

# PACE Capital Advisors

Creating Transferable Value

*This issue brought to you by:*

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## Former Business Owners Express No Regrets About Selling Out

*"I can't play golf every day."*

*"My wife wants to see more of me — but not at every breakfast, lunch, and dinner!"*

*"What do other ex-owners do after they've sold out?"*

Failing to answer these concerns can create vacillation, reluctance, and ultimately, an unwillingness on the part of many owners to proceed with planning for their business exits.

To examine these concerns, let's analyze a panel of former business owners involved in the owner to former owner transition. All three reported that selling out was the "best thing possible for me and for my family." That said, each owner approached the sale differently and each has pursued different interests in its aftermath.

Tom Frankl was 62 when he sold his high-tech manufacturing firm. He was prompted to sell first when his accountant introduced Tom to Exit Planning and helped him put in place a successor management team. Complementing this concrete Exit Planning step was Tom's realization that his emotional connection to the business was loosening. When these objective and subjective events converged, Tom began working with his advisors to orchestrate a sale.

Bill Dirrito, the owner of a clothing and apparel manufacturing company, entered his business with one goal: reach \$50 million in sales and sell out. Bill reached that threshold and determined that he'd have to make a huge investment to retain his current market share so he hired a transaction attorney and an investment banker and sold the company.

Unlike Bill, John Six, the 55-year old owner of a low-tech manufacturing company was not focused on an eventual sale. In fact, he didn't want to sell because he felt he finally "had it going just right."

When confronted with the idea that the time to sell coincides with the existence of continued upside potential, John started thinking about the hard times he'd been through. If hard times returned, he wondered if the company could survive and knew that losing his "upside" would be the least of his worries. He, too, made the call to his advisors.

Having all arrived at the closing table via different routes, each now-former owner has found a similar satisfaction in the decision to sell and in life after the sale. Tom arranged his sale so that his employees kept their jobs and gained greater career opportunities. This gave and continues to give Tom more peace of mind. While he did not have a detailed plan in place for life after the sale, he quickly found new outlets for his energy. He has become the "Park Superintendent" of his 70-acre property. He's spending time with his wife and family, has time to travel the world, is considering developing some farmland and has taken an active role in community philanthropy. In Tom's words, "One of the things I appreciate most in this 'retired life' is that it isn't a 'retired life' at all."

John echoes Tom's comfort with this decision. "Of course I wondered what I would do [after the sale] because I was in that business for 30 years. But the day I walked out of there I never looked back. I never missed it. It's incredible but my schedule is calendared 18 months ahead." On John's calendar are motor home vacations, developing an industrial park and expanding his world class collection of race cars. John leaves the house by seven each morning and doesn't find his way home until late afternoon.

Bill, the planner of the group, anticipated that he'd need a place to go— outside of his home — on the day after the sale. He rented and equipped an executive suite and mapped out the first three months after the sale. Today, he spends time on his hobbies (golf, horses and motorcycles). He has educated himself about investing, advises other business owners and works collaboratively with his investment manager.

By any yardstick these former owners remain engaged and vital. They have moved into a new era in their lives — an era untroubled by financial concerns. Not every former owner has the same experience, but our firm believes that owners who thoughtfully plan their exit increase the likelihood that they will be satisfied with their exit and whatever follows. We'd like to sit down and talk about the role that we can play in crafting a future that works best for each and every business owner.

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As a Certified Exit Planning Specialist, Denis brings a unique blend of experience to the marketplace having been involved in more than 100 transactions as a buyer, seller, investor, advisor or financier of businesses throughout his career. He previously was involved in private equity for ten years and was responsible for identifying, underwriting, structuring, closing and managing investments including developing growth and exit strategies. In addition he has served as a director of a variety of both domestic and international privately held companies.

Pace Capital Advisors provides merger and acquisition advisory services to owners of lower middle market businesses in the Southeastern US, typically companies with revenues ranging from \$5 million to \$50 million. Our target market comprises entrepreneurs, family business owners, and other privately-held business owners who seek the guidance and counsel of proven merger and acquisition professionals when considering the complex set of options available to them for selling or transferring ownership of their business. Our services range from preparing business owners and their companies for the process of ownership transition to full responsibility for conducting a business sale process on the owners' behalf. Pace's principals have acquired and sold numerous businesses during our careers in private equity, corporate development, investment banking and venture capital. We know how to properly package and position a business to maximize its transferable value. Our experience includes over one hundred merger and acquisition transactions in which we have occupied almost every seat at the transaction closing table - buyer, seller, owner, lender, and M&A advisor. We know what it takes to make a deal work, strategically, financially and psychologically, how to prepare business owners and their companies for the sale process, and what it takes to close the deal. (404) 843-8618

**Pace Capital Advisors, LLC** is a Mergers & Acquisitions Advisory firm serving the lower middle market primarily in the Southeast, typically companies with revenues ranging from \$5 million to \$50 million.

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