Is now the best time to sell your business?

by Don Moore, Partner
Decision Associates M&A, LLC

For most business owners, there comes a time when you ask yourself, “Is now the best time to sell my business?” Right now, our firm has more prospective buyers than we do owners ready to sell. Part of the reason for this is that owners typically underestimate the time-frame needed to prepare for a sale. In fact, at least half of the sales our firm has transacted could have sold for 20 percent more if the owner would have prepared sooner and addressed relatively simple issues. Consider this: the selling price is driven largely by trailing one to three years EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization). This means that many companies miss opportunities to grow that number. Interestingly, many of the actions are not complex, but they take some time. As BJ Lechner, my partner in Decision Associates M&A, LLC, noted recently, if buyers would contact our firm about two to three years ahead of their intended exit date we could help improve not only EBITDA, but a number of other issues that affect “the multiple.”

Remember, if you are considering a sale you don’t need a list of 20 prospective buyers, but rather a highly qualified few. Our approach is to build a profile of the business and its assets so that we can match up buyers who value those same characteristics. We have successfully employed this process for a wide range of companies

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in our region – from Abbatron, Forquer Group and Great Lakes Cast Stone to Performance Castings, Pulakos Chocolates, Rechtenwald Architects, and Stefanelli’s Candies.

The majority of our clients live where their companies are located, in communities with family and friends who rely on the business for their livelihood. Our experience and referral networks at Decision Associates M&A, LLC, position us well to find prospective owners who will keep the company at its current location and sustain jobs for loyal employees.

What Do Real Buyers Really Want?
The top priorities for qualified buyers with ready capital who are actively seeking to acquire a business include:

- Strong earnings
- Proprietary product/intellectual property or process for proprietary product/intellectual property
- Diverse customer base and strong market presence
- Deep management team
- Sales & marketing team and processes
- Updated facility and technology
- System and technology infrastructure
- Environmentally sound site

With a generation of owners ready to retire, buyers will have plenty of options to consider. The question becomes how your company compares to the opportunities available in the market. That is the reason that planning ahead for your sale is so critical.

Special Note: NWIRC and Decision Associates M&A will host a special program, “Position Your Business...How to Add Value by 20%”, on April 19th from 3:00-5:00pm at Knowledge Park in Erie. Participants are encouraged to stay for networking, hors d’oeuvres, and refreshments following the program. See all the details at www.nwirc.org/events.

Don Moore is a Partner, along with BJ Lechner, at Decision Associates M&A, LLC. Mr. Moore founded Decision Associates in 1984, and since that time, he and his team have helped hundreds of businesses develop strategies for growth and improvement.

...Experienced Business Advisors Driving Impact for Manufacturers

5S is More Than a “Spring Cleaning” Exercise

by Craig Corsi, Lead Consultant
Vie Associates, LLC

With the season upon us, some of us may have already begun tackling those chores we have on our spring cleanup checklist. It’s an annual rite-of-passage for many of us this time of year to begin preparing our homes for the summer months. We’ll scramble between April and early May to accomplish everything so we can feel good about having our homes and yards cleaned and organized.

The disconnect we all share when it comes to maintaining cleanliness in our work environments (shop floor, office, warehouse), is that we think of it in the same manner, that it should be done once a year, maybe occasionally or only when a customer is scheduled to tour the facility.

In my eight years of consulting I’ve had the opportunity to lead dozens of workplace organization events. A few number of those projects were conducted where the company’s main objective was “to perform a thorough cleaning”. Now that’s all well and good, the team in the end accomplished their goal but workplace organization, as a lean tool, is much more than performing a “once-over” in the assembly department.

