



GREEN INDUSTRY MERGER & ACQUISITION NEWS

FEBRUARY 2012
THE PRINCIPIUM GROUP
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Commentary—2012 Starts Off Strong

Despite lingering economic and political uncertainty, 2012 has started out very strong for mergers & acquisitions in the green industry. Our list of recent transactions includes a broad range of deals in different industry segments and different types of transactions, including private equity and facilities management.

So far, our predictions for 2012 are looking pretty square-on.

We see green industry business owners looking for opportunities to strengthen and expand their businesses through acquisitions, either of similar businesses or of complementary businesses that

expand the scope of services they offer their customers.

In a similar way, we see companies that provide other facilities services seeking to add landscape services to their portfolio. Barring some unforeseen developments, we are expecting an outstanding year for acquisition activity within the industry.

This month, in addition to our usual feature article and list of recent transactions, we are including a column entitled Current Business Opportunities. In this column, we list a variety of markets and industry sectors in which we are looking for either buyers or sellers. We are usually

pretty quiet about the projects we are working on, but we thought it might be helpful to our readers (and us!) to give you some information on some of the projects we are working on now. If anything on the list sparks an interest, please feel free to give us a call or send us an email.

As always, if you are considering buying or selling a green industry business or beginning the exit planning process, we'd like to speak with you. Please give us a call or send us an email.

—Ron Edmonds

Why Are You Selling Your Business?

One of the things we always do when we take on a new client is to try to understand why they are thinking about selling their business.

This is important for a whole host of reasons.

From a business point of view, it helps us to understand how serious they are about selling. It also helps us position the business for sale. Prospective buyers usually want to have a very good understanding of why a business owner is selling, too. Are they selling because they see some unavoidable

business downturn on the horizon? Are they selling because business is just becoming too hard, such as its becoming too difficult to adequately staff the business? Those are red flags to a potential buyer.

On the other hand, there are all sorts of reasons to sell a business that make sense to everyone. One of the obvious ones is that the seller is planning for retirement. Another common one is that the seller wants to "take some chips off the table" and reduce risk by diversifying his or her portfolio.

Other reasons that make a lot of sense are health issues or family issues. There are many others.

Recently, I sat down with a new client to better understand his business and objectives. I asked him the question, "Why are you selling your business?" His answer was very thought provoking.

He told me that he had a brother who had also been a business owner. His brother's business involved manufacturing for the building industry. At its peak, his

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Mergers & Acquisitions
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Recent Transactions

A good number of transactions were reported in January, including private-equity backed transactions and acquisitions by facilities management companies.

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Here's the monthly recap:

Lawn Doctor, Inc. has been acquired by Levine Leichtman Capital Partners of Beverly Hills, California. Lawn Doctor is a leading franchisor of residential lawn care businesses, with over 460 independently-owned franchise locations.

Austin Outdoor, the Florida-based division of Yellowstone Landscape Group, has acquired the landscape management division of Cornerstone Solutions Group. This acquisition will significantly expand Austin Outdoor's reach in the Tampa, Sarasota, Orlando and Jacksonville markets. Yellowstone Landscape Group is a portfolio company of Gridiron Capital.

Go-Forth Pest & Lawn of HighPoint, North Carolina, has acquired Lake Norman Pest Control.

Ferndale, Washington-based Minergy, Inc. has acquired Acute Lawn and Landscape of Bellingham, Washington. Minergy now has three divisions: land development and utilities, landscape and irrigation, and grounds maintenance.

Los Angeles-based Dworsky Facilities Services, Inc. has merged with We Serve America. Dworsky sold its landscape maintenance business to The Brickman Group in 2011. The new company, known as We Serve America, adds janitorial and security services to the exterior maintenance, power sweeping, and environmental steam cleaning services already offered by Dworsky.

We Service America will also provide interior plantscape design and maintenance.

Stay Green, Inc. based in Santa Clarita, California, has acquired Wurzel Landscape, a Studio City, California-based commercial landscape maintenance company.

Tucson-based Santa Rita Landscaping, Inc. has merged with Southwest Enviroscapes, Inc. The combined company will be known as Santa Rita Landscaping, Inc.

Chicago-based The Millard Group, a national facilities management company, has acquired Preferred Landscape and Lighting of San Antonio, Texas.

Lawn Dawg Inc. has acquired Connecticut-based Lush Lawn Service Inc.

About The Principium Group

*Our services include:
Mergers & Acquisitions,
Exit Planning,
& Capital Formation*

The Principium Group provides mergers & acquisitions and business brokerage services to a variety of middle market and small businesses, with a focus on the green industry. We also assist our clients with exit planning and capital formation. Our professionals have assisted business owners in hundreds of transactions.

For buyers, Principium provides assistance and counsel in strategic planning, identifying potential acquisition targets, due diligence and planning for successful integration of

acquisitions.

For sellers, Principium provides assistance and counsel in evaluating strategic alternatives, identifying and negotiating with potential acquirers and assisting with transactions from due diligence through the closing process.

