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Midwest Business Journal



BUYING THAT BUSINESS – Avoid Negative Surprises

*Is Your Data
Suffering from ED
(Entry Distraction)?*

*Big Opportunities In
Small Manufacturing
Companies*

*With the Right Due Diligence,
Now is the Time to Buy*

Required Reading

*7 Helpful Books for Selling
Your Business*

Everything But The Kitchen Sink

– How increased responsibility is impacting CFOs

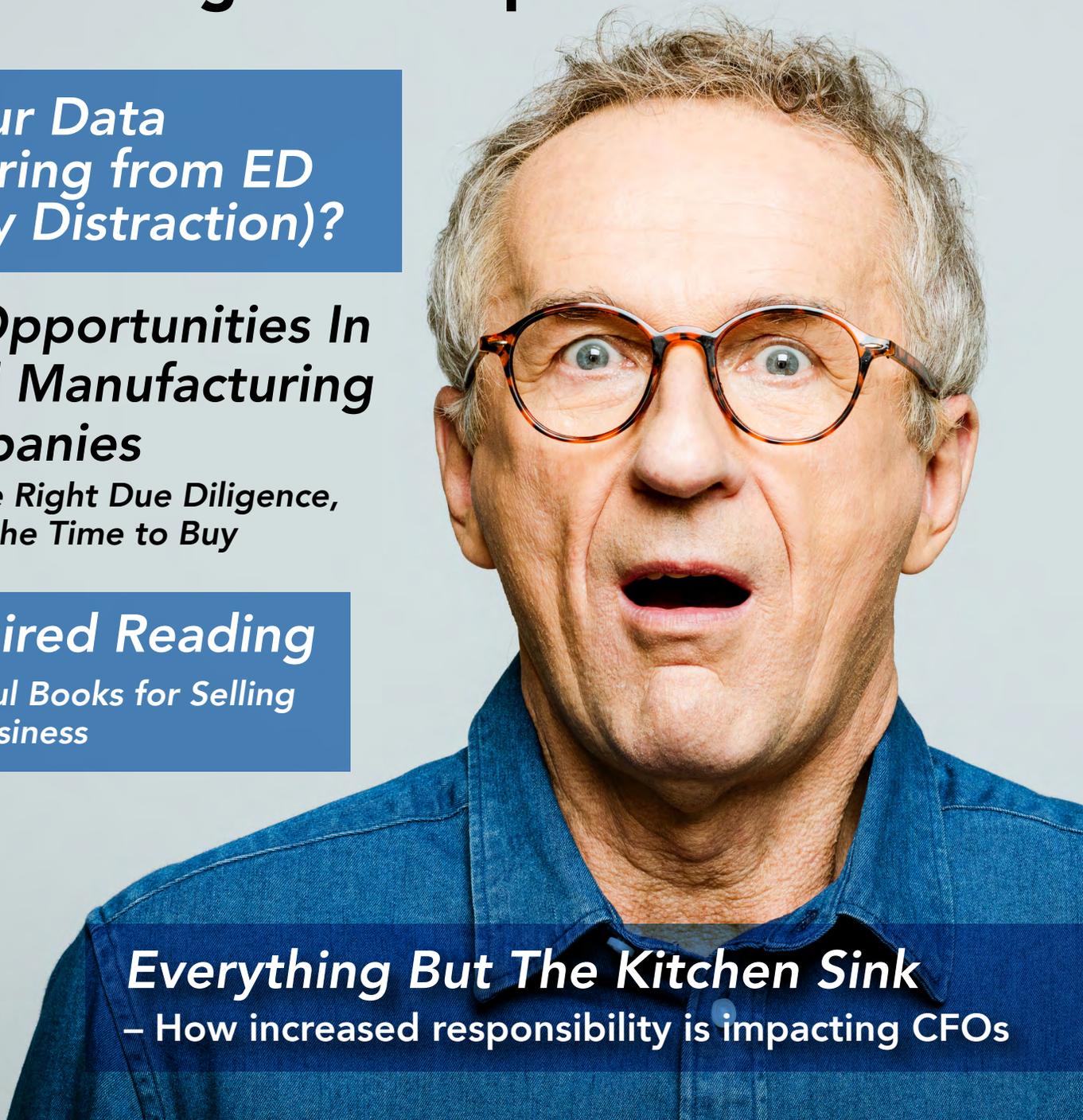


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Welcome to Insider 94

Welcome to Insider 94. Insider 94 is a quarterly online and in-print publication for small business owners within the Interstate 94 corridor. Insider 94 provides access to a curated source of advisors with direct and useful guidance in our complicated and information-rich world. Our staff and contributors share firsthand knowledge covering many facets of business ownership.

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Spirit of Business – How Libertyville Leads in Supporting Local Business

Author: Insider94 Staff

Nearly 22,000 people call Libertyville, Illinois, home. This historic village has a vibrant downtown area, desirable residential neighborhoods, top-notch schools, easily accessible recreational amenities (including open space, parks, and sports facilities), plus important industrial and employment hubs. Libertyville is situated in central Lake County, about 45 miles from Chicago's Loop, seven miles west of Lake Michigan, and 55 miles south of Milwaukee, Wisconsin. Talk about a great location!

Libertyville is renowned for its small-town feel and tight-knit community, which fosters a range of civic, social, artistic, cultural, and community-building initiatives. Most notably, its highly successful Main Street revitalization program that led to the restoration of the historic downtown as a significant economic and social hub. There is also the business activity on Milwaukee Avenue and Illinois Route 137 which, in addition to Downtown Libertyville, gives locals access to a range of services. Industrial areas close to the city's core, Park Avenue, Innovation Park, as well as major employment hubs spread throughout Libertyville, like the Advocate Condell Medical Center and the Hollister Corporate campus, offer a diverse tax base and a wide range of employment options for the local population.

With its centralized location, easy access commerce/retail corridors, energetic downtown, plus industrial and employment hubs, it is no wonder businesses are attracted to this Lake County jewel. What sets Libertyville apart even more, is the unique focus the Village and community place on developing programs, events, incentives, initiatives, planning and opportunities for local businesses to thrive. In fact, a new Comprehensive Plan, which serves as a roadmap for Libertyville's future physical, economic, and social growth over the next ten years, was started by the Village in 2018. The Comprehensive Plan's vision is the result of extensive collaboration, participation, and input from Libertyville residents and stakeholders in the planning process, as well as analysis and study of the community's existing conditions, including its traditional downtown business district, neighborhoods, economic climate, commercial corridors, industrial areas, open space, streets and infrastructure, and urban design and visual appearances. One of the main tenants of the Comprehensive Plan is centered around various avenues of business development, including efforts to further enhance the downtown area along with other business corridors.

