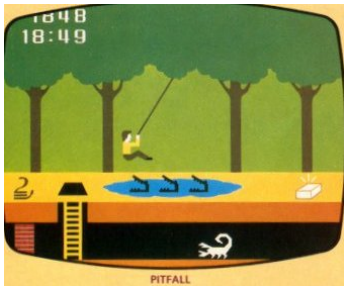


The Do-it-Yourself Blues

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By: An anonymous [embarrassed] CT businessman



I am not a do-it-yourselfer. I was gifted that mantle from my father who also is not a do-it-yourselfer. Every project I have ever attempted has invariably turned sour. Hardware stores love saps like me who think they can do it themselves. Why do you think ACE, Lowes and Home Depot advertise so heavily around testosterone-fueled sporting events, when our inner Neanderthal is roused from his hibernation? It's because our primal hormones trick our egos into attempting foolish things. I know this as a marketer.

So please tell me, why, oh why did I ever try to buy a business by myself? Like many budding entrepreneurs, I prayed to have my own shack to hang my shingle on. Not a big business, enough for a good living and security for my future. A place to do it my way, with only the customer to answer to... ah, the sweetness of dreams to be.

Then I found it. By accident. Within walking distance of my house! At a price I was (scarily enough) easily able to get a loan for. Then I found some office furniture I wanted, and then a nice car to match! The stars and heavens were conspiring to grant me my wish, it seemed.

And then... there is always an "and then" with these stories. And then, reality set in. Remember the guy in the video game (and I am dating myself here) "Pitfall"?

That was me. Swinging precariously over quicksand (my own dreamy delusions) and swamps filled with alligators (i.e. the seller, the loan officer, an aging building, landlord, and business with too many problems) to try and achieve this dream. I quit my current job (whose owners tried unsuccessfully to wake me up. They have my eternal gratitude for their efforts and kindness!)

Issue after issue played leap-frog and then pile-on. A huge demographic shortfall. A weakening market with a monster competitor. A dilapidated building chock-full of asbestos and other goodness. Blindly (and more than slightly panicking) I pressed on.

I made a desperate "Hail Mary" phone call to an **M&A Consultant** in the days prior to closing. He kindly listened for a few minutes, and then told me that it sounded like there were some serious issues and he would need some data to initiate due diligence and his standard fee to determine an acquisition plan that would be in my best interest.

And I made another bad decision based on not wanting to write another check: I declined to engage him and continued solo.

The deal crashed and burned on closing day. I spent tens of thousands of dollars in a fruitless chase of a dream. My wife, who witnessed our savings wiped out and debt amass twentyfold, tried to be comforting – but she was cradling our 6 month old daughter and freaking out herself.

The lesson here dear reader, is to know when to not be a do-it-yourselfer. *Being great at what you do doesn't always equate into being a great business person!* There can be many obvious (and not-so-obvious) threats when buying or selling a business. A few such issues are:

- Seller's numbers – You may think you know what you are looking at and how to interpret them, but you could be wrong. An extra set of skilled eyes will save you far more than it costs you.
- Client Contracts – It isn't an asset. It is at best a wash, and in many cases it's a liability depending on the situation.
- Market conditions – Look for downward trends and seek explanations. Very often a mismanaged firm can be losing business in an otherwise healthy market.
- Goodwill – That tricky intangible that might be worth a fortune, or worthless – depending on whom you buy from.
- Valuations – Items like leasehold improvements have little or no value, furnishings and vehicles are usually worth a fraction of what they are valued on the seller's balance sheet.
- Non-competes – You need to protect yourself from the possibility of competing directly with the former owner should such an incident arise.

Whether you are a great do-it-yourselfer or (like me) a not-so-great one, before you commit to a new adventure, get second, or even third, opinions. Don't just ask your accountant, lawyer or golfing buddy, unless he has direct experience with mergers and acquisitions.

And for goodness' sake, don't make the wrong decision based on money; it will wind up costing you far more. Just ask me. Now if you will excuse me, a leaky kitchen faucet is calling my name