



TRI-VALLEY EXECUTIVE'S ASSOCIATION
P.O. Box 985 ♦ PLEASANTON CA 94566
PHONE 485-1394 ♦ FAX 485-4513
www.trivalleyexecs.com

MAY 12, 2005

NEXT WEEK:

The next meeting will be held at Vic's on Thursday, May 19.

Greeters will be **JoDee Moore** of J.E. Moore Air Conditioning and **Jan Batcheller** of Gift Source.

The Value will be given by Dave Sanchez, Sr. of B& S Hacienda Auto Body.

The Classification on May 19 will be given by **Manny Martin** of Amador Valley Property Management. Manny has asked that you come prepared with questions for him (about property management...)

MAY ANNIVERSARIES

Dr. Rick Hume – *10 years*

Dr. Endre Selmeczy – *7 years*

Mark Niemann – *6 years*

Aaron Cooper – *2 years*

CLASSIFICATION

Ron Johnson was born and raised in southern California. He has been married for 40 years and has 3 sons.

Out of high school he started working for Pacific Bell and was soon drafted into the Army to serve during the Viet Nam War. His service allowed him to go to college and

get his degree from Long Beach State. He went back to work for PacBell where he stayed for 27 years, just long enough to take early retirement.

He searched for 6 months for a business to purchase and found nothing that appealed to him. The business broker that he was working with suggested that he work with him selling businesses while he was searching for a business that suited him. He became a business broker in 1991 and bought the business in 1995. In addition to Allen Business Investments, 3 years ago Ron started Onyx Associates, a mergers and acquisitions company.

Businesses are sold for many reasons including owner retiring, burnout, health issues, relocation, or disputes of partners, among others. Buyers look for a reasonable price, provable financial records, fixed assets, training, leverage and terms, a good lease, non-compete covenant and a good reason for the business to be sold. The best time to sell a business is when it is doing well.

A business' worth depends on the perspective of each individual buyer. The basic value is determined by the current value of fixed assets, earnings trends, factors that impact future earnings, competition, location, industry and the economy. In final analysis, the price must pass the "sanity test": must cover debt service, must provide reasonable income for the buyer and must allow for working capital fluctuations.

Financing always includes buyer's cash, typically 20-50%, which may include a home equity loan. Seller financing of at least 10% is common. Usually 80% is



TRI-VALLEY EXECUTIVE'S ASSOCIATION
P.O. Box 985 ♦ PLEASANTON CA 94566
PHONE 485-1394 ♦ FAX 485-4513
www.trivalleyexecs.com

financed through the Small Business Administration.

Ron Johnson is a certified business intermediary (CBI) and a mergers and acquisitions master intermediary (M&AMI) as well as a fellow of the IBBA. He specializes in business appraisals and selling preferred business.

If you know of someone thinking of buying or selling a business, or to find out more about the market for your business, call Ron at 838-8150.
