

Building an Entrepreneurial Legacy

Steve Marsden of Alpharetta, GA had a dream for his family. He wanted to build a Marsden Family Portfolio of small businesses and create an entrepreneurial legacy. He imagined his “boys” working together productively, being their own bosses, sharing their passions for business, and supporting their families, long after he was gone. When Steve first met Kathryn Pusch, of ConsultKAP, Inc. Business Brokers in late 2002, he was in transition out of his long time corporate career with IBM. Steve heard Kathryn speak on the topic “So, You Think You Want to Buy a Business?” at an entrepreneurial seminar, and he said “Yes, I Do.”

Steve and Kathryn forged a collaborative relationship during which Kathryn came to understand his business and personal goals for his family. Steve has five adult children, including 4 sons that he believed could run small businesses with his overall strategic and financial assistance. Kathryn needs to understand Steve and his sons’ geographic and financial parameters as well as their skills, experience, strengths and weaknesses to best match them with businesses in which they will most likely succeed. Initially, Steve bought a Brusters Ice Cream franchise, thinking the systematized business procedures and franchisor support would minimize his risk as a first time business owner. He had each of his sons, Stephen, Tom, David, and Chris spend some time in the operation to gain some hands-on small business experience.

In late 2004, Kathryn listed a corporate embroidery business in Forsyth County. The owner was retiring and the business needed an energetic new owner to work with and build the corporate customer base. After showing the business to four buyer prospects, Kathryn had two offers for the seller. Among the best prospects that Kathryn matched up in developing her marketing plan for the business was Steve and his family. In particular, the youngest son, Chris, seemed ideal for this business. Steve was well aware of the market for clothing customized with corporate names and logos from his many years in the corporate world. The business was small enough to acquire with personal funds and seller financing, which the seller had agreed to consider for the right buyer. Chris, only 25 years old at the time, and the seller of Advanced Embroidery hit it off immediately, and Kathryn struck a deal for the parties. With Dad’s guidance and support, and friendly mentoring from the seller, Chris and David have grown the business more than 70%, including a 24% increase in 2008 Revenue YTD over 2007.

But wait, this entrepreneurial success story is far from over. . . In late summer 2004, Kathryn was contacted by Charlie Kaplan, the owner of a custom window covering business, specializing in the very popular high end treatment, plantation shutters. Charlie was thinking about selling his business, Shutter Installation and Supply Company in Forsyth County. He loved sales and customer interaction, but did not enjoy the management and administration a business requires. After a thorough analysis of the business financials and operations, Kathryn counseled Charlie that it was not the ideal time to sell the business. Results indicated that the business lacked sufficient personnel and systems infrastructure to allow for a smooth transition to a willing buyer. If he could make some recommended improvements, his business would sell more quickly and for a better price. Kathryn and Charlie resolved to continue their dialogue as he developed the business, fine-tuning it in preparation for eventual sale.

Fast forward to present -- Charlie, who has taken on a financial partner whose business skills have had a positive impact on the shutter distribution business, tells Kathryn that he wants to meet to discuss the possible sale of the profitable going concern. Kathryn listens to what has been happening at the business in terms of staffing and systems, and requests copies of financial statements and tax returns. The news is good for the owners. This business is very saleable and should be attractive to a number of buyers. ConsultKAP lists the business, develops the marketing prospectus and begins to actively sell the business. As a conscientious business broker, Kathryn uses all resources at her disposal to achieve her clients’ goals. A long-time member of the Georgia Association of

Business Brokers, Kathrynne knows the value of the GABB's marketing and management system, which allows her to immediately offer her listings for co-brokering amongst other members, so she posts the listing on the GABB system. A big part of her marketing plan is always to contact buyer prospects in her own data base and the GABB buyer data base whose criteria match any particular business. She has already mentioned to Charlie that she has in mind the Marsden family.

The business received a tremendous marketing response from ConsultKAP's advertising, with 15 qualified inquiries in the first two days. Kathrynne felt strongly that Steve and his sons would be ideal for this opportunity, so she sent him the business summary and a confidentiality agreement. Steve agreed the deal looked promising, and after reviewing the full business offering prospectus, he met with the sellers and Kathrynne to advance the process. The Marsden's was one of two full price offers submitted on the business. It generally takes buyers 6-8 weeks to close on a business deal, as there are many tasks to be undertaken after the principals have signed a Purchase & Sale Contract and before a closing. The Marsdens worked with their small business CPA, who co-ordinated with Kathrynne on her due diligence requirements. The sellers' CPA also co-ordinated with Kathrynne in providing the required items. The buyers needed to obtain required Federal, state, and local tax ID's and licenses, finalize financing and insurance and transfer certain vendor agreements and a premise lease for the business to operate seamlessly after the sale. Kathrynne assisted by providing a list of referrals as needed for all professional advisors, financial, administrative, and government agency contacts, and working with the principals' advisors and the landlord. The sellers had questions about transition practices, handling personnel inquiries, managing inventory and accounts documentation. Their broker was there with answers, to ensure the transaction stayed on track, manage the stress all parties naturally feel, and keep open the lines of communication between the many players in the deal.

Under Georgia law, a person cannot represent, solicit, or negotiate with/for a buyer or a seller for a fee in the purchase or sale of a business that has a lease or other real property to transfer unless he or she is a Georgia-licensed real estate broker. Proper licensing is a requirement for membership in the GA Association of Business Brokers. Buyers, sellers, and their professional advisors can rest assured that they are dealing with a licensed professional. As a complex legal transaction, a business sale should also include at least one attorney. An attorney is required under Georgia law to conduct a Real Estate closing. In the case of both Marsden deals done with Kathrynne and ConsultKAP, Helen Stahel acted as the closing attorney for the transactions. In this role, Helen checked for liens and lawsuits, drafted all closing documents, and co-ordinated on requested changes with both Principals' attorneys. She conducted the closing and filed required security liens. GABB affiliate members include a wide range of professionals who support business transactions. Member Brokers always have a list of lenders, CPA's, attorneys, due diligence support, business coaches and other experts in whom they have confidence to whom the Broker can refer buyers and sellers.

Today, after a productive transition with the sellers, Stephen and Tom Marsden are running SISCO, the latest addition to the Marsden Family Portfolio. Both young men have left their corporate jobs for the small business ownership endeavor. As we all know, 2008 is a challenge for businesses everywhere, but with proud Dad Steve offering some occasional sage advice, the Marsden team is building a legacy they hope will carry on to their children and further bond this large, strong family. Kathrynne says "That's why I do this! I love to facilitate that next big adventure in people's lives." Just another job well done for an accomplished business broker, a happy ending for a seller and a happy beginning for a buyer.

For more information, contact: Kathrynne Anne Pusch, Broker
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Advanced Embroidery Closing. Pictured Left to Right, Gary Roy(Seller), Chris Marsden, Steve Marsden (Buyer) Broker, Kathryn Pusch, ConsultKAP, Inc.



Shutter Installation & Supply Company Closing. Pictured Left to Right, Charlie Kaplan, Phil Vinyard, Sellers, Steve Marsden (Buyer)



Tie-Dye Marsden Family Summer 2008