In order to provide the highest quality service, we maintain relationships with other professionals serving the green industry and can access those professionals to supplement our internal resources. No matter how large or small your busi-

ness may be, we have the resources to serve you well.

We understand that the decision to buy or sell your business is a profound one, and we pledge to work with you in a professional and confidential manner while we help you navigate this often confusing process.

Whether you have immediate plans to buy or sell a business or may sometime in the future, we would welcome the opportunity to talk with you about your business.

Why Are You Selling Your Business?

brother's business had been almost wildly successful, generating substantial cash flows—far higher than those being generated by my new client's company. He also had some desirable intellectual property—some important patents. He had been approached several times about selling his company, but it just didn't make sense to him. The cash flow he was generating was too good to even seriously consider selling.

Then the recession hit, and the impact on this man's business was pretty dramatic. Since his business was construction-related, the drop off in revenues was even more acute than in companies in general. Eventually, the decision to close was inevitable. The auction of the equipment of a business that only recently had generated over \$1 million in annual cash flow produced less than \$200,000.

My client looked at me and said, "You ask me why I am thinking about selling now. It's simple. I don't want that to happen to me."

His comment sank in for a moment and then I thought, "Wow, he's really thought this through, and that makes a lot of sense." He didn't want to wait too long to address selling his business. He wanted to be able to sell his business on his terms.

You really can wait too long. His brother did. Many busi-

ness owners want to wait until business conditions improve. Others are too focused on the day-to-day challenges of running a business alongside life's other challenges to even think about it.

A smart business owner contemplating the possible sale of his business takes into account several questions:

- What is my business worth now?
- What can I do to improve the value of my business?
- What risks are there that might diminish the value of my business between now and the time I might sell my business?

The answers to those questions should be pretty thought-provoking. Thinking about these and others should help a business owner to answer the question as to when the time is right to start thinking about selling his or her business.



Current Business Opportunities

Our projects representing buyers and sellers are handled on a confidential basis. However, this month we have decided to share some information on what we are working on right now. If there is a fit for your situation, please give us a call or send us an email.

Looking for Buyers

We represent several mid-size *design/build/maintenance/snow* companies in major markets in the Northeast and Mid-West. These are strong businesses with leadership positions in their markets that weathered the recession without a major contraction in their businesses. This is an attractive time for expansion, and these businesses represent exceptional opportunities. If you are interested in hearing more, please give us a call or send us an email.

Looking for Sellers

We are working with buyers looking for *commercial maintenance* businesses to buy in the following markets:

Chicagoland
Memphis
Nashville
Dallas-Fort Worth
Houston
Naples/Marco Island
Southern Florida
Denver
Southern California
Northern California

If you are thinking about selling your business, please give us a call or send us an email.

We are also looking for *lawn care businesses* in the **Midwest, Northeast, Mid-Atlantic, Southeast, Southwest and Colorado.**

What's Your Sellability Score?

Have you wondered just how sellable your business is? Here's a chance to find out. Take this quiz and find out your business's sellability score. You'll receive your Sellability Score immediately, and then we will send you a 24-page report that provides additional feedback and sched-

ule a complimentary phone call to discuss the results. We'll also send a complimentary e-book copy of *Green Exit—Exit Planning for Lawn and Landscape Business Owners* to everyone who completes the Sellability Score quiz at: sellability.principiumgroup.com



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**For up-to-date information on
Green Industry Mergers & Acquisitions,
visit
SellMyGreenBusiness.com**

The information included in this newsletter is derived from publicly available sources. Our intent is to give a perspective on the industry taken as a whole. The inclusion of a transaction in this newsletter does not imply that The Principium Group acted as an advisor to either of the parties to the transaction. It is the policy of The Principium Group always to maintain the confidentiality of its client relationships. For those transactions in which The Principium Group did play a role, the information included herein is still limited to that available through public sources.

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Our Travel Calendar

We'd Like to Meet with You

We plan to attend the following industry events:

National Pavement Expo, Memphis, February 15-18

Green Industry Great Escape, Nassau, March 1-4

Association for Corporate Growth Intergrowth,
Grapevine, TX, April 25-27

**International Business Brokers Association Spring
Conference**, San Antonio, June 4-6

If you are attending any of these events and would like to meet, please give us a call or send us an email to schedule a time.

Green Exit

Exit Planning for Lawn and Landscape Business Owners

Ron Edmonds' latest book is *Green Exit—Exit Planning for Lawn and Landscape Business Owners*.

GREEN EXIT

Exit Planning for Lawn and
Landscape Business Owners

Ronald L. Edmonds
The Principium Group



Green Exit introduces lawn and landscape business owners to the basic concepts of exit planning, including defining your objectives, understanding the value of your business, improving and preserving the value of your business and

developing a plan for exiting the business. The book discusses a variety of strategies, including third-party sales, private equity, transfers to family members or key employees and employee stock ownership plans. *Green Exit* targets all green industry business owners who either are or should be considering their business exit plans.

Green Exit is available [directly from Principium](#), from the publisher, FastPencil.com, and from Amazon.com, BN.com, the iBook Store and other online retailers.