5S is a methodology which is a system of principles and rules for regulating a given discipline. It sits at the opposite end of the spectrum when comparing it to an annual cleanup event. 5S teaches you how to organize a work space for efficiency and effectiveness by identifying and storing the items used, maintaining the area, and sustaining the new order. Here are factors critical to a successful 5S event:

**Involve the right people**

Once you’ve identified a project, give careful consideration to who you include on the project team. It’s important to have representation from people in the area, especially those who work on off shifts. Excluding them will only diminish your chances for success.
Sustainment is the most challenging ‘S’

Everyone seems to know this, but it still remains the biggest hurdle. It boils down to one factor…commitment. Before embarking upon an initiative ask yourself how far you’re willing to go to make 5S a part of the company’s DNA. It requires longer term project planning, resource planning and consideration for incentivizing employees.

Don’t reference your 5S efforts in the past tense

I hear often from business leaders during plant tours that “we 5S’d that area 2 years ago”. Recall that 5S is a lean or better yet continuous improvement tool. It’s continuous in the sense that we should always be searching for a better way to improve. Otherwise, you can chalk it up to being just another “Spring Cleanup” exercise.

Craig Corsi is a Lean Specialist for Vie Associates, LLC. He is a Manufacturing professional with more than 20 years of experience in the areas of Operational Excellence, Supply Chain and Inventory Management, and Continuous Improvement Initiatives.

Summer is Coming...STEM College Students are Looking for Apprenticeships Now

With Summer just around the corner, there are qualified STEM (Science, Technology, Engineering, and Math) college students looking for apprentice and internship opportunities now. The NWIRC takes the work out of finding the right candidate to move your project forward and you may be eligible for a mini-grant of up to $4000 to assist with apprentice wages. Our process for finding the right candidate is easy which serves as a time-savings benefit for project managers and human resource professionals.

Many manufacturers lack the resources to cultivate relationships with regional schools and vet qualified students, so NWIRC’s Manufacturing Technology Engineer (Michael Griffith) and Program Coordinator (Gretchen Reinard) assist with the placement process from identifying a project to selecting a candidate.

NWIRC recruits students by attending college career and internship fairs in Western PA and networking with faculty, school departments, and career placement centers in order to qualify students to meet our manufacturers’ technology development project-based needs. We have a database of 500+ current students looking for placement in Northwest PA. Advanced manufacturing apprentices offer a great solution to help narrow the growing national skills gap and offer manufacturers opportunities to 1) improve their technology development, 2) improve efficiency and effectiveness, and 3) mentor and evaluate future skilled leaders.

The NWIRC team often helps manufacturers identify and/or evaluate potential projects that might benefit from the work of an apprentice and assists in developing project-specific job descriptions. Now is the time to select an apprentice for a project that can have a significant impact on your business. For more information, email greinard@nwirc.org or call (814) 898-6887.
YOUR STRATEGIC BUSINESS ADVISORS

If you have questions, or would like to speak with someone from NWIRC about services, please contact your Strategic Business Advisor:

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UPCOMING EVENTS

ISO 9001:2015 Management Transition  
April 12  
Location: St Marys  
This 3-hour course reviews how ISO 9001:2015 will impact your current Quality Management System (QMS), stressing the new requirements and what changes to make as a result of the transition. Geared for owners; executive leadership; department management; and process owners.

Calibration & Using Measuring Equipment  
April 13-14  
Location: Erie  
This 2-day workshop features gauging and measuring techniques which guide the continual improvement process within an organization. This course will help improve the competency of individuals who determine if a product meets requirements.

ISO 9001:2015 Internal Audit  
May 24-26  
Location: Meadville  
This 3-day workshop will provide a detailed review of the quality standard, including all the changes. Participants will learn how to conduct an audit, write the audit report, take corrective actions, and more.

Management Quality Tools Certification  
Begins May 3  
Location: Erie  
Give your employees, who are responsible for quality, the tools they need for continuous improvement. This multi-day course can be taken as a certification or as individual course offering. Topics include: Failure Mode Analysis, Root Cause Analysis, Statistical Process Control and more.

Join the conversation by following us.

For more information or to register for training, visit www.nwirc.org