

New Partnering Trends

That's how Applebee's attracted more customers - many first-time visitors - to their family restaurants this summer, without advertising more. That's how T-shirt designer Tami Minatelli was able to exhibit at nine street fairs this summer without paying for her booth space. A new manufacturer of a unique, no-stain suntan lotion paid for Tami's booth. Why? Because she wore their lotion and her T-shirts, with a sign above her head, describing her original painting-on-cotton method and the lotion's "do no harm" guarantee. Next to burn protection, that's the biggest concern of people who use suntan lotions. When Weight Watchers designed and branded several low-cal menu items for Applebee's, followers of the Weight Watchers program (and those who were thinking of dieting) had a new reason to eat at Applebee's. Applebee's customers opened up their menus and saw how appetizing a WeightWatchers entree could be. Consumers got introduced to products by organizations they already knew and trusted.

In each story you just read, organizations that serve the same kind of consumers created new opportunities for each other. Together they accomplished more than they could have in "solo" outreach efforts. They attracted and delighted their mutual market of people while spending less. As you can tell, any kind or size of organization can adopt this trend towards joining forces to generate more value and visibility together.

Warning: with the wrong partners or methods, your efforts can backfire. You may irritate or even alienate prospective customers and supporters.

Pick Your Partners with Care

One must pick partners with great care. Notice how one *sweet* cause campaign got lambasted recently while another attracted praise. "Maybe Krispy Kreme should offer free coupons for insulin and syringes to the kids who end up with diabetes," said Gary Ruskin, executive director of Commercial Alert. Krispy Kreme is lambasted by this watchdog group for its longtime program of rewarding students in kindergarten through sixth grade with a free doughnut for every A on their report card in communities across the country.

"Perhaps that's why partnering is the fastest growing and most controversial marketing approach

Yet there is nary a peep of protest when M&M teamed up with the Susan G. Komen Breast Cancer Foundation to raise funds through the sale of new "pink & white" M&M candies. In fact, on behalf of a cause to keep women healthy, groups are jumping on the bandwagon to encourage people to buy a candy that is certainly no more nutritious than a donut. In light of the alarming leap in obesity in the U.S.

some long time partners may attract controversy today, as Krispy Kreme is learning the hard way. The lesson? Stay clear of controversy. Even if the Susan G. Komen Breast Cancer Foundation isn't criticized this time for what could be described as an unhealthy partner, it could be soon. But recognize that partnering is a fast-growing trend because of its power. Businesses can use it to stand out from their competition or provide a fresh reason for people to support a cause or buy a product. They become a bigger customer magnet.

Bottom Line Benefit of This Trend

At the very least, with a partner, you get introduced to each other's customers.

Source: Kare Anderson SmartPartnering: How to Attract and Delight More Consumers While Spending Less.

Do You Know?

- That more than 20 percent of the overall assets held by affluent individuals are in their privately held businesses.
- Women are starting businesses at almost twice the rate of men.
- Small business owners account for a larger percentage of millionaires than any other category, including investors, executives and inheritors.
- On any given day 1.7 million small businesses are for sale in the U.S.
- The Truth about Cell Phones and the National Do Not Call



Inside This Issue

Buyers, Buyers, Buyers	2
The Scales of Justice	2
Why Sunbelt	2
Business Plans	3
Truth about Cell Phones	3
Go Global-Act Local.....	3
Your Local Sunbelt Advisor.....	4

BUYERS . . . BUYERS . . . BUYERS . . .

The Main Street Buyer

This is a person who is forced into the business buyer role. They really don't want to buy a business because they don't tolerate risk well. What they really want is another job, something with "security." However, the reason most of these folks are looking at businesses is because they have lost their jobs, hate their jobs or fear they are going to lose their jobs. They've been downsized, right-sized, pink slipped and shown the door. They are buying a job. They are the largest buyer group.

