

Suitegum Splinter

For those many people to whom my newsletter is sent: You will no doubt be aware of my recommendation that all businesses should always be prepared for sale because:

- Preparation always adds value to the deal.
- The owner will be prepared, knowledgeable and ready in the event that the mythical figure walks in the door and makes an offer.
- The owner of a business is usually human, and unexpected death plays enough havoc with the lives of loved ones without them having to work out how to unlock the value inherent in the business.
- Similarly, business owners who become disabled or suffer some dread disease may require the business value to be released in order to provide treatment for them, or to have their families set up properly.
- Having a business constantly prepared for sale provides the best roadmap for a business owner on the long road to eventual exit and reaping the fruits of that career to maximum advantage.

Many of our clients return to us year after year to have their businesses valued, and they use this annual review as a sort of sound check on performance, make some adjustments, and move forward to the next valuation, a year later, all the time adding value to their businesses and their lives.

Some owners have had some remarkable successes through regular interventions; one memorable example is a business which has escalated in value over the years from 4M to 8M, then 13M and suddenly 38M, at which point it was successfully taken to the market. Another doubled in value over a three year period. These two shared a common conformity with suggested changes as a result of the Suitegum valuation and the ***Prepare Your Business For Sale™*** seminar.

Others have had their businesses valued once, made some changes, added value, and then sold them several years later. That strategy has obviously worked for those sellers, but one could not help but wonder during the selling process if we couldn't be pushing for a higher price, if only more attention had been paid to some issues in the intervening years.

I suppose that we could say that we all need a specialist mentor in areas with which we do not deal as a matter of course. Most people sell one or two businesses in their entire lives. How could they possibly be *au fait* with all the aspects of selling strategy and tactics?

At Suitegum, the only thing we do is sell businesses and help business owners prepare their businesses for sale. As a member of the Suitegum Splinter you will have this expertise on tap at all times. How? Read on...

The market

There are probably 2500 to 3000 business for sale in South Africa at the moment, apart from the "make me an offer" crowd. More than 1000 of them are on one web site alone. I visit this site regularly, and most of those sellers have been there for years. Yes, **years**. There is nothing spectacular about any of them that would make a purchaser sit up and take notice. "It's all a

numbers game”, says the owner of the site. “As long as we have lots of businesses on the site, something will sell”. This is hardly a view to be embraced by a business seller looking for some dedication. There are other web sites along the lines of Ebay, Junkmail and so on which list hundreds of poorly prepared businesses with even worse presentations; the owners of which are becoming more and more desperate to cash in on their livelihoods.

It has become something of a joke amongst buyers of businesses:

- “Why don’t they get professional help – it’s not that expensive.”
- “It’s so easy taking advantage of people who think they are clever going it alone.”
- “Selling a business is like a five day test, and yet they treat it like a 20-20 hit and giggle.”
- “There’s nothing remarkable about anything being advertised, and so we pick up the bargains.”

Remarkable businesses

Indeed to get remarkable results, you need to be remarkable in some way. A **splinter group** is one that breaks away from a larger body, with a better idea, a better way of doing things, with something remarkable, even if it is only a better presentation. As the experienced will tell you; the only difference between a rat and a squirrel is the quality of the marketing.

I have been selling businesses for nineteen years now. If I had received a Rand for every time I sit down with a prospective seller desperately wanting to sell, but with nothing to show me worth selling, I could retire now. Well, not quite, but you get the spirit of the hyperbole. Many of these businesses have been on the market for a while, even as unprepared as they are. All the owners have a particular frustration in common; they all believe it is somebody else’s fault that their business won’t move. Few of them are prepared to invest in their future with either time or money, and take responsibility.

Our buyers always remark on how well prepared **The Suitegum Splinter** is, and how easy it is to understand what they are looking at. Our businesses stand head and shoulders above the rest; not necessarily by virtue of the industry or business type, but simply on the quality of information and presentation. Suitegum sellers are part of the reason that those businesses listed on rag websites are ignored – there is simply something more exciting on **our** books! **The Suitegum Splinter** knows what is required, and it delivers.

Buyers of businesses are too busy to be able to waste their valuable time doing research that sellers are able to do more easily. You can be quite sure that presented with a basket of half a dozen possible acquisitions, the investor will be more likely to look favourably on one that requires the minimum of changes to make it fit into his portfolio – one that is prepared and ready for sale. Business owners need guidance on how to make their businesses conform to the requirements of buyers. Early adopters of this methodology will benefit the most as they shine and just appear to be something special amongst all the dross. This is the winning strategy. It works, and it will continue to work.