“Independent businesses are the lifeline of every community”

- Wilson Tang (owner of Nom Wah Tea Parlor & Fung Tu)

The primary types of business that drive Libertyville's economy are restaurants, retail, service, healthcare, automotive dealerships, and industrial/manufacturing. As the Village identifies opportunities for business growth, that will both serve the community and boost the economy, different programs and campaigns for various business sectors have been developed. In an effort to ensure the strength



of the automobile dealership corridor, the Village worked with the dealerships to brand the corridor as the Libertyville Mile of Cars, marketing the many brands and makes available in one place. The Village created a Business Improvement District to incentivize car dealerships to invest and expand their operations, thereby retaining a strong local sales tax base and appearance of the business corridor. Since 2010 dealerships have invested approximately \$50,000,000 in property acquisition and construction through this program.

To continually attract investors, the Village works closely with the real estate development community to share information about available development sites or properties for acquisition. Available property information is readily accessible at www.libertyville.com/siteselection. The Village participates in real estate trade shows to connect expanding operators with available sites information. Additionally, the Village responds to site searches being conducted by Intersect Illinois and Lake County Partners on behalf of expanding businesses. All these efforts are paying off as new developments continue to be strong with the completion of a new Hyundai dealership, opening of a new 60-bed rehabilitation hospital, commencement of an 80-unit townhome development, the La Villa apartment building conversion, construction of WoodSpring Suites hotel, and other exciting projects.

The Village also provides assistance in times of need that impact local businesses. During the early months of COVID, Libertyville acted to support local small businesses in several ways, regularly communicating information about available state and federal support programs, and by creating the High Five Business Relief Grant designed to offset certain pandemic related expenses. Village staff continues to link businesses to representatives of the IL Department of Commerce & Economic Opportunity which has modified and expanded its incentives and grants to businesses for the 2023 year. Staff also acts as a conduit for the many trainings, financing, workforce support, trade expansion, and other programs that are available through partner agencies at the county, state, and federal level. Several programs of note include the following:

- Free business counselling services provided by the IL Small Business Center at the College of Lake County, on topics from business plans to HR, to financing and more.
- For recruiting and hiring needs, the Village connects businesses with Lake County Workforce Development, which helps in promoting job opportunities, organizing job fairs, and funding internship and apprenticeship positions at local businesses.



To keep the lines of communication open, the Village of Libertyville holds regular, small-group meetings, or Listening Sessions, with Libertyville business owners and managers. These meetings serve to learn more about the experiences, successes, and challenges they face to help enlighten Village leaders about the local business climate, using the information to develop additional ways the Village can continue to foster business success and growth.

Outstanding support of Libertyville businesses is not limited to the Village, there are many local non-profit groups and organizations that hold fundraising events where local businesses can participate through sponsorship. Most recently, these organizations banded together to begin marketing their largest 2023 events under the title Festivals of Libertyville. Libertyville Days, Dog Days of Summer, Festival of the Arts and Oktoberfest are all highlighted by this community undertaking.

Additional programming extends throughout the year in the downtown area through Main Street Libertyville, which is a non-profit, volunteer-based organization dedicated to the economic development and historic preservation of historic downtown Libertyville. The group is an affiliate of the Illinois Main Street and National Main Street programs. Over the past 30 years, the membership and volunteer base has grown to include hundreds. Volunteers for Main Street Libertyville can join in helping to continually regain the vitality of historic downtown. In recent years, building facades have been returned to their original glory and thousands are enjoying the organization’s events that bolster the shopping and dining scene. Many new stores, restaurants, and businesses have come to the district through the dedication of these volunteers and their incredible passion and promotion of the area. **Some of their events that cultivate a dine, shop, and support local business philosophy include:**

- **Libertyville Farmers Market (running June-October)**
- **Sidewalk Sales**
- **Lunch in the Park**
- **Car Fun**
- **Girls’ Night Out**
- **First Friday**
- **Main Street Dessert Walk**
- **Lake County Restaurant Week**
- **Plus, numerous holiday events**

One of the biggest areas of small business growth for Libertyville, especially in the downtown area, has been restaurants. Adding 11 new restaurants in the past year (with more on the way), there are nearly 100 for patrons to enjoy throughout the village with a wonderful mix of cuisine and dining styles. Participation in Lake County Restaurant Week (sponsored by the Lake County Chamber of Commerce) is highly promoted by the Village, its restaurants, and Main Street Libertyville.

All the synergistic endeavors are paying off in many ways. Most notably, Libertyville benefits from a low real estate vacancy rate compared to surrounding communities and the County at large. This is exemplified by a retail vacancy at 6% and industrial at 2%,



providing evidence of the strong economic conditions locally that drive continued investment by businesses and developers.

Libertyville, like many communities, has numerous ways the community to get involved in the efforts to support local businesses. For a business, being visible in the community through participation in local events and cross promotion between local businesses is key to garnering community support; Libertyville residents and the surrounding community really respond to these efforts by local businesses. There are also many volunteer opportunities for events with Main Street Libertyville, where residents and business owners alike can collaborate to create a thriving economy and extraordinary Village.

Whether you live, work, own a business or are simply visiting Libertyville, take note of all the flourishing businesses, restored buildings, retail offerings, variety of dining options, mile of cars, beautiful parks, and the wonderful atmosphere that has been created with the combined efforts of the Village and community alike. Libertyville truly understands that when a village supports local business, everybody wins.



Buying That Business – Avoid Negative Surprises

Author: Tim Van Mieghem, The ProAction Group

The backbone of surprise is fusing speed with secrecy.

When working to close a deal, there are so many moving parts. Some parts move faster than others, as the desire to check off a box is strong to move onto the next aspect of a company deserving of validation or scrutiny.

