







today

- ✓ BUY/SELL/MERGE
Internal Transition (Succession)
- ✓ REP FIRM VALUATION
- ✓ DEAL STRUCTURE
- ✓ MAKING IT WORK

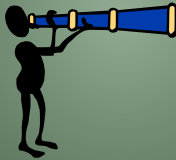
WHY DO IT ?

- ▲ INCREASED SALES
- ▲ INCREASED VISIBILITY (NEW MFRS)
- ▲ EXPAND TERRITORIES
- ▲ DIVERSIFY PRODUCT OFFERING
- ▲ DIVERSIFY SELLING APPROACH
- ▲ SYNERGISM (products and people)
- ▲ EXPAND AND GROW (economies of scale)
- ▲ RESCUE A REP COMPANY

BUYING, SELLING, MERGING

FINDING THE OPPORTUNITY



FINDING A REAL DEAL

- ▲ ERA ANONYMOUS SERVICE (Tess Hill)
- BE OPEN !! Communication = Sharing !
- BE INVOLVED - GO WHERE REPS GO
- REP NO-NAME GROUPS
- PICK UP THE PHONE !
- ▲ SOLICITATION FORM LETTERS....
- ▲ NOT RESTRICTED TO NEIGHBORS



YOU WANT TO BUY

- SOME POSSIBLE INDICATORS
- THEY HAVE TOLD SOMEONE (ELSE)
 - NO OBVIOUS "HEIR APPARENT"
 - LOSS OF KEY EMPLOYEES
 - LOSS OF KEY MANUFACTURER(S)
 - LOSS (DEATH) OF OWNER
 - INFORMATION FROM MANUFACTURERS



YOU WANT TO SELL

- ▲ BE MORE DISCRETE
- ▲ STRATEGY MEETING WITH TEAM
- ▲ TALK TO REP FRIENDS (OTHER TERR)
- ▲ MAKE A LIST OF REPS TO APPROACH
- ▲ HAVE NON-DISCLOSURE AGREEMENT
- ▲ KNOW WHAT YOU WANT (PREPARE)



CRITICAL ITEMS OF FIT

- ▲ THE THREE P'S
 - PRINCIPALS (Manufacturers - synergy/conflicts)
 - PEOPLE (HAVE A MEETING & PARTY)
 - PHILOSOPHY (PRINCIPLES, VALUES)



FINDING A DEAL

- COMMUNICATE
- BE PREPARED (PLAN FOR 2X)
- GET PROFESSIONAL HELP
- BE HONEST AND CANDID
- BE EQUITABLE
- CHECK YOUR EGO AT THE DOOR



WORTH REPEATING.....

the # 1 reason for NO DEAL

- ▲ CHECK YOUR EGO AT THE DOOR

Big fat cat ERA rep



VALUATION

DIFFICULT AND CRITICAL (1st step)

"WHAT" ARE YOU BUYING/SELLING

FORMULI

REACHING EQUITY




VALUATION

THE VALUE OF A MANUFACTURERS REP FIRM IS EQUAL TO THE COMMISSION INCOME FROM THE PRINCIPALS (MANUFACTURERS) TO BE TRANSFERRED

*1-Large asset ownership

*2-other "special" things




VALUATION: FORMULI

OLD RULE: 1X COMMISSION

VARY FROM .7X TO 1.2X COMM

TIME PERIOD TO ANALYZE:

- LAST THREE YEARS
- LAST THREE YEARS WEIGHTED (trending)
- LAST 12 MONTHS (ONE YEAR)



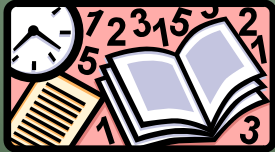

VALUATION: ALL FUTURE

- NO FIRM FIXED VALUE
- STRUCTURE BASED ON FUTURE
 - 20% FOR 5 YEARS (paid quarterly)
 - 10% FOR 10 YEARS (paid monthly)
- BASED ENTIRELY ON FUTURE SUCCESS (GROWTH) OF COMPANY
- “... it is what it is ...”




VALUATION

- OTHER FORMULA IDEAS ???






STRUCTURE OF YOUR DEAL

- FOCUS TODAY ON THE “PAY WAY”
- DO THE DEAL CONCEPT (DRAFT)
- THEN BRING IN LEGAL EAGLES*
- REMEMBER TO REMEMBER:
 - CONTINGENCIES (DEATH, DISABILITY)
 - BREACH OF CONTRACT (ANY PARTY)
 - CROSS INSURANCE POLICIES
 - EMPLOYEE OWNED STOCK ISSUES




STRUCTURE OF YOUR DEAL
Some very critical questions:

- ▲ WHEN IS "OWNERSHIP" TRANSFERRED ?
(PROTECTIVE CLAUSES TO RE-ENTER)
- ▲ INTEREST INCLUSIVE (FIRM FIXED) ?
- ▲ LOSS OF A TRANSFERRED LINE.... ?
- ▲ RESIGNING A TRANSFERRED LINE ?

DEAL STRUCTURE: PAYMENTS

"CONSULTING"

- non-compete
- goodwill
- stock purchase
- asset purchase

DEAL STRUCTURE IDEA

OTHER STRUCTURES ?
OTHER OFFERS YOU'VE HAD ?



BUY, SELL, MERGE, SUCCESSION:
MAKING YOUR DEAL WORK

- ▲ MANAGING PERCEPTIONS
- ▲ PRINCIPALS (MANUFACTURERS)
- ▲ CUSTOMERS
- ▲ DISTRIBUTORS
- ▲ EMPLOYEES
- ▲ OVER COMMUNICATE



MANA ERA

MAKING IT WORK

- ❖ TALK TO RSM WEEKLY
- ❖ TALK TO NSM MONTHLY
- ❖ VISIT PRINCIPALS ANNUALLY
- ❖ INVITE ALL OF THEM TO VISIT
(especially at new office location)
- ❖ PREPARE CONTACT CHECKLIST
FOR ALL SALES
- ❖ PPM PROGRAM

MANA ERA

MAKING IT WORK

- ▲ GET NEW CUSTOMERS AND NBO's

HAVE GREAT COMMUNICATIONS TOOLS AND SYSTEMS

- ▲ GET NEW CUSTOMERS AND NBO's

PROVIDE EXCEPTIONAL CUSTOMER SERVICE

- ▲ GET NEW CUSTOMERS AND NBO's
- ▲ GROW SALES FOR EVERY LINE

MANA ERA







Many thanks to special people....

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THANKS FOR ATTENDING

QUESTIONS 

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