

# NORTHWESTERN Banker

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## "How to Buy or Sell a Business"

When it comes to buying or selling a small business, the local banker, more often than not, is asked for advice, as well as financial assistance.

With this in mind, suggestions featured in the latest edition of *The Small Business Reporter*, published by the Bank of America, can prove valuable. Comment is concerned with single proprietorships, rather than partnerships or changes in corporate ownership:

"When it comes to buying a small business, a would-be entrepreneur may rush in where angels fear to tread, and the seller must also be aware of many pitfalls.

"Although the decision to buy or to sell a business is a crucial one, a surprising number of people rush into transactions without adequate preparation. They arrive at their decision guided more by emotion than by logic."

Bank of America emphasizes that the prospective buyer must take time to get adequate information about the business. If the owner refuses to furnish necessary information, the buyer should take this as a warning sign.

The buyer is also advised to look behind the surface reason for the sale. A seller may give ill

health as the reason when the real reason is a declining business or an obsolete product.

"Reliable accountants, lawyers and escrow holders are a virtual must for the buyer to reach an intelligent decision. The buying process is very complicated even for experts; those without experience should be doubly careful.



"The liabilities that will be assumed by the new owner should be put in writing. The contract should include a statement that all claims not shown on the balance sheet as of the date of acquisition will be assumed by the seller. Carefully following the proper legal procedure will help protect the buyer."

The bank cites classified newspaper ads as the most common method of finding a buyer. Other channels are real estate brokers;

trade publications, associations and other trade contacts; and word of mouth.

The report urges sellers to "find out at the start how interested buyers actually are. Do they have the capital and background suitable for this type and size business? Time can be wasted if they are not real prospects.

"Selling to unqualified people on terms means if they fail in the business, the entire price may not be paid off."

The bank also notes that, for tax purposes, certain times of the year may be better for selling than others.

The report cites arriving at a fair selling price as the biggest problem in selling a business. Disagreements often arise as to how much the intangibles of the business, or "good will," is worth.

*The Reporter* lists a suggested formula for arriving at the price of a business, but notes that there isn't any all-inclusive answer.

"Many special and highly personal considerations come into play for both buyer and seller. Money may not be the most important of them.

"The seller may be anxious to sell for perfectly legitimate rea-

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Hampton, has purchased controlling interest in the Lawler State Bank here and its office in Waucoma from Eugene Timlin, bank president, and William Ilstrup and Kenneth Eaton, both vice presidents. Mr. Shaw has been elected the new president, with Loren Billmeyer continuing as bank manager. No other personnel changes are anticipated.

**IOWA NEWS**

**CAMANCHE:** A group of Hawkeye Bancorporation and First National Bank of Clinton officers has purchased controlling interest in the Camanche State Bank from Bruce Townsend, chairman of the board of the First National Bank of Clinton and founder of the Camanche bank. Philip W. Hall, vice president and installment loan department manager at the Burlington Bank and Trust Company, has been named executive vice president and managing officer at the Camanche bank, effective September 29.

**DES MOINES:** Richard E. Ramsay, vice president and trust officer at the National Bank of Des Moines, has been promoted to senior vice president and trust officer. Gene E. Loverink, assistant vice president, has been named assistant vice president and cashier.

**DUBUQUE:** Funeral services were held here last week for Leo J. Schlueter, 37. He was a vice president for American Trust and Savings Bank until a year ago when he purchased an interest in the Badger State Bank, Cassville, Wisc. He is survived by his wife, Judy, and six children, who reside at 1316 Alta Vista in Dubuque.

**LAWLER:** Merrill Shaw, vice president at the First National Bank, New

**SPENCER:** Dwight Willard has been elected president of Farmers Trust & Savings Bank. Ben Abben will continue as chairman of the board (inactive).

**NEBRASKA NEWS**

**BLUE HILL:** E. J. McBride and associates have purchased control of the Commercial Bank of Blue Hill. William Kort, executive vice president, and James McBride, cashier, are leaving the bank, but Mrs. Eva McBride, president, will continue at the bank for several months.

**OMAHA:** A lone bandit recently robbed the Mid-City Bank here of an approximate \$10,600. This is the largest bank robbery in the Omaha area since 1965.

**NORTH PLATTE:** E. Dean Niedan has resigned as vice president of the McDonald State Bank here, effective October 1. He will continue as a director at the bank. Mr. Niedan has been with the bank for five years.

**MINNESOTA NEWS**

**DULUTH:** Frank J. McCarthy of Minnetonka, formerly director of bank relations with the Central States Bank Card Association, has been elected vice president of the Northern City National Bank here. He will

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**Seeks Exemption from Fed Truth-in-Lending. . .**

Maine is the first state to seek from the Federal Reserve Board an exemption from the Federal truth-in-lending law and Regulation Z.

The Fed, which is considering comments on the application until October 15, may exempt a state if its truth-in-lending requirements and enforcement procedures are "substantially similar" to those of the Federal law.

