

BUSINESS FOCUS

Bluestem grows by selling others' businesses

BY LYNN ADAIR
Staff Writer

"Bluestem Resources Group is a business where we don't have much repeat business," said John Johnson, president of the company. "Because we are an intermediary to help a business owner sell his business, most people don't have a need for that type service more than once or twice."

Bluestem provides a full range of services for clients from the beginning steps of preparing the business and business owner for the sale, to appraising and valuing the business all the way through to the signings on final closing papers, or just any part of those services, Johnson said.

"We get clients in all stages of the process of selling their businesses," said Johnson. "But the people we can help the most are the ones who bring us in right from the beginning."

But at the beginnings of his career, Johnson, who is now a certified business intermediary — one of only about 250 nation-

wide, started out in the petroleum industry.

"But everything I did was actually a training ground for this industry," he said.

While working on his degree in petroleum

engineering at the University of Tulsa, Johnson worked for Amoco and then worked for Union Pacific while he was working on his MBA at Texas Christian University.

"I did a lot of analytical work in the areas of investments, economic and strategy decisions, valuation, planning and M & A," he said. "M & A is mergers and acquisitions."

Then Johnson, an Oklahoma native, left Texas and joined and managed his family's distribution business for seven years. He built up the business to \$12 million in revenues before selling it in 1986.

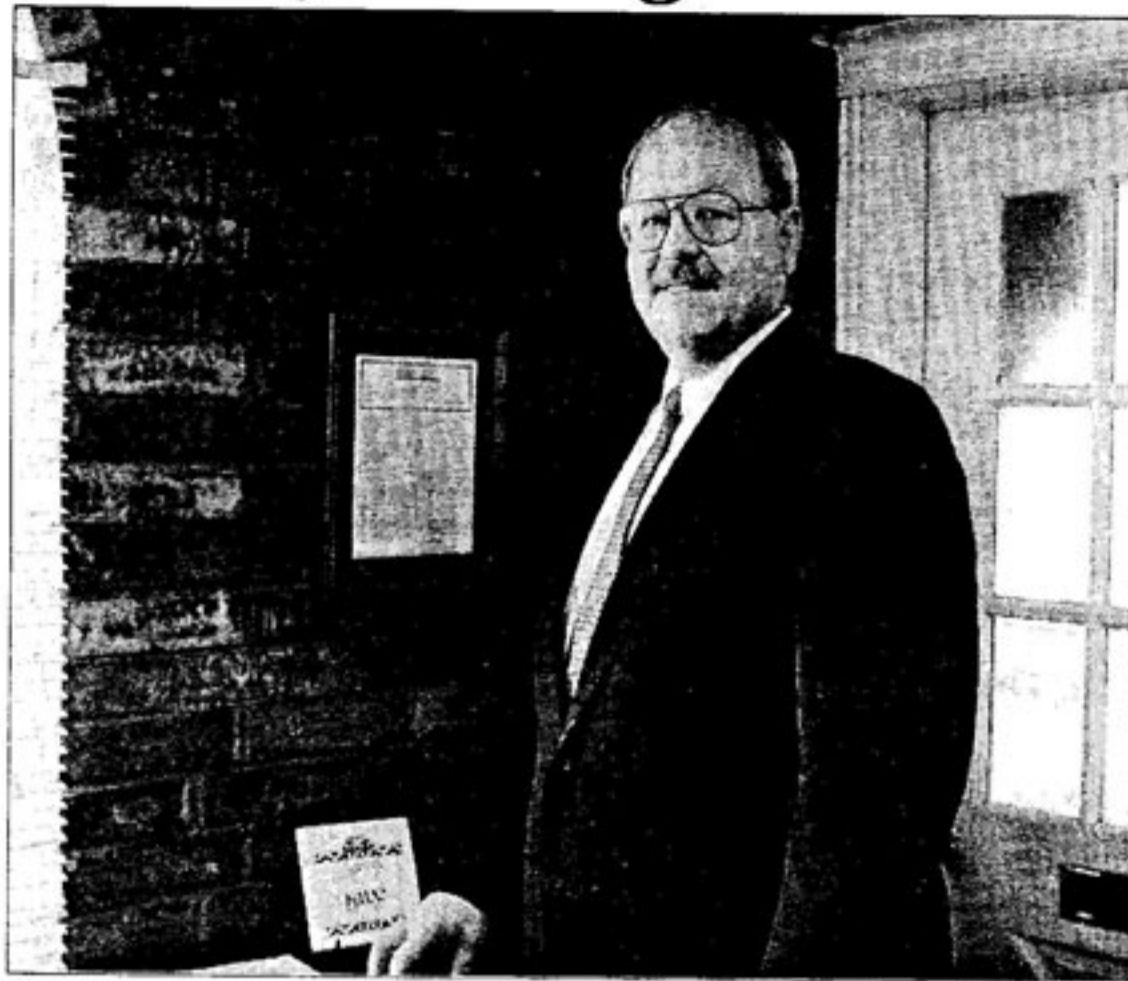
"When we sold the business, I started looking for corporate jobs, but I really didn't look very hard," Johnson admitted. "I realized I had been bitten by the entrepreneurial bug and that I wanted my own business."