In our operational diligence work, we often find our private equity clients come to us because they have been negatively surprised one too many times. They go through their traditional due diligence checklists, work through the Quality of Earnings and, because of that report, address any visible operational issues. During this process, however, the actual constraints are influencing operations and what is really bubbling beneath the surface often fails to show up until after close.

Operational improvements are largely ignored because they are often considered pedestrian. Labor is often a small percentage of sales. Why care about that? The equipment works, the people are there. Are operational improvements really going to have a positive impact? The company is growing, their customers are happy, they are profitable. Given these positive signs in the financials and customer satisfaction, are there really any risks?

Yes!

Despite going into a deal with eyes wide open, you will always be limited to what people want to show you, and the speed of deal making is often paired with secrecy on the sell-side. Maybe intentional secrecy, or maybe just undiscovered challenges because the owners may not even be aware, the right questions were not asked, or the speed of the deal masked those challenges. As a result, the negative surprises could be numerous:

- The estimate of capacity in operations was grossly overstated or understated
- There are key people who are not capable of achieving the plan, or there are impediments to the growth of the management team
- Operations is not making use of the information system that's available
- A key piece of equipment is on its last leg and needs replacement
- Vulnerability to key talent or operators leaving the company post-close
- Volatility in the supply chain or reliance on a key supplier
- The company is reliant on tribal knowledge and/or lacking standard work and process documentation
- The current management team is fully committed to an ineffective approach to running the business



Negative surprises don't happen if we can provide insight.

The ProAction group provides DeepView™ Operational Diligence to bring industry leading transparency and clarity around:

- Business interruption risk (including supply chain)
- Undisclosed CAPEX requirements
- Undisclosed investment required to maintain current performance levels
- Management isn't prepared to lead the company to realize the investment thesis
- The company is static and not prepared to act as a platform
- Evaluation of operational systems to support the investment thesis
- Real-time insight to the industry's market and its customers
- Data generation and validation where data may not be available

Our operational diligences highlight potential negative surprises and provide post-close value creation strategies, with suggested implementation plans, management guidance, and interim leadership as needed. We bring the plan to eliminate, manage or mitigate the risk.

We help you to say yes to the deal, with your eyes open.

Beyond our valued pre-close operational diligence work, we also serve as an important relationship bridge between the seller and the buyer. We engage sellers with genuine appreciation for a company's history and a desire to understand why the company operates the way it does. We acknowledge the good and plan for where the gains are to be claimed. We eliminate the ability for secrets to exist, as we are taking the time to truly understand operationally what is going on. All this helps our PE clients and management teams in a smooth transition post-close.

The ProAction Group is the "Go-To" Operational Resource focused on Private Equity/Portfolio companies. While most of our clients and work is PE-based, we also provide the same services to private and public companies that are committed to improving their businesses. We identify opportunities, prepare strategies, and implement operational improvements and recommendations to increase the value of the business. To find out more, visit www.theproactiongroup.com

Big Opportunities In Small Manufacturing Companies

With the Right Due Diligence, Now is the Time to Buy

Author: Insider94 Staff

This is an excellent time for small American manufacturing companies. As more and more American companies are cutting ties with China based sourcing and manufacturing, the opportunities for small domestic manufacturers are increasing. This pivotal turning point makes now the right time to buy for those who wish to acquire a manufacturing company.

There is a perfect storm of reasons for uncertainties in China. The current political climate, increasing tariffs, intellectual property theft concerns, and pandemic fallout, including shrinking direct labor, are culminating to drive decisions to seek manufacturing and sourcing domestically.

Large companies in a wide range of industries have recently moved component and product sourcing to the US, creating opportunities for manufacturing companies that include CNC, heat treatment services, metal forming and plastic molders to become the suppliers. In fact, according to Dodge Data and Analytics, construction of new manufacturing facilities in the US jumped 116% for the 12 month period ending May 2022, pointing to an incredible shift.

Adding to the appeal for purchasing a small manufacturing company, they are often a preferred option by lenders. The asset structure that serves as collateral and steadiness of working capital make manufacturing companies a favorable acquisition to lenders, frequently offering an SBA 7 (a) solution in these deals.

Additionally, industry expertise is not a necessity for purchasing. While relevant experience is always a plus, success in manufacturing ownership doesn't rely upon it. Experience with managing a process-based business lends itself well to leadership/ownership in this arena. The trick truly is, finding the right fit.

With an increase in opportunities, comes an increase in probable issues. While pursuing a purchase, planning is vital to a successful deal. It is imperative to work with a Broker to help manage the process with you, analyzing the possible risks and potential rewards of the acquisition.

Be sure to consider the following with your Broker for any feasible purchase:

- **Determine Customer Concentration:** Examine what customer contracts exist and if any account represents more than a 15% share of annual revenue, which could represent a higher risk for acquisition.
- **Assess Supplier Relations:** Confirm major vendor and supplier relationships, gaining an understanding for their role in production, especially if one or more is seemingly irreplaceable (which increases risk).
- **Audit the Workforce:** With the current nationwide labor shortage, you need to have an in-depth understanding of the positions, skill-sets, recruiting, and retention strategies of the company to establish the level of risk.
- **Gauge your Role:** A crucial phase one assessment for any manufacturing acquisition is a thorough understanding of your role as an owner. You must determine if the scope of the role requires more than one person or if there are relationships with major customers that would be negatively impacted by new ownership (can a smooth transfer take place?). You need a comprehensive review to accurately assess any owner risk for the acquisition.
- **Safety Review:** Analyze and ensure employee safety standards, training, and records are maintained in accordance with State regulations.
- **Verify Best Practices:** Confirm documentation, preferably paired with a video for each one, of best practices for any processes that are vital to the business. Ensure there is a backup and that it is kept securely off site.
- **Benchmark the Metrics:** Part of due diligence is assessing key metrics, if available. Ask to review revenue and margin per employee, inventory turnover, returned goods analysis, new products sales (as a percentage of total revenue), equipment productivity, and quote capture rates.
- **Develop a Strategy for Success:** While purchasing a small manufacturing company might be part of an overall acquisition strategy for creating wealth, you must have a foundational strategy in mind for success. These investments are attractive for their positive long-term prospects, long product lives, and general financial stability. However, plans for innovating, parts replacement pricing, and remaining competitive must be part of an overall strategy for success.

