

To Sell or Not to Sell....

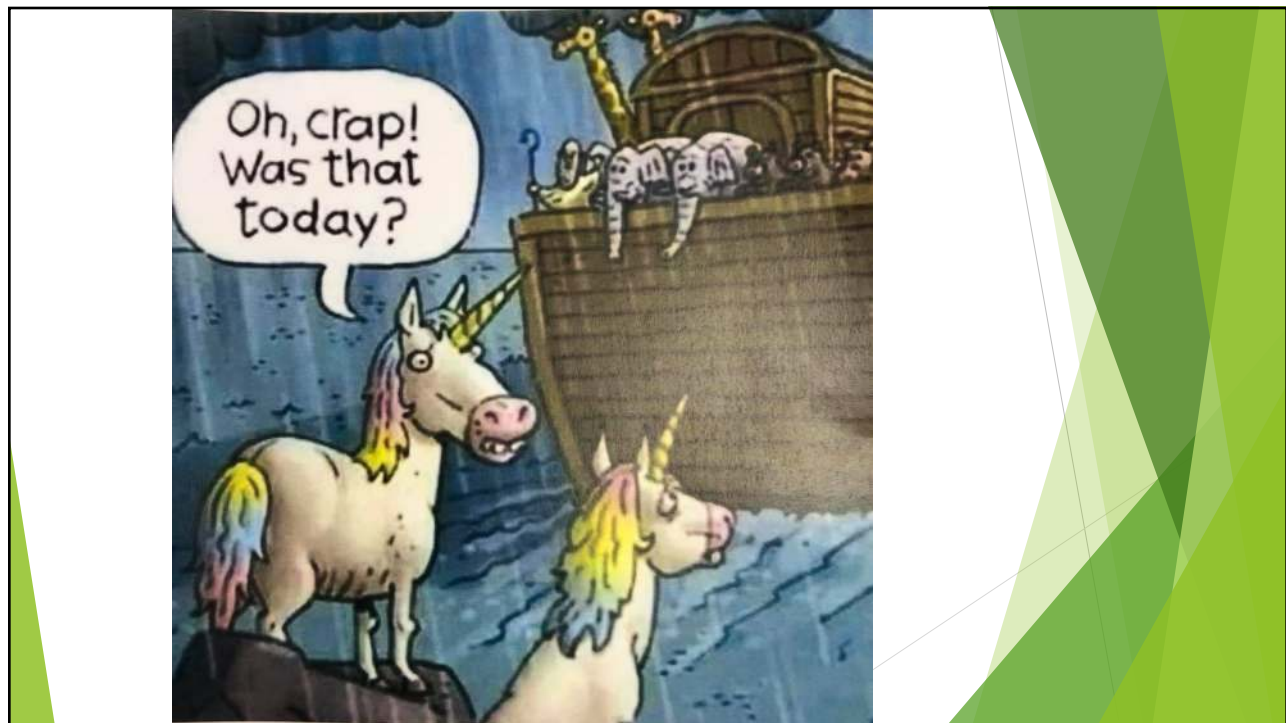
John Hey
Strategic Business Associates

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To Sell or Not to Sell?

- ▶ What does the future look like?
- ▶ What does history tell us?
- ▶ What do you want to do?
- ▶ What is your Exit plan?
- ▶ Lessons learned

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Change the One Constant

- ▶ Changes in Technology
- ▶ Changes in Distribution
- ▶ Successes
- ▶ Failures

Failures in the Document World

- ▶ Carbon Paper (Old Town Carbon Paper Co.)
- ▶ Spirit Duplicating (Ditto Corp.)
- ▶ Mimeograph (AB Dick, Gestetner)
- ▶ Thermofax (3M)
- ▶ Photocopy (Kodak, Agfa)
- ▶ Typewriters (Adler, SCM, IBM)
- ▶ Calculators (Burroughs, Feiden)
- ▶ Electrostatic (APECO, SCM)
- ▶ Word Processing (CPT)
- ▶ Xerography (IBM, Van Dyke, Kodak)

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The Future?

- ▶ Continues to be a good business (Properly managed)
- ▶ Copier volume declining (But not as fast as predicted)
- ▶ Print volume increasing
- ▶ Changes are creating **risks** and **opportunities**
- ▶ MFP, MPS, ECM, Wide Format, Production Print, Software, Solutions, IT, MNS
- ▶ Dealers are going forward or backwards –
there is **no status quo**
- ▶ Growth is a business imperative

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Distribution/Technology

- ▶ Haves and the have nots (critical mass)
- ▶ Competition is increasing and borderless
- ▶ HP A4 and now A3
- ▶ Technology is important but everyone has access
- ▶ **PEOPLE** determine the impact of the technology
- ▶ Your success is dependent primarily on two factors:
 - ▶ ***Superior client service (culture)***
 - ▶ ***High capacity people (investment)***
- ▶ Engaged people, the right strategies, making the changes necessary to meet future challenges