Mentoring

The Suitegum Splinter is a select group of business men and women being mentored on the path to maximising the benefit from the eventual exit from their businesses; a “splinter group” choosing to do things better, stand out from the crowd, and get better results, as they drive their businesses to greater heights while they own them, and sell them for true value, eventually.

In 2009 Suitegum was approached by a **listed company** looking to offload one of its subsidiaries. The directors had been pointed in our direction by one of the corporate investors out there. We were shocked to find that this business was woefully prepared, underperforming, and magnificently overpriced. I called the spade, upset the people that count, and I see now that true to form, the business is listed on one of the generic web sites where it will sit for about a year before people wake up, or one of the directors makes a rubbish offer which is accepted in a moment of desperate boredom by the majority shareholder.

Our referrer tells me that he had hoped that we would be able to help them prepare properly. But therein lay the problem. You see, **a properly prepared business is something that buys into a strategy well ahead of the act.** Preparing for sale does not happen overnight.

The Suitegum Splinter is not for everyone. It requires regular input from the business owner, and therefore some discipline. It requires the business owner to understand the importance of always having his business ready for sale. It is also not for anyone looking for a free ride.

Benefits

The benefits of being a member of **The Suitegum Splinter** are

Valuation

Value R8,250-00

You will always know the value of your business, accurately.

Suitegum will conduct a comprehensive annual market related valuation of the business, providing you with a benchmark for the long term strategy upon which you are about to embark. We will review this valuation exercise on an annual basis, as long as you remain a member of The Suitegum Splinter.

It is imperative for business owners to know the value of their businesses, whether they are being sold or not. How can you possibly have any road map to your future if you are unaware of the growth in value? And so every member of the Suitegum Splinter will have its business valued each year, and the results analysed with him or her.

Webinar

Value R3,000-00

You will have access to our regular live webinars in which we choose an element of mergers, disposals and preparation for an hour long discussion of subjects like contractual and legal questions, presentation, accounting, valuation, buyer politics, financing, and many other issues. Many of the subjects will be driven by the members of **The Suitegum Splinter**. There are ten of these webinars scheduled each year, open only to members of

this unique group.

As a member, you will be authorised to attend from the comfort of your office or home, or wherever you have access to the internet, anywhere in the world.

PYBFS¹ Consultancy

Value R6,600-00

We will maintain a PYBFS file for you, off site and safe from prying eyes, and available to the executor of your estate, your spouse, your children, your attorney, accountant or whoever you direct. We will meet with you twice a year to evaluate progress in dedicated strategy meetings at your office to discuss issues of preparation specifically for your business, in your industry. All the preparation work and post meeting reports and check lists are also included.

In addition one of our team will always be available to answer queries you may have with respect to sales or preparation advice, at no extra charge.

Commission rebate

If as a member of **The Suitegum Splinter** for a year or more, you elect to use Suitegum to sell your business (and of course this is not compulsory) we will discount the commission normally payable on the sale of your business by 20%, provided you have implemented suggestions and methods. This value is more likely to be measured in hundreds of thousands of Rands, rather than tens of thousands.

Even at the discounted rate, all benefits embodied in our Letter of Engagement will still apply, including our standard offering of having all sale agreements purpose drafted for each deal by a firm of commercial attorneys who never touch divorces, criminal cases, conveyancing, or in fact anything other than commercial matters – specialist attorneys who have an intricate knowledge of the transfer of businesses. This, all for the account of Suitegum. Your only legal costs will be those for review by your own attorney – a fraction of drafting costs.

Your business will be exposed to our extensive database of investors and buyers, without you ever having to run the gauntlet of the generic sales rag website.

But even more valuable

Any reader of anything I have published over the years will know about the pain that sellers endure in the event of a forced sale as a result of serious illness or unexpected injury, or even death. I have been deeply affected by several of these events. I have witnessed the pain of a disabled business owner, frustrated and unable to present things properly to potential buyers. I have listened belatedly to heirs of substantial businesses, confused, saddened, and finally angry at having been fleeced by business buyers.

