

FOR SALE BY BUSINESS OWNER (With a Helping Hand)

Oklahoma's Bluestem Resources specializes in business sales, mergers, acquisitions, appraisals and consulting a diverse market that many business owners should consider when it's time to sell.

By Tracy Wendt Lemaster

Employing an agricultural metaphor for the bluestem species of grass native to the Southwest prairie, Bluestem Resources Affiliated Group, LLC, brings similar protective, growth-encouraging, deep-rooted business experience to the otherwise cut-and-dry, profit-based sales and acquisitions industry. Bluestem complements the owner's expertise at operating a business, noting that seldom is an owner skilled at accomplishing business sales.

Thus Bluestem is well-suited to serve the whole market of business advisers and advocates, but finds the difficulty is that business owners don't know the need is there.

"We know that we absolutely bring value to these transactions — the problem is the client understanding and recognizing that need," explains John C. Johnson with Bluestem.

Like the Bluestem grass pervasive-root system, business partners Johnson, Rob Firestone and their associates bring extensive marketplace knowledge through numerous professional positions and market interconnections over Bluestem's 20 years in Tulsa. Firestone's titles include chair-elect of The M&A Source and director of the International Business Brokers Association.

Johnson is the former president and fellow of the IBBA, member of the Association for Corporate Growth, past president of the Oklahoma Private Enterprise Forum and recipient of multiple awards including Oklahoma's Financial Services Advocate of the Year.

Their personal commitment to service for Oklahoma's business communities is reflected by their involvement in a number of entities and boards, creating alliances that support buyer and seller success.

"Our expertise involves preparing the information to go into the marketplace; knowing the appropriate time, appropriate information and appropriate parties to release that information to; knowledge of the marketplace; understanding of the deal structure; how the business value is determined; where the market is; how to approach it; and how to communicate effectively with those people," Firestone explains.

While the bluestem plant gives essential nutrients to soil for a strong foundation, it also prevents erosion. Likewise, Bluestem prevents

financial losses, which Firestone says are often unforeseen by owners in lengthy transactions. He notes it is a misconception that a deal passes simply between two people. Instead, a sales transaction involves multiple parties and changes.

"The seller has a spouse, business partners, customers, vendors, bankers, and taxing and regulatory agencies to deal with, thereby making all these partners to the transaction. They are not going to be able to make a deal in isolation," Firestone says. "The buyer has the same thing. There is the banker to satisfy, mezzanine financing to satisfy, equity partners to satisfy, in addition to taxes, attorneys and accountants. Even the slightest change will impact all these people and adjustments must be made."

Comprehensive negotiation and all-around satisfaction in this multi-person process is Bluestem's strength. When an owner attempts to accomplish all these processes simultaneously and achieve uniform agreement on his own, his efforts inevitably distract from the business itself and sometimes inadvertently undermine profitability.

"For a seller to navigate that process on their own means they won't be able to give full attention to their business, so the business will often start suffering because the seller loses focus and is spread thin trying to meet with the accountant, tax adviser, attorney, buyer, or lender, or the buyer's advisers," Johnson states. "Because

they are spending all their time doing that, they are no longer profitably running a business, and they also risk the loss of confidentiality."

Common misconceptions often made from lack of consultation are viewing the marketplace as being dominated by numbers and valuing two businesses that have identical gross revenues equally. Firestone notes that, while the gross revenue of two businesses may be equal, equipment or management may need replacement in one but not the other, and therefore the two businesses may have very different values. Bluestem explores these intricacies that may create a loss or gain for the future owner.

"Even though they look like apples to apples, no two businesses are the same, regardless of the numbers," Firestone says. "You must have a global understanding of what information needs to be provided, how to release it, when to release it, and what to do with it, all while maintaining confidentiality and anonymity."

Like their agricultural namesake's ability to both strengthen and draw from contributing elements, Bluestem works in cooperation with buyers and sellers to utilize knowledge of local and national markets for confidential yet comprehensive transactions.

"Bluestem provides a strong environment for growth and change," Johnson says.

For more information on Bluestem Resources, visit bluestemresources.com.



Bluestem leaders Rob Firestone and John C. Johnson say one important part of their job is letting business owners know how necessary it is to have help during the business-sale process.