

Art Hamel Teleseminar Notes

Table of Contents

I. Art Hamel Teleseminar Notes. Part One	2
II. Art Hamel Tele-Seminar Notes. Part Two	4
III. Art Hamel Teleseminar Notes. Part Three	6
IV. Art Hamel Teleseminar Notes. Part Four	8
V. Art Hamel Tele-Seminar Notes. Part Five	11
VI. Art Hamel Tele-Seminar Notes. Part Six.....	12
VII. Art Hamel Tele-Seminar Notes. Part Seven	15

I. Art Hamel Teleseminar Notes. Part One

Is NOW A Good Time To Buy A Business?

1. What is the single biggest reason that makes the current economic environment a GREAT time to buy businesses?
2. Art with credit so tight and the equity market in shambles is now a good time to try and buy a company?
3. Has this economic environment altered any of your business buying strategies?
4. What, if anything, should I pay particular attention under current economic and market conditions that would be much less important under normal circumstances?
5. The UK economy seems to be deteriorating fast with the threat that many companies will go out of business while property prices continue to slide.
6. There must be a danger that one would buy a business today and find that profits fall substantially over the next 12 or 18 months.
7. Is it better to purchase a business now or wait for 12 months until the values and asking prices fall?

How Do I Get Started?

1. What is the best and fastest way to buy and own a winning business?
2. What kind of experience do you need to buy a company?
3. How to go about acquiring a profitable franchise?
4. How to participate in such business from outside U.S.?
5. How do you set up a winning business in order to sell it?
6. How do you establish "credibility", especially when new in the US?
7. Is cash flow the number one reason to buy a business?

8. How do you get and maintain the confidence to start buying and running businesses?

How Can I Buy A Business With Little Or No Money, No Experience, Bad Credit, Or Being Unemployed?

1. Mr. Hamel, Is it possible to really buy a business with little or no money? How about if you have bad credit because of sizeable debts? How about if you're unemployed?
2. What About Gordon Bizar and His Creative Financing Stuff Any Good?
3. If you don't have much of your own funding to buy the business, where do you find it?
4. Can you buy a company without money down, just from cash flow?
5. WOULD YOU BUY A PROPERTY WITH NO CASH FLOW BUT YOU THINK HAS FUTRE POTENTIAL.
6. Could you give me specific examples of how someone with no money, credit or connections can get "skin" in the game in order to approach and buy businesses?
7. I've been looking at BizBuySell.com for the past few days. I see a Ladies and Children's clothing manufacture here in LA Asking price is \$9.5M and cash flow is \$3.1M. It says the owner will carry financing of only \$1M. How can I (with no \$\$ and bad personal credit) buy this business?
8. Can you still buy a \$20 million dollar business with 10% down?
9. I'd like to buy a winning business but only can access about \$15,000 in cash. Is that enough to get a deal done?

II. Art Hamel Tele-Seminar Notes. Part Two

What is the Best Type of Business To Buy and How Do You Find It?

1. What is the best method or resource for finding all businesses for sale?
2. What is the best type of business to pursue buying (through investors) in an economy like the one we are currently in?
3. What type of business would succeed in a recession? What factors to consider, such as cash flow, credit line when buying a business during a recession?
4. What is the first question you ask (and answer) when you initially consider buying any business?
5. For someone with no experience or significant resources, where would you suggest they start - i.e.: what size and type of businesses?
6. How do you determine what is profitable businesses and where do you find them?
7. Where online could I get legitimate info on businesses that are selling and do I necessary have to go thru a broker. Thanks....
8. Is it better to buy a successful business or a turnaround candidate?
9. What is your best & almost "fool proof" method of finding a business for sale?
10. What are the 3 best characteristics of a good business to buy?
11. What is one of the cheapest and profitable businesses to buy and own in Australia during an economic down turn.
12. What are the best ways to find businesses that are for sale going at under market value?
13. With the economy the way it is, do you have any suggestions for a specific type of "evergreen" manufacturing business to purchase? One the can weather any ups and downs with any market? I have an interest in purchasing a women's hosiery manufacturing business. What are your thoughts on that market segment?