So Johnson began to look at his skills and experience to decide what type of business would be the best fit.

He decided what he wanted to do and what his skills and experience were best suited to do was be a business intermediary.

So, in 1987, Johnson, his wife Phoebe, and John Marshall, his partner, started the business in a rented space and began working on marketing their services.

"The most difficult thing is how hard it is to market services," Johnson said. "I didn't expect that."



Lynn Adair photo

MONEY MATTERS — John Johnson, president of Bluestem Resources, recently won the Tulsa Metro Chamber of Commerce's 2001 Financial Services Advocate of the Year award. "I adopt my clients' best interests as my own," Johnson said.

In the beginning, Johnson and his partner worked primarily on consulting projects of various sorts, Johnson said.

"We did consulting in a variety of areas — economic valuation, acquisition and divestiture, petroleum trading and hedging," he said. "Like any small business, we were doing whatever we had to do to make ends meet."

About a year into the fledgling business, Marshall, Johnson's partner, left the business.

Johnson continued to market his services, make contacts, network with others in the industry nationwide, get to know local business people and do consulting jobs.

"We really began to see success in business in the intermediary field in about 1989. We started to get clients and started to make deals," he said. "At about that same time, we recognized that business owners in this area need top quality advisors that have strong access to people nationally."

Johnson and Bluestem began to affiliate with other groups of business intermediaries nationwide to help provide that type of access.

"Even though most of our clients are in this region, business buyers can be anywhere across the nation," Johnson explained. "We work in cooperation with our peer-to-peer affiliates in accessing the buyer market. It is a big help in being able to match the right buyer with the business and to the current business owner."

It takes a lot to find the right dynamics to close the deal or to make a good transaction, Johnson said.

"Selling a business is more than just a financial transaction, it is also a very emotionally charged event for a business owner. And it's not always easy to

let go," he explained. "After all, it's their baby. They nurtured it and raised it. They've seen it through its turbulent adolescence. And now someone else who happens to have the money to buy it, wants it."

"It can be very hard for some business owners to sell the business," he continued. "In addition to their emotional attachment with the business, the business is often the owner's identity in the community."

Part of Johnson's job as a business intermediary is to help the client prepare to sell the business, and that can include educating the owner and helping him to develop clear objectives and goals for selling his business.

"Some business owners have unrealistic expectations about selling their businesses," Johnson said. "There was an article in *INC* magazine not too long ago called *Eight Bad Reasons to Sell Your Business*. One example was the owner who says he has worked extremely hard in the business for a number of years and he wants to get paid for all of that hard work. But, the potential buyer doesn't care about that and all that hard work may not be represented in the value of the business."

"It is important to take a hard comprehensive look at the value of a business," Johnson said. "And there are a number of factors that are involved in determining what that value is. And it generally has to be a very practical approach."

But even though it is a very practical and process-oriented business, Johnson said that there is no cookie-cutter approach to business intermediary services.

"Every business and every business owner are different," he explained. "It is a difficult process that involves a lot

of work. And there can be value gained or lost at every step of the transaction. But, because we've done these types of transactions time and time again, we've learned to avoid those losses."

"In this business, experience and knowledge are essential and you have to be able to know on the spot," Johnson continued. "And it's not the kind of business where if you don't know something, you can say, 'I'll look it up later'. That's a little like a driver causing an accident and killing people. It really doesn't help to say, 'Oh, I didn't know that, but I thought I'd look it up later'."

One of the ways Johnson has continued to gain and to share knowledge is through his industry's national professional associations, which he has been involved for a number of years. He has served two terms on the national board of the International Business Brokers and one term as president.

"I'm currently working on revamping the certification testing for our professional association," he said. "I helped create that several years ago, and they've asked me to update it."

With his business starting to show some success in 1989, word of mouth about his business began to garner Bluestem more intermediary clients and his business continued to grow, Johnson said.

About six years ago Johnson added an associate in the business and added another one two years later, he said.

Although he does some work with helping a client buy a business, currently about 90 percent of Bluestem's business is in the area of helping his clients sell their businesses, Johnson said.

"But selling a business is not an overnight process," Johnson said. "Sometimes it can take as little as nine or 10 months from the time the owner makes the decision to sell until the closing papers are signed. But we've also had deals that have taken three years to close. Because no businesses are the same, no transactions are the same."

"But we have grown regularly," he said. "We've represented or sold businesses in seven states and have affiliates in all 50 states."

Johnson likens his business to its namesake, bluestem grass.

The bluestem is a dominate native grass of tall grass prairie and is prized as a rich nutrient and for its protective ability, Johnson said.

A booklet about Bluestem Resources Group gives more information about the bluestem grass: "a perennial, established through a deep and pervasive root system, enabling it to withstand intense pressures from fire, drought and windstorms. It prevents erosion of fertile grounds by quickly covering exposed areas and simultaneously contributing nutrients essential for new growth. Working in cooperation with other contributing elements, Bluestem provides a strong environment for growth and change."

"That is actually very descriptive of what we as business intermediaries do," Johnson said.