

## Characteristics of a Businesses Intermediary By Mike Dugan

My journey towards becoming a Business Intermediary started some 35 years ago through my association with Arthur Andersen, having an entrepreneurial seizure, firing Arthur Andersen and going into business for myself.

An often misunderstood and overlooked part of being in business is what Michael Gerber calls the "Entrepreneurial Myth". I, like most entrepreneurs, did the technical work I knew how to do and had no clue how to really become an entrepreneur. A significant influence as I progressed was our by-line, "The Difference is Planning™". Again, what I still did not recognize was the fact that when you start a business one of the key factors in "planning" should be an exit strategy. Most of us get so busy working in our business as Gerber says that we fail to work on our business to look at one of the most important strategies, the exit plan. In the beginning, it's hard to focus on what the end should look like.

Also, I have been significantly influenced by the writings of Michael Gerber in his book "*The E-Myth*" and Jim Collins book "*Good to Great*". If you haven't read them, I would suggest them as they will help you build a company that can have significant value and therefore can facilitate an exit plan that can meet your goals and objectives.

Another key piece is building culture within your organization and ensuring that your vendors, customers and employees have a good understanding of your company culture. Again, I believe Jim Collins understood this well when he discussed his Culture of Discipline, "disciplined people with disciplined thought taking disciplined action", the three stages of his six part continuum.

A critical element in choosing a Business Intermediary is to ensure that there will not be conflicts of cultures between your company and your staff and the business intermediary you choose. This may seem to be difficult to ascertain but you certainly can inquire as to whether they have a Statement of Values.

The tangible things that you want to ensure are those that directly influence the Business Intermediary's ability to bring the transaction through to a successful conclusion. Professional credentials, membership in professional organizations, and the firm's focus on spending full time as an intermediary are important. They must have a good understanding of how business valuations are performed. They should be registered and/or licensed in the state where the firm practices.

A few years back I was in a seminar where Richard Jackim spoke regarding the characteristics of a company that has a high probability of successfully completing an exit strategy. Paraphrasing his remarks he indicated that (1) if you are an entrepreneurial company, (2) a visionary owner, (3) a strategic thinker (versus a seat of the pants thinker), (4) first, second, third generations closely held (family business) there is a high probability that a realistic exit strategy could culminate in a financially successful transaction to sell your business.

In conclusion, as my journey continues, I continue to be intrigued by the passion that entrepreneurial owners bring to their company; I am humbled and inspired working with them.