

Mike Drury  
United Business Brokers  
by Jeannine Lewis

On Tuesday, September 21<sup>st</sup>, Mike Drury of United Business Brokers shared with us some interesting details about the role his company plays in matching potential buyers of businesses with sellers. UBB works with business owners to create a business profile, determine a sales price for their business, and find potential buyers. A business profile is created to evaluate the business from a cash-flow perspective. UBB obtains tax returns for the last 3 years and a current P&L, and adjusts the figures to calculate "adjusted net income." Net income is adjusted to more accurately reflect actual costs of doing business. Sometimes net income will include items that may apply to this particular business owner, but may not apply to future business owners such as interest paid for equity financing, management salaries, one-time expenses, etc. UBB also separates real estate from the actual business, treating it as a separate component. Once UBB performs these adjustments, they calculate an adjusted net income and from there are able to set a valuation and sales price for the business. On average, a small business will sell for two to three times its adjusted net income.

Businesses do not typically advertise that they are for sale. Doing so would create concern in the minds of employees and customers, which could cause the business harm. UBB finds most of their sellers by contacting businesses and asking them if they have ever thought about selling, or if they would like to know what their business is worth. They go door to door, leaving business cards on windows, cold-calling business owners, and generating leads through word of mouth and past sales.

Buyers contact UBB because they are considering buying a business. Some common reasons are; it has been a dream to own a business, they may have lost their job and can't

command the same salary they were used to, or they may want to be their own boss. Most buyers want to know what the bottom line is for any business; how much money can they make, can they make it grow, how much of a salary can they take each year.

Mike Drury had an interesting perspective, he thinks it is "smarter" to buy an existing business and expand or grow it than to build it from the ground floor. In his opinion, Entrepreneurs have a "burn" to create a new business but get bored after about three years and sell it to start another. Mike seemed like less of an Entrepreneur to me and more like a salesman. Compared to Brian Boam, Mike was more of a deal maker than anything. He could sell businesses, cars, shoes?

As I get more exposure to different types of businesses through the cases, and through our speakers, I am really starting to think business owners and entrepreneurs are not the same thing.