

## There's Always a Way

Approximately fifteen years ago, a long-time business associate, Ralph, invited me to lunch. I had done a number of consulting assignments for his firm over the years.

"I would like you to sell my business now," he said. "I am sixty-eight. It's time for me to put my affairs in order."

"What about your son, Jimmy?" I asked. "If I'm not mistaken he's been working for you since high school – about twenty years now."

Ralph became very quiet. Finally he said, "I'd like nothing better than to have my son follow in my footsteps, but he has refused."

"Why?"

"I don't know. It would make me very happy to have him take it over, but Jimmy's made it very clear to me that he wants nothing to do with the ownership of the business."

"Let me at him," I said. "I'll have him straightened out in no time at all."

Jimmy and I had a couple of beers late one afternoon a week later at his golf club.

The bottom line was that Jimmy lacked confidence. He didn't have any money either.

"Look, the value of this business represents my dad and mom's retirement," he said. "I don't want the responsibility of failing and destroying their retirement program. So just sell it."

I felt a little dejected. I had failed to convince him to do what I thought was a sensible and natural thing to do.

We took the business to market and found a buyer. Four months later, we had an acceptable offer from that buyer.

So we proceeded. The buyer wanted to have an opportunity to talk to the son – alone – for a couple of hours as part of his due diligence. We were fine with that.

They started their meeting at ten in the morning. The meeting lasted sixteen hours – until two the following morning.

The buyer called us and said, "I'll buy the business only if Jim signs a five-year employment contract. As an incentive for him to sign the contract, I'll give him the first right of refusal to buy the business from me."

"That's strange," I said. "How is that going to work for you?"

"Well, Ralph's sixty-eight. I'm fifty-two. Jim's thirty-eight. I'm right in the middle. I'm trying to arrange it so I don't have to pay you a commission."

I laughed.

"That's good thinking. That's forward thinking. But what's the real reason?"

“Jim is quite capable of running the business. He knows all of the customers, suppliers, and employees. He’s managed the inventory and administrative functions of the business. But he doesn’t have much knowledge about the financial aspects of the business. I believe in five to seven years I can teach him all he needs to know, at which time he can buy the business from me. And I won’t have to pay a broker’s fee.”

I went back to Ralph and said, “Do you know, this is not a bad offer. But I would like to take one more shot at your son. I would like him to be assessed by a vocational psychologist.”

We made the arrangements. The psychologist came back and said that Jimmy was lacking in self-esteem, because he had been kept in the shadow of his father over the years. He hadn’t even met the company’s bankers. He didn’t understand balance sheets or the company’s cash-flow processes. Jimmy was petrified to take on this particular responsibility.

As I became aware of the problem, I remembered that Jimmy’s younger sister, Isabel, was a certified general accountant. I called and arranged to meet with her.

To make a long story short, I arranged for Jimmy and Isabel to become partners, on a 60-40 split (with Isabel owning 40%). They took over the business from their father. The company’s bank financed the transaction, putting close to \$1 million into Ralph and his wife’s retirement fund, ensuring a financially sound retirement for them.

Ralph broke down in tears, he was so happy.

The previous buyer was kind of ticked off, though ... but that was okay. We found him another business.



This story is from Chapter 12 of Doug Robbins’ book “**There’s Always a Way to Sell Your Business**”

To purchase a copy for only \$19.95 (including shipping), please call 1-888-762-2463.