

# Selling a small business is tough

By [DAVID MARKIEWICZ](#)

The Atlanta Journal-Constitution

Sunday, June 14, 2009

Alex Volpe was returning to the corporate world and a demanding new job at Georgia-Pacific.

His wife, Deb, hoped to stay home with their two young children.

For the couple, that meant one thing: they'd have to sell the family business, which required time they no longer had.

So their bag distribution business, Plastic Bagmart, purchased from Deb's parents back in 2005, went on the block last summer.

The Volpes sold the company last November. But to get the deal done, they had to finance it themselves.

"We'd rather not have done it," Volpe, 50, says, echoing the sentiment of many other business owners looking to sell. They'd rather cash out and get out, to retirement or some new endeavor.

But, business brokers say, these are different, difficult times. The lending pool available to prospective buyers, even of sound businesses, has dried up. Except in the rare cases where the buyer has the resources and the will to pay cash, a sale can fail.

Unless, that is, the owner is willing to be the lender, accepting regular payments while hoping his successor runs the business well enough to cover the monthly nut.

"Lots of sellers are actually saying, I'm going to wait it out," rather than self-finance or give in to a lowball offer, says Kathrynne Anne Pusch, a business broker and president of ConsultKAP Inc., who put together the Volpes' deal.

"Sellers always want to cash out, with no strings attached," adds Jay Fenello, a broker with BizPlacements.com.

That's what Volpe, a paper industry executive, had in mind last year when his career interests and his wife's domestic desires dovetailed.

The couple actually had two quick offers after placing their business up for sale. They rejected them as too low. Neither of the offers, they believe, would have required them to finance the deal.

After that, they waited and waited but didn't get much interest in the business, which operates out of warehouse in Roswell.

Finally, Pusch matched them with Sudrick Dunn, a 40-year-old packaging industry veteran with entrepreneurial interests who wanted to take over a business with demonstrated cash flow.

All parties liked their chances of completing a transaction. Dunn had excellent credit, a relatively high net worth and experience. He was prepared to put up a "significant" amount of cash as well.

"I was pretty confident," he says.

Then, the economy went into freefall and pursuing a business loan became fruitless.

"Lenders wouldn't talk," Dunn recalls. "No one would even take my call."

It became clear that the only recourse would be for the Volpes to finance the sale.

They proceeded with caution.

"We took a long, hard look at (Dunn's) credit history and at his ability to operate the business," says Volpe. "We wanted to make sure the buyer had impeccable credit, and Sudrick did. That made it easier to accept."

Adds Volpe, "We wanted to make sure the business wouldn't go belly up and we'd be left to try and resurrect it."

The Volpes liked that Dunn's wife had health care coverage through her job, which meant the business wouldn't have to pay for medical benefits. They also liked that Dunn, as a military veteran, had the potential to tap into some programs that could help him build the business.

All of that mattered because the business, even after it passed from the Volpes to Dunn, would remain a tie that binds them.

Six months later, both parties seem satisfied with the deal, and they still talk business regularly, about once a week.

"He'll come back and say, 'What would you do in this situation?'" says Volpe.

"I'm happy to help. I've still got some skin in the game."