The upside for American manufacturers is better than that of other industries for many reasons, making acquisitions an attractive investment right now. With careful strategy, the long-term value of buying a small manufacturing company comes with many benefits that ultimately can outweigh potential risks with the right due diligence.

Centrust Bank Can Help With Your Equipment Purchase

Author: Insider94 Staff



U.S. companies borrowed 9% more in December to finance equipment investments compared with a year earlier, according to the industry body Equipment Leasing and Finance Association (ELFA). If scaling your business involves equipment purchases, Centrust Bank may be able to help.

Whether you are looking to finance new or used equipment, we may be able to structure a loan with more favorable terms than traditional leasing companies. Current equipment financing programs include 10% down for conventional financing of equipment for 3 or 5 years, or 0% down for SBA financing for 10-15 years. However, depending on the size of the loan, it may be worth exploring if your total lending needs should be evaluated for even further savings.

Most recently, Centrust Bank assisted Pilot Project, a first-of-its-kind brewery incubator dedicated to the art of brewing and the community inspired by the craft of brewing. The company started its brewery incubator, tasting room & cafe at Logan Square in Chicago and most recently the Brewery District in Milwaukee where Centrust helped finance the equipment in its new location.

Whether you are exploring equipment needs for an existing location, exploring a new location, or looking to bring operations from overseas to your US location perhaps we can help. Contact us for a consultation today.



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What Were They Thinking?

A Different Perspective on Timing

With Ray Horn, Attorney, Meltzer, Purtil & Stelle LLC



A common refrain in M&A transactions is the importance of timing.

A common adage is that “time kills all deals,” and, without question, there is truth to be found here. If a given transaction drags on, the parties incur additional cost, risk the occurrence of deal fatigue, and increase the risk that outside events, such as a financial crisis or pandemic, runaway inflation or supply chain issues, will undermine the transaction. However, as with any rule of thumb, it is important to retain proper perspective and pay attention to specific circumstances at hand.

In practicing law over many years, I have encountered many sellers and buyers who overfocused on timing. At certain times, clients abhorred the process and simply wanted to get through it. At other times, advisors, such as intermediaries, consultants, and bankers, pushed a client toward a certain artificial deadline, sometimes admittedly more for the benefit of that advisor than the client.

As a result of blindly pushing ahead, the rubble of poor decisions litters the M&A landscape. In one matter, a buyer was so enamored with an opportunity, he refused to pay attention to the lack of transparency from the seller. He rushed right over a proverbial cliff and into bankruptcy shortly after closing due to the failure to vet clear red flags in due diligence and negotiations. Another buyer client focused first on the deal instead of his funding, and when the funding did not materialize, he was left with a large legal bill and no transaction. In another matter, a seller was pressured by an advisor to press ahead with a buyer despite that seller’s strong reservations about the buyer’s aggressive and headstrong approach. Fortunately, this

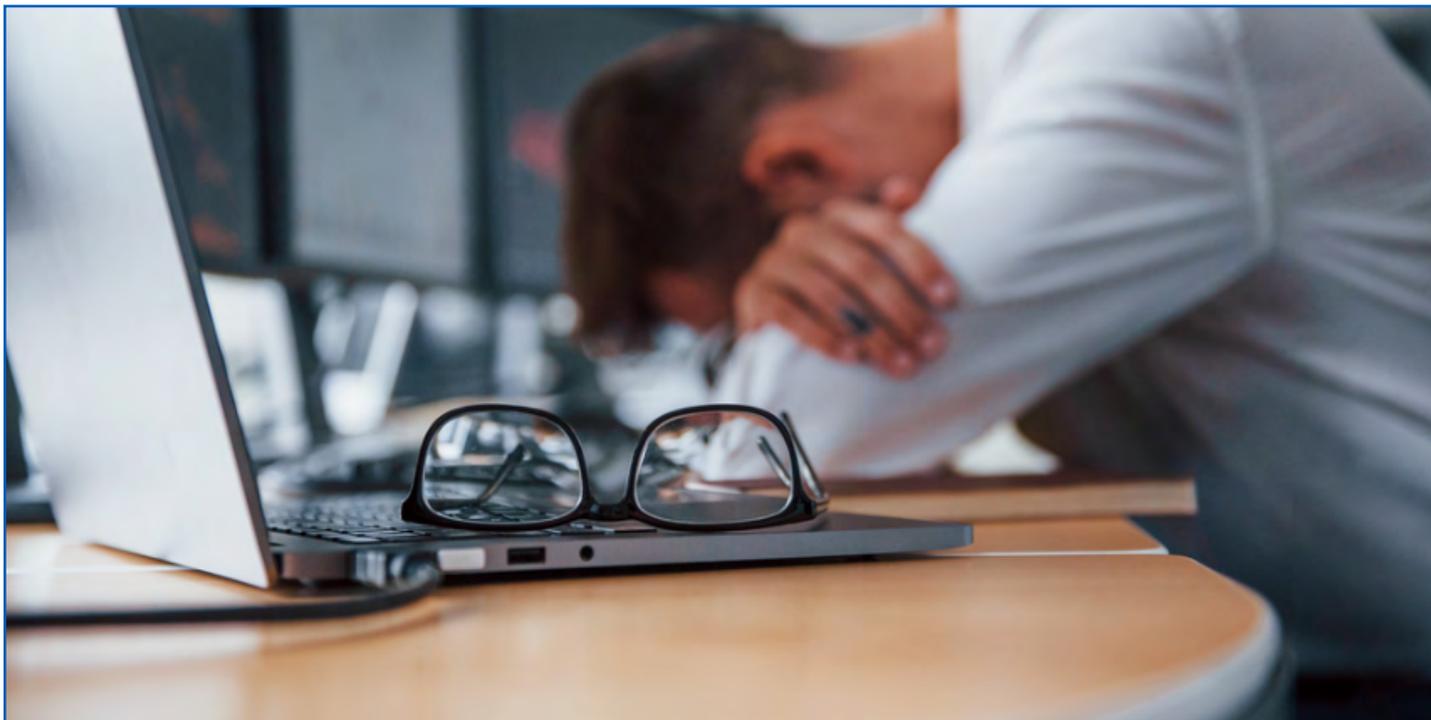
client took a step back and called a time out. Instead of the transaction doom forecasted by the advisor, the buyer reset himself and the deal restarted with cooler heads and arguably a stronger chance to actually close given more balance between the parties.