As a member of The Suitegum Splinter, your business will be properly prepared, and so in the circumstances outlined above, if Suitegum is used to sell your business, we will discount the commission normally payable by a further 20% (in addition to the membership discount). You could think of it as a sort of mini insurance policy, if you want.

But more than that, we will extend the benefit to any business in which a majority shareholder is older than 60 at the time of giving us an instruction to act on behalf of the business.

Once again this benefit could be worth hundreds of thousands of Rands as a saving on the cost of selling your business – more than enough to take care of capital gains tax and estate duty in most cases and a substantial mitigation in others. But it is only available to members of The Suitegum Splinter.

¹ Prepare Your Business For Sale: A file containing all information required in the event of a sale of the business to enable purchasers to make a meaningful decision based on a full suite of information. Typically the file provides enough information, in the total absence of the owner of the business.

Subscription rate

So what does membership cost? As usual, I present you with more than one option, and these costs all **exclude VAT**:

R1,650-00 per month	Strictly by debit order, or
R8,910-00 6 monthly	A 10% discount, to be paid twice a year again on debit order, or
R15,780-00 annually	A 20% discount, to be paid annually on presentation of an invoice.

But, as they say in those plastic, over dubbed adverts on TV: **“There is more”**. We will also give you free entry to our ***Prepare Your Business For Sale™*** seminars, in which the full contents of the ***Prepare Your Business For Sale™*** email course are divulged in one fell swoop. These seminars are held from time to time in various centres, and you will always be entitled to join in with a partner, shareholder, advisor or friend. The only proviso is that you have to attend with them.

Contracts

Suitegum is regularly praised by its buyers for the quality of its businesses for sale, and the way in which they are prepared; and on several occasions in the last year those same buyers, either as sellers themselves or through advice to friends and family have pointed the way through Suitegum.

The Suitegum Splinter is a **no contract – no obligation** service. If we are as good as we say we are, there should be no requirements on you from our side to keep you interested, save a thirty day notice period if you want to discontinue for any reason. That really is simply to give us time to cancel debit order instructions without running into any problems with your accountants. By doing it this way, if we do our job, you will stay with us, and if we don't, you will move on.

I do hope you decide to join our exclusive movement. It is one which will have its members' interest stand head and shoulders above all others which are for sale at the time. They will be the types of businesses sought by investors in whatever industry.

Cheers

Mark Corke

24 August 2010, Johannesburg.

Suitegum Splinter

This is the final step in becoming a member of the exclusive **Suitegum Splinter Group**. We intend making sure that when the time comes to sell your business, whether by design or by fate, that it is in the best possible position to provide you, your family and your legacy with the best return possible on all your efforts over the years.

Please complete this form so that we can get the ball rolling. You can either fax it to **086 532 9807**, or you can scan the page and email to me on mark@suitegum.co.za. I will call within a few days to get some more details about the structure of your business.

Company / CC name:		20100102
Business Name:		
Suitegum code		VAT Number
Broker		Financial year end
Owner/s name/s		Contact phone number
		Mobile number
		Billing address

Please indicate clearly which option you wish to pay with, and put a clear line through the other two options.

Option 1 I / We, _____ hereby request and authorise you to draw against the below mentioned bank account in the amount of **R1,881-00** on the 28th day of each month in advance, or the next working day until we give 30 days written notice to terminate withdrawals.


Monthly Payment

Option 2 I / We, _____ hereby request and authorise you to draw against the below mentioned bank account in the amount of **R10,157-40** on the 28th day of each **sixth month** in advance, or the next working day until we give 30 days written notice to terminate withdrawals.

6 Monthly Payment

Account name
Bank
Branch
Branch number
Account number
Account type
Signatory's signature

If you are paying annually in advance (option 3), please do not complete your bank account details here.



Applicable to options 1 & 2

All such withdrawals from the bank account shall be treated as if they had been signed by me personally.
 I instruct and authorise Suitegum's agent Three Peaks Management (Pty) Ltd trading as Debitsure to draw against the account.
 I agree to pay any bank charges relating to this debit order instruction in the event of non payment, which charges may be added to the next debit order run.
 I agree to give notice of no less than 30 days in the event that I wish to terminate this debit order instruction.

Option 3 I / We, _____ hereby request you to invoice our company at the above address in the amount of **R17,989-20**. We undertake to pay on presentation of invoice by email to the address indicated above.

Annual Advance Payment

Thus done and signed at _____ on this _____ day of _____ 2010.

Signature

Name