NEW JERSEY SOCIETY OF PROFESSIONAL LAND SURVEYORS

A SEMINAR BY
BILL BEARDSLEE, P.L.S., P.E., P.P.

When Its Time To Move On
When Its Time To Move On

I am not an attorney

I am not an accountant

I am not a financial advisor
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Think Ahead

It is NEVER too early to start

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Your Goal:
To protect your future, your employees and your Clients
Presenting Technical Projects

Goal Setting

Same Approach

Recreation facility or

Mortgage Survey
Presenting Technical Projects

Goal Setting

I want to be happy.

I want to be rich

I want to be a success

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Presenting Technical Projects

**S M A R T** Criteria

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For your Future:

Begin Early

Start or join any available retirement plans-

 Particularly if you have a matching plan available

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Have the plans as part of your overall strategy

Be *persistent* and *consistent* with your contributions
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WHO IS YOUR SECOND ???

an official assistant to a contestant in a

boxing match or a participant in a duel

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For your Clients:
Have someone prepared to seamlessly transition the care of the clients.

*Biggest mistake most small companies make.*
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For Buyers:

Getting new clients

10 times

more expensive than retaining existing ones
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Ownership change is a team sport.

*Your greatest asset is knowing what you don’t know*

Pick your team carefully.
Pick only team members that will give you honest answers.
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Who would be on your team??

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For Buyers: What do I want this company to be?

A separate operation to our current company?

A department of current company?

Blend personnel into current operation?
For Sellers:

What do I want to be when I grow up?
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Have your

“Business Plan for Life”

Thought out before you start the process.
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Sellers need to have all their personal basics in place.

Do you and your spouse have:

- A will or revocable trust?
  
  *Let's help keep the Tax Man away.*

- A power of Attorney?

  *When you may be incapable of decisions*
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- A medical health care proxy?
  
  *Here again, are you capable?*
  
  *And don’t forget HIPPA*

- Proper terminology on insurance, retirement accounts, and annuities?
  
  *Clean up the mess before it starts.*
  
  *Do you really want your life insurance going to your first ex spouse?*
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Options:

- Pass Business on to a family member
  
  *Make sure you are taken care of*

- Sell and get out
  
  *Will probably get less, but will be out*

- Sell and remain for a fixed time
  
  *Most common – but don’t stay too long*

- Sell and stay to run company
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Most important item of the negotiation:

Make sure your employees are taken care of.
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For acquisitions:
Consider the
two company’s cultures

*Free flow vs bean counters*

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Reasons buyer may have for purchase:

- Starting out
- Expand geographically.
- Expanding scope in same geography.
- Adding new services.

- Beware: This often doesn’t go well
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For Sellers:

Always visit buyer’s office

_Evaluate buyer as you would a potential employee_

- Are the employees friendly?
- Do they seem to enjoy working there?
- Is the workplace organized?
- Are the principals open and forthright?
- Is staff working alone or is there a team feeling?
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Value Analysis

No matter what you hear, there is no way to accurately determine the value of the firm.

The true value is in the eyes of the buyer

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Two key items on value:

For Sellers:

1. The business is not worth what you think it is.

2. Start at 40-60% of your annual billing.

   If you achieve this, you have done well.
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Two key items on value:

For Buyers:
1. Be fair and professional.
2. Think towards 40-60% of the annual billing as a starting point.
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Items which affect value

• Physical plant and equipment
  Usually only a small portion

• Personnel
  Experienced personnel with longevity and good client relationships add value

• Signed Contracts
  Shows future cash flow – to me the most important.

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• Client List
  
  *Long time, repeat customers add value*

• Good Will
  
  *Pick a number, any number*
  
  *A niche, company perception*
  
  *The ultimate variable*

**Tax Implications**

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Merger and Acquisition errors

1. Paid 2x fair market value for an acquisition because the buyer was using a flawed valuation formula

2. Structured an earnout that was so complicated only a judge could figure it out (and, unfortunately, she did!)

PSMJ Resources, Inc 9/2017
3. Lost a key rainmaker because of poorly-timed and sloppy transaction announcements to staff

4. Missed a great acquisition because one shareholder thought
   "all deals are bad deals"

PSMJ Resources, Inc  9/2017
5. Only pursued companies that were actively for sale because "they were the easiest to close"

6. Had to dump money into the acquisition to fund operations because the buyer missed serious problems in due diligence.

7. Got focused on selling for the highest price that the seller agreed to lousy terms that netted lower after-tax proceeds.

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Be Determined

Be Thorough

Be Patient

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Seminars and in-house staff instruction available through

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