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Reasons to Sell

- ▶ Burned Out
- ▶ No Successions/Transition Plan
(Exit Strategy)
- ▶ Lack of Desire to Adapt and Change
- ▶ Not Willing to Take Risk and Invest
- ▶ An Offer You Can't Refuse

If you can't or won't commit, get out (please)

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A Personal Story

- ▶ Chapter 1 – In the Beginning
- ▶ Chapter 2 – Second Generation
- ▶ Chapter 3– The Dark Year
- ▶ Chapter 4– The Sale
- ▶ Chapter 5 – Alco / IKON
- ▶ Chapter 6 – Re-Potting

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ACQUISITION LANDSCAPE

- ▶ Private Equity driving much of the activity, but not higher valuations
- ▶ Independent Dealers Desirable because:
 - ▶ High Profits = Strong cash Flow
 - ▶ Recurring Revenues = Predictable returns
 - ▶ Strong Customer Relationships = Tangent business growth opportunities

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Who are the Acquirers?

- ▶ Visual Edge – Private Equity
- ▶ Marco – Norwest Equity Partners (Wells Fargo)
- ▶ UBEO – Sentinel Capital Partners
- ▶ Novatech – Trivest Private Equity
- ▶ DEX – Staples – Sycamore Partners
- ▶ Flex Technologies – Oval Partners
- ▶ Xerox Business Systems
- ▶ Manufacturers – Sharp (Fox Conn), KonicaMinolta
- ▶ Dealers buying dealers (More than all the others combined)

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How Do You Survive and Thrive?

- ▶ Mission, Values, Culture, Purpose
- ▶ Why are you in business?
- ▶ What's important? Putting first things first
- ▶ Clear strategy and business plan
- ▶ How are decisions made? Data driven
- ▶ A problem solving process
- ▶ Focused on long term performance
- ▶ Do your actions support your plan?

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ACQUISITION VALUATIONS

- ▶ Multiple of recast earnings still most common method
- ▶ Strategic transactions = >6X
Initial offers often start at 5X
- ▶ Tuck Under transactions <4X after buyer efficiencies
and often under 3X
- ▶ Mostly Asset Purchase structure
- ▶ Small messy deals often 1X aftermarket revenue
- ▶ Often a wide ranges of offers on each deal
depending upon buyers situational benefits

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The Journey vs. The Destination

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The Destination

- ▶ The dream is to have a lot of money and then you can lead a life of leisure and happiness.
 - Nothing in my experience could be further from the truth
 - If money truly brought happiness then all the wealthiest people in the world would be the happiest. They are not.
- ▶ Studies indicate that a rise in wealth isn't accompanied by a rise in life satisfaction.
- ▶ Instead, there is often an increase in depression and distrust.

Money can create more problems that it solves.
(check out the stories of most lottery winners)

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The Journey

- ▶ True happiness lies in the following:
 - ▶ Strong social relationships
 - ▶ Family
 - ▶ Friends
 - ▶ Associates
 - ▶ A feeling that life has meaning
 - ▶ A spiritual connections
 - ▶ Important and Enjoyable work

PS: It's has nothing to do with money

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Lessons Learned

► Positives

- Travel
- Wife's career opportunity in live theater
- Nest egg
- Business experience
(skills and knowledge)
- Second career
- Interesting journey

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Lessons Learned

► Negatives

- Destination vs. Journey
- Distracted/Off Track
- Unhappy
- Family relationship put at risk
- Lost Direction
- No plan

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What Would I Do Differently?

- ▶ In retrospect, selling turned out for me –
in the long run
- ▶ I was lucky – things have fallen in place –
but I should have had a plan (Life after)
- ▶ I would engage an expert to help me make
the decision to sell and negotiate the sale
- ▶ I would have invested more aggressively
- ▶ Theater business

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What Would I Do If I Were you?

- ▶ Customers (Why you're in business)
- ▶ People (Who can take you into the future)
- ▶ Profitable growth (Getting the right outcome)
- ▶ Use the Dealer Imaging Model

PROFINANCE 2.0

Upcoming Workshop Dates and Locations:

June 19-20, 2019 - MOM, Cincinnati, OH

Oct. 16-17, 2019 - Advanced Office, Irvine, CA

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To Sell or Not to Sell?

Not the Right Question

- ▶ What does history tell us?
- ▶ What does the future look like?
- ▶ What do you want to do?
- ▶ What's your strategy?

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Is it Time to Sell or Stay in the Game?

**How do YOU
Answer the Question?**

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Q & A

The Question

**Was this worth
a piece of your life?**

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