14. What is best business to buy? How much should I pay today vs. 6 months ago?
15. What are the dangers and considerations when looking at a service business as opposed to a manufacturer? For example, an established health care business which needs a flow of new clients to continue to thrive.
16. In our current recession, how do you determine if the business owner is not selling the business due to legitimate reasons such as retirement or illness or other reasons they may tell you rather than that the recession is causing the sale through poor sales or forecasted sales?
17. Today are their still business's out their with a sales increase for the last three years, and if not are there any exceptions to this rule.
18. What is the best business to buy on my first deal that I won't have to be there all the time?
19. Should I buy a business related to my current line of work?
20. I use Dun and Bradstreet million dollar database (D&B) to list businesses to approach. They list the annual sales and not the profit. I have been approaching businesses with annual sales between 5 and 10 million, but these all seem to be owners trying to get rid of a job. How can I do a better job of targeting businesses? 2) D&B list the primary board members but not the owner.
21. I have been contacting the highest board member. They often hand me off to the finance guy. Should I be contacting finance guys instead?
22. When you send out letters to sellers and they call you on the phone, what should the purpose of that phone call be?

III. Art Hamel Teleseminar Notes. Part Three

Evaluating And Or Determining The Value Of A Business

1. What are the key criteria you use to evaluate whether a business is worth buying at all (and then, how do you calculate your maximum bid)?
2. What is the one most important aspect of a business to examine if you are trying to determine if it can succeed as it is, without extra infusions of cash from you after purchase?
3. I want to buy a manufacturing company. One of your criteria is to buy a business which profits have grown over the last 3 years. With the current business environment, what is the minimal amount of growth in profits should be the base line?
4. What is the most important criteria for determining which is the best type of manufacturing company to purchase?
5. I have had only one experience of buying a business and my business partner and I were badly burned by what we didn't know that we didn't know. We had a blind spot (re: raw material sources) which our investigation failed to uncover. How do I get confidence again?
6. Art, I've tried to buy businesses in the past only to run into myriad legal and financing hassles, how do I get around all the BS to determine what a business is really worth and make an offer we both can live with? Thanks Rick
7. Is there a "business health" shortcut for a buyer with no accounting background to understand the financial statements and what the seller may be obscuring or not?
8. Other than past performance, how do you judge the future viability of a business for sale?
9. Is value and potential more important than buying a business you love?
10. Given the uncertain times, how would one project the past earnings of a business into tomorrow's economy to maximize the probability of picking the right business(es) among millions of choices?

11. What are the 3-5 things I have to have in place in order to value companies correctly, purchase them, and then operate them toward a more profitable future; and where can I locate the right people with that expertise to be on my team?
12. What is the asset a business has that is most commonly overlooked by the seller that could be leveraged to advantage by the buyer? In other words, what is the first place a prospective buyer should look to find a way to increase the value of the business post-purchase?
13. How do you determine if a struggling business is just poorly marketed or in a bad industry that is faltering in this economy?

IV. Art Hamel Teleseminar Notes. Part Four

Obtaining Investors And/Or Bank Loans

1. What have you found to be the best first-timers funding sources?
2. In terms of funding the deal, what are the key aspects the lenders are looking for?
3. How can I convince investor to lend money to buy business?
4. How do you get financing when banks and creditors are not lending in this bad economy?
5. I don't know any wealthy people. How do I approach someone "cold" for financing a new business or purchasing an existing one?
6. The current situation with the banks makes them an unlikely source for financing. Would you recommend using an investment bank to help raise money to buy businesses?
7. You mention that you should use private investors. Where do you or how do you find these private investors (both in the economy's good times and bad)?
8. What are the most important criteria investors will look for in a business purchase deal?
9. You have said that investors usually like preferred stock, how would you recommend structuring a preferred stock issuance?
10. Should it be structured to make payments periodically? Should it be structured with a convertible equity component (in case the business is sold or the investor wants to be bought out)? If so how much is usually a fair amount to give to investors?
11. Good day Art! I have gained a lot from your course and am actively out pursuing my first deal. I have run into a consistent pattern of business owners wanting to verify the source of my funds as well as investors wanting to see the specific business that they will be investing in. I feel like I have to juggle both sides just perfectly to get anywhere concrete. It seems like a classic case of the chicken & the egg. How do I get a business owner to negotiate with me before verifying the source of my funds? How do I get an investor to commit to investing with me before I

have a letter of intent & business plan on a specific company? Should I be looking to lockup the investors first or rather the business first, and why so? Thank you Art. I love what you do and hope to gain much more wisdom throughout the future. Take care! – Chris