Do I believe that additional time taken results in more risk within a given transaction? Certainly. However, I also believe that focusing exclusively on timing can and does sacrifice other more important goals, such as taking the time needed to properly consider a key life decision and allow the “space” needed to sufficiently vet the other party and assess if there is a true “fit.” Without question, it is important to stay focused, but the focus should be less on simply closing by a certain date, and more on making the best possible decision in the most efficient timeframe, whether that decision is to close or not to close. In my experience, the potential risk, whether by a buyer who is normally leveraging everything to own a business, or by a seller who is almost always selling a lifetime of sweat equity, cries out for a balanced and daresay methodical approach to allow that person to identify and overcome (or at least minimize) risk elements.

Raymond J. Horn III is an attorney with Melzer, Purtil & Stelle LLC Focused on providing responsive, well-balanced corporate transactional advice with respect to acquisitions and divestitures of closely held companies, “business divorce” matters, and corporate planning involving contracts such as buy-sell agreements. Contact Ray at rhorn@mpslaw.com

Is Your Data Suffering from ED (Entry Distraction)?

Author: Ryan C Weiss



How often have you looked at a data sheet and wondered if the calculations were accurate? When people see statistical data, it is often assumed that it is accurate. Numbers don't lie... or do they? What happens if the people entering the data were distracted and entered data after the fact?

Data can only tell us so much. If the data is not properly entered, it will not reflect accurate information. Data does not always reflect proper context, leading to potentially inaccurate assumptions. When a company is working from inaccurate or incomplete data, it can decrease effectiveness, waste time, and negatively impact profits. Do you know where your data is coming from?

Printing Downtime

A printing factory was struggling to understand the data behind machine downtime. The data appeared to be showing problems with the amount of downtime in their machines. The company called in a process improvement expert, expecting him to instantly analyze the data they had collected and fix the problem.

Before looking at the data the company was providing him, the process improvement expert wanted to know where the data was coming from and how it was entered. The expert watched the processes of data collection during the downtime of the machinery.

Throughout an entire hour of downtime, no data was entered into the computer system. In fact, the computer screen savers never even went off. This meant data was being entered after the fact, creating unreliable data.

Garbage In, Garbage Out



If data is not inputted accurately and in a timely manner, it becomes garbage. Any data provided is unreliable if not accurately entered. It creates a potentially false narrative as to why processes are not working. This then creates assumptions on how to resolve a problem when the real problem may not be portrayed.

Garbage data creates garbage solutions. When working from inaccurate or incomplete data, processes are missed, and time is wasted. People become disconnected from the processes, wasting time on a garbage solution. This can negatively impact employee morale and waste time. Wasted time becomes wasted money.

This method of data collection happens more frequently than people realize. People are multitasking and take notes so they can fill in the gaps later. The biggest problem with that scenario is memory is not always accurate, so those fillers can become false information. It may not start as intentionally falsifying information, but before you realize it you have forgotten the actual sequence of events.

There are solutions to resolve entry distraction and it does not come from a magic blue pill. It requires evaluation, patience, and understanding of the people and the processes. There is no quick fix and sometimes the problem is not noticed because people are too close to the situation.

If you are unsure where exactly your data is coming from, let the experts help!



Contact **Effective Performance Strategies** today to get you on your way to a more effective and efficient company by ensuring everyone has the proper tools and skills to ensure your data is not suffering from ED (Entry Distraction).
Interested in learning more?
Check us out at effectiveperformancestrategies.com or download your ebook at www.ryanweiss.com/ebook.

There is no Magical Blue Pill

Before relying on data and assuming it is true, take into consideration how that data is collected and where it comes from. When data is not inputted as something occurs, such as what happens during machinery downtime, a false narrative can be created. The data can become unreliable.



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Everything But The Kitchen Sink

- How increased responsibility is impacting CFOs

Author: Brian Alleman, Partner at SeatonHill Partners

It seems that the role of CFO is evolving into far more than the traditional management of accounting and financials. While some increase in demands would be expected given the economic challenges of the past few years, the role of CFO has expanded to often include Cybersecurity, Customer Service Management, Customer Satisfaction, Human Resources and more. This scope/job creep has been a major source of stress, especially given that the primary functions related to earnings reports and storytelling of the business haven't abated in the least.

According to a recent study, this "kitchen sink syndrome" has left some CFOs feeling like they are now doing the bulk of the heavy lifting in the C-suite, with no end in sight. This is happening, in part, because the CFOs role is quite unique. The CFO has a very broad overview of the company, a perspective that allows for more comprehensive decision making versus others in the C-suite whose roles are much more specific.

Over the past twenty years, the role of the CFO has shifted from an accountability/compliance style CFO when the Sarbanes Oxley Act came about around 2002. Around 2010, the focus shifted to growth and CFOs took on a deal making role. In recent years, there has been a turn towards operational aspects, covering everything from talent acquisition and sales to technology and more. While driven by business demands, the drawbacks that come along with the multi-discipline focus are resources and priorities getting spread far too thin. With CFOs now becoming jacks-of-all-trades, disproportionate workloads can lead to strained relationships with other members in the C-suite. According to an April DataRails survey, 81% of CFOs believe that they have the most intensive day to day workload compared to any other role in the C-suite. The survey was of 200 CFOs at businesses of up to 500 employees.



The CFOs increasing responsibilities has no end in sight. A survey of 150 finance chiefs at mid-market size companies conducted by HighRadius in April found that in the next year, 44% of CFOs plan to be more involved in talent acquisition and retention, 40% will be more involved in finance technologies and 36% will lead their organization's finance automation agendas.

"The chief financial officer's (CFOs) role continues to evolve as the business and the market environment remain dynamic. From being the go-to person for annual reports, revenues, and profit numbers, and cutting costs, the modern CFO is a strategic leader who weighs in on different decisions ranging from talent management to IT security."

As the CFOs job continues to creep into other departments, other C-suite counterparts primarily remain focused on the same traditional tasks. For example, Chief Technology Officers are focused on hardware/software systems, and Chief Human Resource Officers are focused on a limited range of legal issues such as compliance, diversity, equity, and inclusion. In fact, the function of employee acquisition and retention, typically under the CHRO, is now becoming more of a critical issue for CFOs due to the tight labor market and rising wages.