The Financial Buyer

This is the bottom line buyer. How much does the business make? What do I have to pay to get the return on investment (ROI) that I want?

They are numbers driven and are seeking businesses that they can turn around and sell for more profit. This is the smallest buyer group.

The Synergistic or Industry Buyer

This is a group of buyers that most business sellers want to talk to but they're afraid. They're afraid because this buyer is often a direct competitor or is in a similar type business. Wise sellers are concerned that a competitor may discover that the seller is selling and raid the company. Unfortunately, the synergistic buyer is also the buyer who will generally pay the most for a business. That's because synergy means $1 + 1 = 3$. They can take the acquisition and add value to their existing business through synergy, sometimes in the form of market share, greater buying power or centralized administrative savings.

The way to access this buyer group is with a professional, trained Sunbelt Business Broker who knows how to pre-screen prospective buyers to protect your business but still get you the highest possible sales price.

The Scales of Justice

Brian Budman, LL.M. – Denver, Colorado

Section 1031 of the Internal Revenue Code – "No gain or loss shall be recognized on the exchange of property held for productive use in a trade or business or for investment if such property is exchanged solely for property of like kind which is to be held either for productive use in a trade or business or for investment." The sale of a business usually is not a sale of one asset. Instead, all the assets of the business are sold. Generally, when this occurs, each asset is treated as being sold separately for determining the treatment of gain or loss.

In addition to a taxpayer's personal residence, IRC Section 1031 specifically excludes the following property from non-recognition treatment:

- Stock in trade or other property held mainly for resale;
- Stocks, bonds, notes, or other securities or evidence of indebtedness;
- Interests in a partnership;
- Certificates in trust of beneficial interests; or Choses in action.

More useful for business owners, however, may be Sections 1042, 1044 and 1045 of the Code. Under Section 1045, if a small business meets the definition of a Qualified Small Business (QSB), as defined in the applicable sections of the Code, investors in the business will have the opportunity to defer the gain realized by the investor if the investor "rolls over" such gains by purchasing additional QSB stock. A Section 1042 "rollover" allows selling shareholder(s) in closely held companies to indefinitely defer capital gains taxation on the proceeds from the sale to an employee stock ownership plan (ESOP).

Tax laws and Internal Revenue Service regulations are long, complex and almost nonsensical. Entrepreneurs and investors should consult with their own tax advisors to determine whether they can benefit from these tax provisions.

Brian Budman is an Tax Attorney in Denver that works closely with many SUNBELT Advisors.



"In my opinion Sunbelt is the broker to go to when you want to sell your business. I refer clients as well as business associates to them quite often."

"What do Buyers Really Look Like?"

There are really only 3 types.

- ☉ Main Street – Most Common
- ☉ Financial – The Numbers
- ☉ Synergistic – $1 + 1 = 3$

Why Sunbelt?

We are able to provide intermediary services between a Buyer and Seller of businesses in all price ranges and industries. Our broker professionals can give you the crucial confidentiality you need throughout the buying process and national network exposure you need to bring the right buyer to you.

The Sunbelt name has the reputation to support the sale of your business from initial listing all the way through closure. Our awards support our achievements. Our advertising supports our growth, and our client satisfaction keeps us at the forefront of the business brokerage industry.

For FAQ's about selling your business call your local Sunbelt Business Advisor (back page) or log on to:

<http://www.sunbeltnetwork.com/sellers/faq.jsp>

Another Satisfied Client!

"I wanted to let you know how pleased I am with the way you handled the sale of my business. The timeline you predicted, price and terms were all very close to what you said they would be. I was also impressed with your professionalism, responsiveness and background knowledge regarding different ways of being able to structure the deal. I've already recommended you to others. Thank you for a job well-done!"

Al Coppola, Texas

Does Your Business Have A Plan?

Whether you are just starting a new business or have been in business for years – it's vital to have your business information organized, readily available, and up to date.