12. Hi Arthur, I'm determined to purchase a million dollar earning business how you describe in the course. I've been attempting to do so for the past 8 months and keep coming up dry on the investor side of the deal. When I find a qualified business to purchase and package the plan, I can't find the investors to buy into it. It seems as though the few I've found are reluctant to work with a first time business buyer like myself, even though I am packaging a solid investment for them. How exactly do I find more qualified investors for my deals and how do I get these investors to take my deals seriously despite my lack of any track record? Thanks so much Art!
13. How can I arrange finance with a low income history?
14. Where are some places that I can find investor partners willing and able to put up 1 Million dollars cash (or more) and who do not mind that I have no "skin in the game"?
15. How do I get and convince the investors given the fact that for this moment right now- sorting out a few problems-I have no financial back up...and don't know how to make a business plan !?
16. By the way: appreciate your style Art, it aroused my interest in the first place.
17. How do you access funding from investors to buy with little or none of my own money - what information do the banks/JV partners required?
18. What are the exact steps in securing investor funding when I am a total newbie who has no such contacts (be it direct or indirect contacts)?
19. I know the investors preferences are manufacturing businesses, but how favorable are construction businesses viewed?
20. Where do most people make critical mistakes when seeking financing for the purchase of a business?
21. What approach do you use, to contact potential investors, to purchase a business that you find and also want to have an ownership stake in? Also, how and where do you prospect, to find these investors?
22. How do you structure financing, for this type of deal?

23. I'm 24 years old, and although I know a lot about business and marketing in particular, I'm worried that investors will try to discriminate against me because of my age and lack of big business experience. What kind of things will investors expect out of me when buying a business?

24. How exactly do you structure the preferred shares & financing to take over a business, and get investors to buy them FOR you? Where do you find investors and what is the 'pitch' to them?

V. Art Hamel Tele-Seminar Notes. Part Five

Negotiating The Deal

1. What leverage do I have, or can create, to lower the asking price?
2. What issues should I be aware of if I am buying from multiple partners?
3. How does one buy a majority or a controlling stake if the owner does not want to sell the entire business?
4. How can you buy a business with exchanging your marketing knowledge?
5. What one skill, if I developed and did it in an excellent fashion, would have the most impact on my success of buying businesses?
6. Mr. Hamel, how to persuade a big company to buy 50% of old company (I would buy the other half) and then use some of the marketing resources from the partner company?
7. What is the most important thing about buying a business that you wish you had known, but didn't, when you bought your first business?
8. How to convince doubting owners to deal with you when you approach them directly, i.e. not through accountants or lawyers?
9. If the SBA is only lending money on businesses that are growing or level in revenues...what's the best way to sell the owner on seller financing?
10. What are the best ways to leverage a buyout of a company?
11. Is there one specific question you ask, to start the ball rolling that gets the seller's attention and makes him/her stand up and take you seriously?
12. People who are buying their first business will generally be working a full-time job and using their spare time to work on the business purchase. Should this be something that we shy away from telling the seller so that they will take us more seriously?

VI. Art Hamel Tele-Seminar Notes. Part Six

Running The Business (Absentee Owner, Management Team, Exit Strategy, etc) And Specific Questions For Art and His Methodology

1. For businesses where you hire a key person to run it in your absence (absentee ownership), how would you go about structuring an arrangement to give him/her an equity stake to incent them?
2. How much of a stake (a range of percentages) might you be willing to give them for their 'sweat equity'?
3. What are some of the key metrics that you monitor to 'keep your finger on the pulse' of the absentee-ownership businesses that you have owned?
4. What are some controls/methods you use to avoid being ripped off or scammed by the managers of your absentee-ownership businesses?
5. Did you always have an exit strategy planned for every business BEFORE you bought it?
6. What percent of cash flow should remain for me, after I pay for investor, debt and other financing costs (20%-30%, 40-60%)? What would be the minimum percent you would recommend, never going below?
7. When you buy a company, how do you ensure that management's behind you and supporting your long term goals?
8. What are the main instruments incentives that you use to do this? Is it mainly financial incentives and target setting, or also motivational psychology?
9. Many successful businesses seem to depend upon the strong personality or vision of the founder or current CEO. What's the best way to ensure continuity of that vision or energy after a purchase?
10. How do I know if the management team in place is correct or if I need to replace it?
11. Once you've purchased the business what should you focus on to create a more lucrative business than what you bought so that you can sell it at an even higher profit?

12. I heard a recording of an interview you did with Michael Senoff where you said you just hire people to run the businesses you buy. How could an employee possibly be trusted to run the business properly?