To alleviate the financial effects of employee related issues, CFOs are having to take a more people-focused approach. Last month, 40% of CFOs pointed to talent shortages as a top business risk, according to the 2022 U.S. Bank CFO Insights Report released November 1. According to data from the Workhuman and Gallup Employee Wellbeing Report, released in October, quiet-quitting is almost a half a trillion dollar problem in the U.S. alone, contributing to CFOs concerns with the mounting costs associated with talent.

With all the increased responsibilities, there are also retention issues developing for CFOs. With a surge in CFO retirements over the past couple of years, the CFO retirement rate has increased for the first time in several years, hinting that there might be an increase in CFO turnover in the next year. As CFOs continue being spread thin, their primary role of managing the numbers of the business becomes even more difficult. CFOs are expected to understand cyber events and privacy, intellectual property, and talent, as well as remaining accountable for accurate numbers and all the other finance functions. With increased retirements and retention issues, the need for alternatives and new perspectives is becoming more urgent.

Interim and fractional CFOs that support companies through financial challenges, growth, M&A transactions, and reorganization, are gaining tremendous momentum; offering invaluable solutions for employers and new career paths for those looking to make a



change. Both sides, employer and consultant, benefit from this unique relationship. Companies receive the expertise, guidance, and wisdom of a seasoned CFO, with incredible results that can change their trajectory of success.

Consultants enjoy the variety and flexibility that interim and fractional consulting offers. Fractional CFOs experience a variety of interests, companies, and industries to get their job done; bringing an outside perspective into their day-to-day, as they're not focused solely on one organization. Flexibility and the ability to build something are vital components of the role, differing from a full-time job that solely focuses on one industry/company.

Avoiding burnout and piling on of responsibilities over time are also attractive qualities for the interim and fractional CFO job. As more and more companies are realizing the value of this type of arrangement, and more CFOs are wanting a more balanced career path, the interim and fractional CFO is rapidly becoming more and more commonplace; perhaps solving not only a company's financial issues, but employment ones as well.

About SeatonHill Partners, LP

SeatonHill provides organizations financial leadership with a strategic and operational focus by placing elite CFO talent to challenge the business and contribute to operational decisions to achieve results. With our curated talent, our financial leaders guide small and medium sized businesses through complex financial problems to mitigate risk and achieve organizational goals.

We are the fastest-growing CFO services firm in the nation, offering the power of combined thought leadership and the support of the country's top financial talent to the benefit of all our clients. SeatonHill has offices in Atlanta, Boston, Chicago, Dallas, Fort Worth, Los Angeles, Houston, New York, Philadelphia, San Diego, and Washington D.C.

Visit <https://www.seatonhill.com>

For more information, please contact Jay Goethal, Midwest Area Managing Partner, at Jay.Goethal@SeatonHil.com.



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10 Signs It May Be Time To Sell Your Business...And What To Do About It

Author: Insider94 Staff

There are two eventualities in owning a business. At some point, it will either change hands or it will close. Since letting a business close is not ideal, most business owners must figure out the best time to step back from their company and either sell it to a new owner or let a new management team take over. This decision is a critical part of developing an exit strategy that optimizes the value of a company without compromising its financial health.

There are a variety of reasons why a small business owner may choose to sell. This decision can be due to personal or financial events, but more often than not it is a challenging determination that owners can struggle with for years. Establishing a time frame involves a delicate balance between letting go and moving forward. Owners are emotionally invested in their businesses and walking away is a tough call. Recognizing signs that can indicate it is time to sell can make the process a bit easier.

Here are 10 signs to help you tell when it's time to sell (and what to do about it):

- 1 Financial Struggles:** If your business is struggling financially, it may be time to consider selling it. If you're having difficulty meeting expenses, paying bills, or increasing revenue, it could be a sign that it is time for new ownership. Consulting with a firm that does Quality of Earnings reporting as part of Operational Diligence (which probably has to be done when you sell any way) to improve operational efficiencies, which ultimately lead to increasing value, is incredibly beneficial and can increase the market value prior to selling. Operational Diligence is a proven process for increasing value in a wide range of industries/sectors.
- 2 Lagging Growth:** During the startup years growth can be fast and furious (and fun!). Over time, as the small business stabilizes, growth can become drastically slower. If the balance sheet is becoming less positive than previous years, it might be time to consider selling, but you have options. Consulting with a mergers and acquisitions (M&A) advisor connects business owners with private equity (PE) buyers. A PE firm invests in companies with lagging growth to inject immediate cash flow and make operational changes that drive growth. The private equity firm will conduct due diligence on your company, establish a business plan to increase market value, and eventually sell it for a larger profit.
- 3 Lack of Motivation:** Running a business can be a long and challenging journey, sometimes taking a toll on owners both physically and mentally. If you've lost your motivation, feel worn out, or you're no longer passionate about your business or interested in growing it, it may be time to sell it. Start creating your exit plan and consult with an experienced business Broker to ensure you get the most value for your business.
- 4 Lack of Resources:** If your business is struggling to obtain the resources it needs to be successful, it could be time to find a new owner. Without access to capital, labor, updated equipment, or current technology, your business cannot flourish. Selling to an owner who can bring in the necessary funding for improvements might be your best option, especially if your business still has the capacity for growth (as many buyers will purchase based on potential earnings). Consult with a both a Broker and M&A expert to determine your best options and consider which is best for you in this type of situation.
- 5 Investing in a New Opportunity:** A business owner may eventually want to pursue other business opportunities or personal endeavors that lie outside of the existing business. If you're missing out because of your current business, it may be time to consider selling it. Selling a business can fund a new enterprise or allow the owner the time and funds to pursue other life aspirations, like continuing education or travel. If you want to sell for these reasons, create your exit strategy and consult a Broker to help facilitate the process and get you the offer you need to start a new chapter.
- 6 Unreliable Suppliers and/or Employees:** Unreliable suppliers and/or employees are often a sign that it's time for business owners to consider selling their business. Suppliers that don't deliver on time or consistently provide poor products can significantly impact a business and be a struggle to replace. Likewise, poorly trained, or unmotivated employees can cause decreases in productivity and contribute to customer service issues, and replacing them can be a daunting task. If you are not up for the hard work it takes to overcome these issues, it might be time to let a new owner buy your business. Obtaining an expert valuation from an experienced Broker can help you determine your company's current market value so you can decide if selling is your best option.
- 7 Industry Changes:** Industries evolve over time and can sometimes change in a way that is undesirable to a business owner. If the current state of your company's industry has become uninteresting or unenjoyable to you, having changed drastically from when you started, then you could consider selling. Working in an industry that no longer drives your passion can lead to stress and burnout, ultimately impacting the company in negative ways. Consult with a Broker to help you create an exit strategy, sell, and move on to a different opportunity.
- 8 Offers:** Sometimes business owners get an offer they cannot refuse. If you get an unexpected offer that exceeds business valuation, it could be wise to accept it, especially if the market value of the business is expected to decrease in the near future. Plus, if current interest rates are elevated, the sale could lead to lower taxes. Speak with a CPA and a Financial Advisor to ensure that accepting the offer will be beneficial in the long run and address any financial or tax matters related to the transaction.



