pacing stopped.

Over the next few weeks, Jeff came to our office after closing time frequently. He observed. He asked questions. He pondered, watched, explored. Nothing was said to the staff; we had not yet gone 'to contract' and a deal was not a deal, as the broker instructed, until the actual closing. Signing a contract were merely a formalized Letter of Intent with all the 'i's' dotted and 't's' crossed. We inserted detail after detail. How much each payment would be, how much would be declared capital gains vs. how much straight income. Inventories were

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taken. Inventories were retaken. UCC filings were investigated. Jeff's personal credit evaluations were obtained on-line. Everything was moving along well.

The only glitch we anticipated was that Jeff seemed to want to stall the signing of the contract until very late in December. We had long awaited our long paid-for travel vacation plans for outside the United States. While we anticipated that we might have to forfeit the entire vacation tickets as no refunds were available, it would be a small price to pay for a successful deal. We could rebook and take our vacation at any time after the closing of the entire transaction. However, our attorney, and Jeff's attorney, and our respective accountant advisors could not coordinate a date during the holiday season until around December 30<sup>th</sup>. We were due to return to New York on January 4<sup>th</sup>. Upon advice of counsel, we decided not to interrupt our plans for travel. Our attorney and accountant advised that should we be needed, through the technology of cell phones and fax machines, we would never be beyond contact. We could be consulted by phone. Any signature or document needing initialing could be provided by fax correspondence. Everyone promised to stay in touch with

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everyone else. I don't know if Jeff paced, but I surely know that I did!

After several days, we could no longer tolerate the tension! We called first! Immediately after being greeted by cell phone, we could tell something was amiss. Our attorney advised us that we should call the broker because there was some unexplained delay on the horizon. I began to pace...on a beach...in sunny Puerto Rico...but I paced with determination. I couldn't reach the broker for several hours; the pacing increased.

When contact was made, we were informed that Jeff wanted one more meeting before we signed the contract. Lawyers were unable to prepare the closing documents and tax filings until the contract was actually signed and the remainder of the down payment received. The meeting was set for the afternoon of January 7<sup>th</sup> in the broker's office. All smiles gone, and relaxation techniques abandoned, we continued our vacation, albeit almost in silence.

The meeting time arrived! We were safely home and back at work. Jeff seemed very determined to have us offer some type of guarantee that we would perform our training and assistance prior to actually signing the contract. We inserted a



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provision, suggested by the broker, that if we failed in performance to be available as agreed, a percentage of the total selling price of the business would be deducted. We had nothing to lose. After all, it was decidedly to our advantage, financially and ethically, selfishly and egotistically, to perform as contracted. All adjustments were inserted, initialed by all parties and we went home.

As a lark, I inserted Jeff's full name in a Google search, surrounded by quotation marks so as to only bring up exact responses. I had no idea what I was looking for. I had no idea if I would even find anything. Shockingly I discovered eleven responses. One was a biography of Jeff written by the religious institution at which he had just concluded the presidency. He had told us about that stint. No surprises there. Another was from an article he had written at one of his early employments. No surprise there either, except the degree of his apparent expertise in his field. However, one of the sites offered was an executive consultancy. The company appeared to retain 'used' executives as a 'pay-as-you-go' team of consultants for up and coming business entrepreneurs. While we had not know of this aspect of Jeff's current life – omitted from his written resume as well as from all our exploratory conversations, in and of itself it

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seemed a really productive and social-action centered way through which his talents could be shared with others. No problem, we thought! Just to have a complete picture, we printed the reference site from the *Google* search. Something seemed odd about the reference to Jeff, but I couldn't identify what it was. Over the weekend, I showed the printout to a friend. This friend had a great deal of business experience, several master level degrees, was well qualified in multiple languages (spoken and computer oriented), and was currently studying for another degree which would lead to religious ordination. We've had a mutual respect and friendship for more than a generation. He spotted what was bothering me immediately, exclaiming that Jeff was not a mere, used, hired consultant in the consultancy business. He was listed as a vice president. Jeff had never mentioned anything about this. While it was his prerogative to not share all of the secrets of his daily life with us, he had clearly and absolutely indicated that he was currently unemployed and was bored with "accomplishing nothing," as he put it.

On the following Monday morning, I made a ruse call to the consultancy. I asked for Vice President Jeff... and sure enough, he was on the phone almost immediately. I hung up...

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and began again to pace. Within minutes, I was on the telephone, sharing with the broker the inconsistency in Jeff's dialogue and resume. I was greeted with total silence. He was both astounded and confused. He had not known of any of these activities of Jeff's but was also somewhat disappointed that I'd conducted my own investigation without involving him along the way. At this point we didn't know who to trust...what to expect...whether to be disappointed, non-concerned, overwhelmed or just angry. What seemed a certainty was that we could not depend on anyone except ourselves.

Less than twenty-four hours before we were all to convene again at the broker's office for the official contract signing, the broker and I simultaneously received an e-mail from Jeff in which he explained that he couldn't explain, but that he needed a two week delay, after which he would explain...if he could. What were we to do? Did we have a choice? I drafted a polite response, indicating that I hoped all was well and that certainly another few weeks would not make any difference.

Ten days later, the broker contacted Jeff. Curtly he was advised that the two weeks were not up. We waited! I paced.