Specific Questions for Art and His Methodology

1. What is your profit formula - down pmt, going in, cash flow, and timing your sale.
2. I have heard that it's best to own a business in a field that one is very passionate about. Does that also apply when one is buying a business using your methodology?
3. Greetings, I purchased your seminar in cassette form that was recorded in the seventies. Is that information still applicable today?
4. How relevant is the information you provide, to be able to buy a business in a country other than the USA?
5. Do your methods apply to startups?
6. Hello Art! Would you ever buy a business if they did NOT have a list of customers or clients to give you?
7. How do you utilize today's technology and online platforms to do your work vs. the "old" days?
8. Do you have any suggestions on how to persuade one's wife that buying a business is not a crazy, off-the-wall idea?
9. What deal was your most profitable and how did you determine it?
10. Have you bought any art galleries and have you seen any art gallery financials you can share with me?
11. How much money does one need, in order to pursue buying a business with investor money, i.e., money allocated for travel etc to meet the seller(s), business plan writing fees, CPA/Attorney fees, Fees to pay Art's hourly consulting fee, and the necessary \$ to put as "skin in the game" into the business in order to win over the investors ? How much total approximately?
12. Do you run multiple businesses at one time? If yes, what is the most number of businesses you have or do run simultaneously?

13. Do you specialize in certain types of businesses and if so, why?
14. Before the recent economic collapse, I bought your course and additional consultation from you, and put in a great deal of time looking for a business to buy here in the Greater Los Angeles area. I did everything exactly as you instructed. I found many businesses available to buy, but none that met your "perfect deal" criteria. If the business could be had for 4 to 5 times earnings, it had some major flaw that would disqualify it with your investors. And if it had no major flaws, the owners insisted on 7 to 8 times earnings. I possibly could have eventually found a "perfect deal," but I couldn't afford to keep putting in the time to search. Along the way I met other people experienced in buying businesses, who told me that the reason I couldn't find the "perfect deal" was that the market for small businesses has evolved in the last 20 years, and that there's now a lot more money chasing these deals than there was before, resulting in prices being bid up. From your perspective, having bird dogs all over the country, you may still have "perfect deals" brought to you, simply because of the huge volume of searching that's being done by people wanting the backing of your investors, or by people who've known you for decades. But for a person new to this game and having to earn a living while looking, doing enough searching to finally stumble over a "perfect deal" seems unrealistic. Not impossible, mind you, but unrealistic as a practical matter. I'm expecting your initial response to this idea to be something like, "Well, maybe this isn't for you. I do have people who are winning with my system." Well, with so many people trying it, someone's bound to get lucky. Don't get me wrong. I'm sure your system worked every bit as well as you claim, when you developed it many years ago. But you yourself told me that Michael Senoff's customers hadn't brought you even one qualifying deal. You attributed that to the quality of his customers. But could it also be that the environment your system was designed to handle has changed? Should would-be business buyers today be employing more complex financing to buy "less than perfect" businesses?

VII. Art Hamel Tele-Seminar Notes. Part Seven

People Who Want To Work With Art Hamel

1. Hi Art, I want to hire you or somebody to mentor or coach me on buying a biz. And pay your their fee from the business after the purchase.
2. If I buy your home study course, can you be my mentor for life? E.g. If I encounter some problems in the buying process, can I call you for help?
3. Do you partner or pay referral fees to students who bring business opportunities that meet your criteria? What is your criteria?
4. Hello Art, here is a challenge for you'd like to see you solve it, or somebody beat this one: I'm a 60-year old male. Very intelligent and I've been around. I am a former real estate investor bought and sold 392 residential properties all with no money down. In fact, I came out of closing with cash each time I bought a home. When Clinton came into the White House, he did his thing... And I and many like me bit the dust. I ended up going bankrupt. I was hurt in an accident and am currently receiving Social Security Disability, and have about \$500 dollars to my name. I can run a company. I was just about to jump back into real estate, and of course I do have the skills to succeed, but I love to see you help me buy a \$20,000,000 company instead. Lou.
5. Art does your course focus on buying online businesses? If so, what would you consider the major points to buying a successful online business?
6. Are there any outstanding books or other training programs that you would recommend for buying businesses?
7. Do you have transcripts or recordings of your TV and radio shows that we could learn from?
8. Art, your course seems a bit 'over my head'. What material would you suggest I use as a primer before I get into your material? Kind regards, Kyle Bolt
9. Other Questions That Probably Shouldn't Be Asked
10. You're inspiring - great to see a senior businessperson continuing to contribute. In the future, how do you plan to transition out of your

businesses deals in progress if health (or lack of interest!), etc. becomes an issue?