9 Partner/Leadership Discontent: If the leadership team has turmoil, selling could be a consideration. There are several situations, such as partner disputes, divorces, and other personal issues, which can lead to the owner wanting to sell. When something like this happens, time pressures can be high, necessitating prompt attention to reaching a sale price and swiftly moving on to other prospects. Be sure to seek the expertise of a certified business broker, CPA, and attorney to ensure a successful sale.

10 Retirement: After years of hard work, most entrepreneurs will retire to relax and enjoy life. This can be made possible by the liquidity of a business sale, allowing the an owner to forego active saving if the sale price is right. Even young entrepreneurs could become financially independent and stop working with a successful sale. If you eventually want to retire, developing an exit strategy with that in mind is imperative. Consult your attorney and find a Broker who can help you determine when the market is favorable for selling and for your retirement to commence.

Once you've identified the signs that it is time to sell your business, the next step is to decide how you want to do it. There are several options to contemplate:

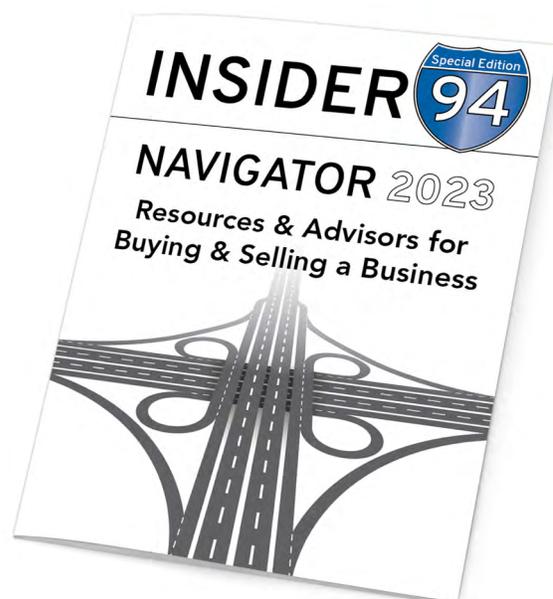
1. You could sell it outright with the help of a Broker.
2. You could sell to PE investors if you would like to take on a lesser role and reap the benefit of a higher sale price due to this type of deal.
3. You could find a business partner who can take it over and help you to manage it, eventually selling to that partner when the time is right.
4. You could implement a Succession Plan to transfer ownership to employees, a family member, or management team. This is often easier than selling to a brand new owner because your business can buy you out and you only have to consult with a CPA to figure out the tax implications.

Once you've assessed your options, create a plan and prepare to sell. This will ensure you maximize the market value of your business so you can negotiate the best terms for a successful sale.

Special Edition of Insider 94

Available April 1, 2023!

Looking to buy or sell a business? Be sure to subscribe at Insider94.com and be alerted on April 1 about the Insider 94 Special Edition full of advice and resources for those that are looking to buy or sell a business, or get more value out of the business they have. The book will also connect you with resources to help facilitate a buying or selling transaction and all the advisor roles necessary to have on your deal team.



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BUSINESS
BROKERS
AND
INTERMEDIARIES

Upcoming Events

MBBI WI Rising Stars Event

March 10, 2023 7:30 AM - 9:00 AM
TBA

IBISWorld Live Demo (Members Only)

March 15, 2023 9:30 AM - 10:00 AM
Online

MBBI IL Elite 8 Basketball & Networking

March 23, 2023 5:00 PM - 7:00 PM
Elmhurst Brewing Company

MBBI MN - Deal Team Series

April 11, 2023 5:00 PM - 7:00 PM
Brookview Golf | Golden Valley MN

MBBI WI - Green Bay Event - Top Cultural Factors and Insights to Leverage in the M&A Process

April 20, 2023 4:30 PM - 6:30 PM
Hagemeister Park | Green Bay WI

MBBI IL - Panel on Lending

April 25, 2023 5:00 PM - 7:00 PM
Hyatt Lodge | Oak Brook IL

MBBI WI Rising Stars Event

May 4, 2023 7:30 AM - 9:00 AM
TBA

MBBI IL - Letter of Intent and the Business Broker's Role

May 16, 2023 5:00 PM - 7:00 PM
Hyatt Lodge | Oak Brook IL

MBBI IN - Tax Planning

May 23, 2023 5:30 PM - 7:30 PM
TBA

MBBI WI - Educational Event

May 24, 2023 3:30 PM - 7:00 PM
Milwaukee Athletic Club | Milwaukee WI

SAVE THE DATE

MBBI 24th Annual Golf Outing

August 01, 2023 11:00 AM - 7:00 PM
Geneva National

**Visit www.mbbi.org
for more information.**

Insider Track



CENTRUST BANK

Tom Meyer as Executive Vice President, Director of SBA Lending at Centrust Bank

Tom Meyer has been promoted to Executive Vice President, Director of SBA Lending. Tom has been with Centrust Bank since September 2015 and is recognized as an industry leader in the Chicagoland/Metro area. In addition to his leadership at Centrust Bank, Tom is President of Midwest Business Brokers and Intermediaries, which has over 350 members with chapters in Chicago, Wisconsin, Indiana, and Minnesota dedicated to assisting business owners with transaction readiness.

