



TRI-VALLEY EXECUTIVE'S ASSOCIATION

P.O. Box 985 ♦ PLEASANTON CA 94566

PHONE & FAX 485-1394 ♦

www.trivalleyexecs.com

JULY 12, 2007

NEXT WEEK:

The next meeting of the Tri-Valley Executives' Association will be held on **July 26** at Vic's All-Star Kitchen at 7:00am.

You will be GREETED by **Mike Peel** of Hometown GMAC Real Estate and **Beverly Hoey** of The Law Offices of Beverly Hoey.

The VALUE will be given by **John Quintanal** of USANA Health Sciences.

Jim Pease of W.H. Mayer Accountancy Corp. will be giving the CLASSIFICATION.

VALUE:

Phil Maser, General Contractor, comes to the meetings and watches as different companies pair-off. In all his years as a general contractor, he never thought of pairing up with an interior designer. He has now "paired up" with Pam Meyer of Design Works LTD. and has done some fun jobs. The value of the association is getting business in new ways that may have never come to mind.

DID YOU GIVE A REFERRAL THIS WEEK?

CLASSIFICATION:

Ron Johnson was born and raised in southern California. He has been married for over 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. The actual value of a business is determined by an analysis that takes 5-10 hours and is done using the Income approach and the Market approach.



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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 financed through the Small Business Administration.

December 6 – Holiday Party

ABI Business Sales has three tiers to their business: Main Stream (usually capped around \$2MM), M&A (\$3MM-50MM), and Investment Banking (usually \$100MM and up).

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, diamond-certified businesses.

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 for a confidential consultation.

SOCIAL:

Join us for a Thursday Night **TVEA Mixer** at 6:00pm on August 2 at the home of Mike & Darlene Peel.

This is a great opportunity to bring guests and prospective members to meet in a more social setting.

Bring a beverage and an hors d'oeuvre to share. **The cost for *NOT* attending is \$10.** There will be no morning meeting on Aug. 2.

Save the Dates:

September TBD – Golf Tournament