**Administration Supports Anti-Credit Card Legislation. . .**

Strong support for legislation pending in Congress to bar the unsolicited mailing of credit cards by banks - as well as other card issuers - has been voiced by the Nixon Administration.

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have primary responsibilities in business development and marketing and will supervise bank relations with eastern accounts. Mr. McCarthy also was formerly employed at the First National Bank in Sleepy Eye, president of the Glen Lake State Bank and director of bank relations with the Master Charge Bank Credit Card Association.

**GEM LAKE:** An application has been filed with the State Department of Commerce for a proposed state bank, the Community State Bank of White Bear Lake, to be located at the intersection of County Road E at Highway No. 61 here. Incorporators named in the application are: Herbert W. Tousley, Jr., John E. Steger, Richard T. Bennett, Jr., Henry Hoffman, Raymond J. Fanum and Lloyd Urban, all of White Bear Lake; Robert M. Linsmayer, Arthur W. Kootz, Richard McMillan and Daniel W. O'Brien, all of St. Paul; Thomas G. Briggs of Mahtomedi. Proposed capital is \$600,000. No date has been set for hearing on the application.

**LE CENTER:** Theodore T. Traxler and Otto W. Deutschman have been elected the new president and vice president, respectively, of the First State Bank of Le Center. Mr. Traxler, who has been serving as the bank's executive vice president since 1961, succeeds the late A. C. Tambornino. He has 54 years of banking experience and joined the Le Center bank in 1917. Mr. Deutschman has been with the bank since 1950 and will continue as cashier, in addition to his new position as vice president.

**MINNEAPOLIS:** Westen Anderson and Richard A. Nordquist, Jr., have been named directors of the First Bloomington Lake National Bank.

**MINNEAPOLIS:** Three Minneapolis financial institutions have pledged an additional total of \$5 million for

student loans. National City Bank of Minneapolis and Northwestern National Bank each announced they would make available an additional \$2 million for government guaranteed 7% loans. Twin City Federal Savings & Loan Association pledged an additional \$1 million.

**MINNEAPOLIS:** John P. Hake has been named to the new post of director of management information systems for Dain, Kalman & Quail, Incorporated. He was formerly manager of information systems for Pako Corporation, Minneapolis-headquartered manufacturer of photo processing equipment.

**MINNEAPOLIS:** The First National Bank of Minneapolis has filed an application with the FDIC to establish an overseas office in Nassau, Bahamas.

**ST. JOSEPH:** Claude R. Crever, a retired president of the First State Bank, has died at the age of 68. Mr. Crever had been associated with the First State Bank all his life and served as president from 1953 until his retirement in 1967.

## ILLINOIS NEWS

**CHICAGO:** Carl D. Glickman, chairman of American Steel and Pump Corporation, has been appointed chairman at the University National Bank, succeeding Gerald A. Gitles, who will become vice chairman of the board and chairman of the executive and discount committees. Myron D. Malitz has been elected to the board.

**CHICAGO:** Vincent P. Cavanaugh has been promoted to vice president and trust officer of the Bank for Savings and Loan Associations. He was formerly trust officer. Mr. Cavanaugh

joined the bank earlier this year, after serving as senior vice president and director of the First Federal Savings and Loan Association.

**EAST DUBUQUE:** Gary K. Running of Stoddard, Wisc., has purchased controlling interest in the State Bank of East Dubuque. He has been named executive vice president at the bank. No other personnel changes have been announced.

## BANK PREMIUMS

**NORTHWESTERN BANKER** will send you FREE with each order of 500 Silverline "Performer" Retractable Ball Pens:

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### COLORADO NEWS

DENVER: Colorado CNB Bankshares President Melvin J. Roberts has announced that negotiations for an exchange of stock with principal shareholders of the Bank of Glenwood are currently in progress. If successful, the Glenwood bank will become a member of the Denver-based holding company. Current transactions have been approved by the boards of directors of both CNB Bankshares and the Glenwood bank. All transactions are subject to the approval of the Federal Reserve Board and other governmental agencies.

### MONTANA NEWS

VICTOR: An estimated \$10,000 in cash and a private coin collection were taken recently by burglars from the Farmers State Bank of Victor. State Senator William Groff of Victor is president of the bank.

### NATIONAL NEWS

BIG LAKE, TEX.: Deposit liabilities of the Big Lake State Bank here, in the amount of \$4.4 million, have been assumed by the Reagan State Bank, a newly organized institution, with the help of the FDIC. The former bank was closed in late August.

LOS ANGELES: Bank of America will

start construction soon on a facility in Watts. The new office will cost approximately \$750,000.

### Buy or Sell A Business . . .

(Continued from Page 1)

sons of his own; the buyer may vitally need a location, product line or patent. Or he may rank 'being his own boss' higher than the actual income of the business.

"But to avoid disillusionment or regret later on, both buyer and seller should make sure they thoroughly understand and appreciate all the factors involved. Also, that they allow themselves enough time to do the necessary research and obtain the best advice available before closing the deal."

Copies of the report may be obtained through any Bank of America branch.

## WANT ADS

Rates 25 cents per word per insertion. Minimum: 12 words.  
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