Founded in 2006, Centrust Bank has grown to become a favorite North Shore community bank in Chicago that helps small to mid-sized businesses grow safely and profitably. To learn more about Centrust Bank, please visit www.centrustbank.com.

Centrust Bank is an Equal Housing Lender. Member FDIC.

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Required Reading

7 Helpful Books for Selling Your Business

Author: Insider94 Staff

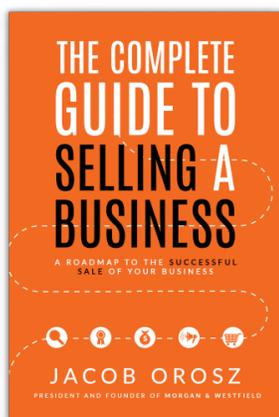
Selling a small business can be intimidating to say the least, but the right resources can make the entire process easier and more successful. Eventually, most business owners will sell to retire or pursue other endeavors, being prepared ahead of time for what to expect can alleviate stress and empower owners to get their desired results.

With that in mind, here are 7 books that small business owners should read to help with preparing to sell.



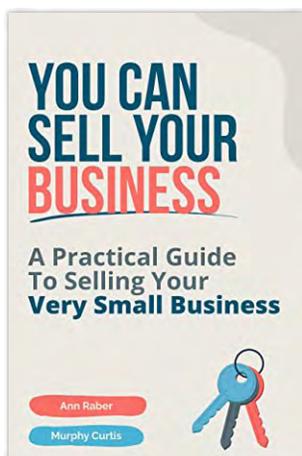
Finish Big, How Great Entrepreneurs Exit Their Companies on Top by Bo Burlingham

Business journalist, Bo Burlingham, interviewed dozens of entrepreneurs and identified eight key factors that determined whether they were happy after their exit, exploring not only the practical challenges of selling, but the emotional ones as well.



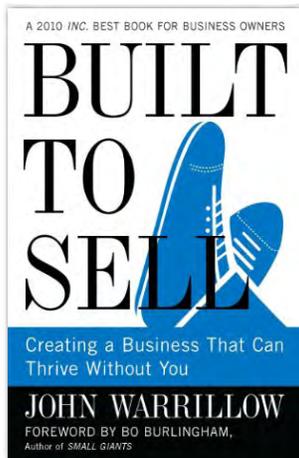
The Complete Guide to Selling a Business by Jacob Orosz

You could spend a lifetime figuring out how to successfully sell your business and still end up confused. With two decades of experience, Jacob Orosz, founder of Morgan & Westfield, puts together the best tips and strategies he has used in helping hundreds of business owners successfully sell their companies.



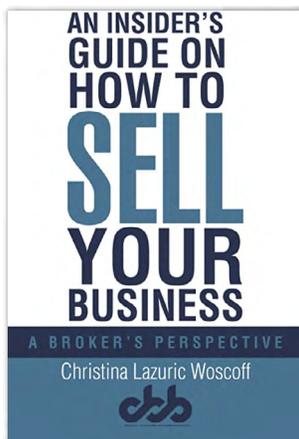
You Can Sell Your Business: **A Practical Guide To Selling Your Very Small Business** by Murphy Curtis and Ann Raber

This engaging, step-by-step guide gives smaller business owners the technical tools and support they need to successfully sell their business. From determining the price and preparing financial records to navigating offers, this book is indispensable for the very small business owner who is looking to move on to the next phase of their career.



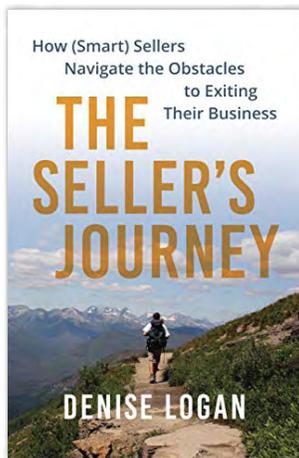
Built to Sell: Creating a Business That Can Thrive Without You
by John Warrillow

Meet Alex, a fictional small business owner who is struggling to sell his advertising agency. Alex turns to Ted, an entrepreneur and old family friend, who encourages Alex to pursue three criteria to make his business sellable. Author John Warrillow created Alex and his story to illustrate the number one mistake entrepreneurs make: building a business that relies too heavily on them, so when the time comes to sell, buyers aren't confident that the company (even if it's profitable-can stand on its own).



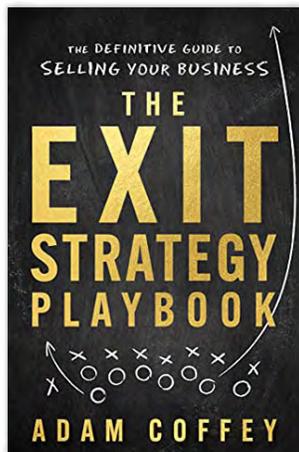
An Insider's Guide On How to Sell Your Business: A Broker's Perspective
by Christina Lazuric Woscoff

Christina Lazuric Woscoff advises clients to stay real about the business they're selling and disregard emotions about what they "feel" it's worth. Buyers don't care about the late nights you toiled on the business, they care about desirability and cash flow. In this broker's perspective, she highlights how to pick the right time to exit your business, understand the market conditions in your area, choose knowledgeable advisers to help you navigate the process, and consider alternatives.



**The Seller's Journey:
How (Smart) Sellers Navigate the Obstacles to Exiting Their Business**
by Denise Logan

The Seller's Journey presents a philosophy that will help you sell your company with integrity, humanity and understanding of your own needs, behavior, and emotions (and those of the others involved in the process). Transition expert Denise Logan offers the only credible solution to tackling one of the most significant causes of deal failure, seller's remorse. This counter-intuitive approach will dramatically improve any owner's journey to and through the successful sale of their business.



The Exit-Strategy Playbook: The Definitive Guide to Selling Your Business
by Adam Coffey

Adam Coffey has spent the last twenty years as CEO of three private-equity-backed national service companies. Through his experience executing a buy-and-build strategy, he has bought and sold more than 100 companies ranging in size from \$1 million to \$1 billion. Selling your business is an art, learn from an experienced artist how to successfully navigate the sale process. This book isn't about selling fast, it's about selling smart and achieving maximum value for the time and effort you've put into your company.



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Our People Make the Difference

At Centrust Bank we offer the full range of financial products and lending capabilities you need to succeed.

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