The Truth about . . . Cell Phones and The National Do Not Call Registry

If you've received an e-mail telling you that your cell phone is about to be assaulted by telemarketing calls as a result of a new cell phone number database, rest assured that this is not the case. Telemarketing to cell phone numbers has always been illegal in most cases and will continue to be so. In response to recent e-mail campaigns urging consumers to place their cell phone numbers on the National Do Not Call Registry, the Federal Trade Commission and Federal Communications Commission issue this advisory to give consumers the facts.

The federal government does not maintain a national cell phone registry. Personal cell phone users have always been able to add their numbers to the National Do Not Call Registry – the same Registry consumers use to register their land lines – either online at www.donotcall.gov or by calling toll-free 1-888-382-1222 from the telephone number they wish to register. Registrations become effective within 31 days of signing up and are active for five years. There is no cut-off date or deadline for registrations.

Business Plans

Basics

A business plan precisely defines your business, identifies your goals, and serves as your firm's resume. The basic components include a current and pro forma balance sheet, an income statement, and a cash flow analysis. It helps you allocate resources properly, handle unforeseen complications, and make good business decisions. Because it provides specific and organized information about your company and how you will repay borrowed money, a good business plan is a crucial part of any loan application. Additionally, it informs sales personnel, suppliers, and others about your operations and goals.

Plan your work

The importance of a comprehensive, thoughtful business plan cannot be overemphasized. Much hinges on it: outside funding, credit from suppliers,

management of your operation and finances, promotion and marketing of your business, and achievement of your goals and objectives.

"The business plan is a necessity. If the person who wants to start a small business can't put a business plan together, he or she is in trouble," says Robert Krummer, Jr., chairman of First Business Bank in Los Angeles.

Despite the critical importance of a business plan, many entrepreneurs drag their feet when it comes to preparing a written document. They argue that their marketplace changes too fast for a business plan to be useful or that they just don't have enough time. But just as a builder won't begin construction without a blueprint, eager business owners shouldn't rush into new ventures without a business plan.

Source: United States Small Business Administration (SBA) http://www.sba.gov/starting_business/planning/basic.html

Go Global/Act Local

Greg Kells – Ottawa, Canada

(45 degrees latitude and 75 degrees longitude)

Doing business in Ottawa is like business all over the world. It's just BUSINESS. But *Good Business* is what I want to talk about.

I was fortunate to receive a call from an owner of a construction company in Vancouver named Pino Bacinello – he was referred to me by his original contact in Bangkok that was not able to find a buyer for his business. Pino and I put together a 40-page comprehensive business review over the phone and via email and we only met after a buyer was found and the sale of the business was successfully completed. Pino never even met the buyer – all the negotiations were handled by phone, fax and email. Not only was Pino pleased with our sale of his business, but he was so impressed, he bought a Sunbelt Franchise.

Mr. Bacinello had this to say in the end, "Many factors come into play in the successful purchase and sale of a business. There is a great need for a business that can bring buyers and sellers together in an environment that is confidential. Sunbelt does it perfectly."

Greg Kells is president of Sunbelt Business Brokers Inc. Canada with a staff of 15 in Ottawa and franchises across the country.



SUNBELT – Who We Are

SUNBELT Business Advisors LLC is the largest office network of business brokers in the world. Whether you are looking to buy or sell a business, we have the resources to help you reach your goals. With hundreds of offices worldwide, and the most skilled brokers in the industry, SUNBELT Network has behind it the marketing savvy and worldwide exposure that you can only get when you list your business for sale with us. And if you are looking to buy a business or buy a franchise, no other business brokerage company can offer the selection and quality of businesses that SUNBELT brokers can provide.

So when you decide to buy or sell a business, don't look any further than our highly-trained network of SUNBELT professionals.



**The Largest Business Brokerage Network in the World.
Rated #1 in Category by Entrepreneur Magazine in 2004.
Over 1200 professionals in hundreds of offices worldwide.**