*LETTING GO OF THE FAMILY BUSINESS*

Exactly two weeks to the day from the first e-mail, we received another e-mail. This one was directed to us, with a copy to the broker. Jeff was withdrawing his offer to purchase our business! He claimed that he had other obligations, thought perhaps a salaried position rather than an ‘owner’ position was more to his temperament, and further exclaiming that his wife – whom we had never met, but who was mentioned as supportive and anxious to move forward all these weeks – felt she did not want to part with the money just yet...whatever that was supposed to mean!

My feelings? Not sure I had any by this point. I really think Jeff just did not have the money in the first place. He was a ‘shopper’ and had fooled us all.

**MID-WEST COMES EAST...AT LEAST TEMPORARILY**

An excited telephone call from our friendly competitor in the mid-west brought exciting news. The caller, a friendly competitor for so many, many years, had over time become a loyal friend. We'd shared business and personal history together, had laughed and cried together for over twenty years. Un-known to us, he too had been seeking a purchaser for his organization. His 'organization' was just that. With offices in 11 cities, covering 8 states, and with a reservoir of talent stretching from coast-to-coast and border-to-border, he was an outstanding businessperson, experienced in most entrepreneurial methodologies. He announced that on the golf course over the past several months he'd been negotiating with his friend, Bill. Bill was financially 'loaded' and needed a way to expand his growing, multi-lateral business holdings. They'd struck a deal for millions of dollars, according to my friend, which gave Bill complete control over all eleven offices, and corporate headquarters, even offering a consultancy retainer for my friend. There were no business broker fees to pay. There were no multi-year transitional work provisions. The entire deal had 'closed' the night before. Now Bill wanted to meet us, in order to expand the total package into the New Jersey-New York area.

*TALE OF A SALE*

The next Tuesday, Bill came to New Jersey with our friend. We spent four hours in the office. The timing worked out well. Earlier in the day, a late winter snowstorm had occurred and we'd let the staff go home at lunchtime. Alone with our friend and Bill, we explored many, many aspects of how Bill could takeover our business too. By seven o'clock, with hunger gnawing at our insides, we all agreed it was time to go to dinner.

At dinner, after having shared more details of our business than with anyone heretofore, especially our mid-western friend, we ran out of conversation. It was time for Bill to say something concrete.

**He offered us \$1,000,000!**

Then he asked if we wanted to split the bill for dinner!

Think about those last two short sentences. Regardless of which one you read first, the other is incongruent. How can you interview, wine and dine, offer a million dollars, and then ask to split the bill? Or, how can you ask to split the bill and offer a million dollars to purchase an existing business worth far less? We were stunned. Flabbergasted by the offer and stunned by the request to pay for our own dinner, the silence grew. Not knowing whether to reach for my wallet, jump for the joy of the

*LETTING GO OF THE FAMILY BUSINESS*

offer, or cry because it was all too sudden and too good to be true, we just sat there. My friend, embarrassed by the knowledge he'd gained about our business, happy for us *and* his golfing buddy, confused by the incongruity of the last part of the evening, stumbled verbally into insisting that he would pay for the entire evening. Bill just sat there, as did we. Anxious to suddenly leave, Bill exclaimed that he'd fax us the details of his \$1,000,000. offer the following day upon his return to the mid-west.

As it developed, the \$1,000,000 was an offer to:

- ✓ Purchase the business.
- ✓ Purchase the receivables.
- ✓ Purchase the equipment.
- ✓ Purchase the copyrighted software.
- ✓ Purchase the contracted employees.
- ✓ Purchase *our services for ten years*, with specific assignments.

My wife was to continue commuting to New Jersey, and had to guarantee 'x' number of placements per year. I had to travel the east coast, supervising the other operations long the Atlantic border while simultaneously providing a hard-line collections operation for the entire coast-to-coast enterprise.

*TALE OF A SALE*

Ten years! Adding further insult, there would only be a \$10,000 down-payment.

**Numb! - Confused! - Angry! - Overjoyed! - Excited! - Disappointed!**

**Numb! - Confused! - Excited!**

**Numb! - Confused!**

**Numb!**

I'm told that delineation of feelings is the normal process. If you win everything and lose nothing, no progress is made. If you lose everything and win nothing, the future is much more clear. There is no future.

Taking the details of the offer to our accountant and attorney for analysis, what we'd suspected became even more obvious. We could make more than \$1,000,000. by continuing to own and operate the business ourselves. The only obvious benefit was to be out from under the obligation of meeting payroll deadlines, paying bills and worrying excessively. The major down-side was working for someone else, continuing to commute (in my case not only from Long Island to New Jersey, but from Long Island to Maine, New Jersey, Pennsylvania, Atlanta, Gainesville, and back again. We'd both be working harder, longer, and under more of a 'gun' than ever. That



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certainly was not what we'd expected...and absolutely not what we wanted. Besides, we'd be turning over our half-million dollars in existing receivables for a \$10,000 down payment and a 'hope' to get the remaining other half-million while continuing to work for 10 years. What were we thinking? What was Bill thinking? What ever was our friend thinking??

A week later we called Bill and told him we'd keep the doors opened, but at present it did not look like a workable deal. Bill counter-offered to increase the down payment to \$30,000., saying that was all he had left after striking the deal for the other 11 offices bought from our friend. The call ended on a friendly note, but we've never spoken again.... to Bill or to our friend.

Go behind the scenes of selling a small business. Humorous and compelling, Tale of a Sale takes the reader from the initial decision to the final conclusion. Share a roller coaster ride of emotions. Includes valuable contracts, forms and details.

TALE OF A SALE...Letting Go of the Family Business

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