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The Darrell Fouts Award

Kevin Dempsey, CBI, CMC, CMEA



Darrell Fouts

For those of you who are not familiar with the Darrell Fouts Award, it is presented to a person or entity that has made a significant contribution to our M&A profession. The award is named in honor of Darrell Fouts, the first Chairman of the M&A Source.

According to a 2005 interview published in "Value Based Leadership, Buying and Selling a Business" by Keith McLeod, Darrell bought a business while in college from a graduating senior. He paid about half a year's income for the business, \$600. He billed his customers \$5.00 an hour and paid his fraternity brothers a \$1.00 or \$1.25 an hour to work for him. The business was so successful that it supported him through college. In fact, he said when he got out of college and got a real job, he had to take a cut in pay.

Darrell eventually owned and operated thirteen businesses. This buying and selling of businesses led him to the merger and acquisition profession because he fully understood and appreciated a business owner's concerns during the transition process. Darrell was quoted as saying, "It is my belief that the acquisition of an operating business provides the best opportunity for an individual or corporation to develop the multiple benefits of rapid income growth, equity development, and tax shelter."

In 1990, already an expert in succession planning and a nationally recognized lecturer, educator, and author in the merger and acquisition profession, he conceived the idea of the M&A Source. For that we are forever grateful. Darrell, a past chair of the IBBA, saw that there was a need to address the issues confronting brokers involved in higher-level, more complicated business transfer transactions.

In 1991, Darrell was instrumental in getting approval from the IBBA Board of Directors to draw together members within the IBBA that specifically dealt with larger transactions; i.e. over a million dollars at that time. The board would not, and did not, approve a budget for the project. So, Darrell sent notices to a few IBBA members to learn whether or not there was an interest in developing such an organization. The organization did not yet have a name, but it would consist of people who sold larger transactions. Darrell organized a meeting and fifty people showed up. Darrell suggested that each interested person would need to donate \$500 into the treasury to get it started. Thirty people accepted the challenge. In 1992, the M&A Source was started with that seed money, and Darrell became its first Chairman. Today, we celebrate our twentieth year.

In honor of the contributions made by Darrell Fouts to the M&A Source, an award was created in his name by past Chairman Robert (Bob) Gurrola and in 2001, Darrell was the first recipient.

Who is Eligible?

The members of the Awards Committee consist of a few of the earliest award recipients: Ed Telling, John Johnson, Dolliver Frederick, and Bob Gurrola. Tom Whipple, the 2010 recipient was added to the

committee to bring a more current perspective to the committee. The committee's process requires that a strong selection preference be given to M&A Source members in good standing and that diligent efforts are to be made to make such a selection. However, the option remains that, in extraordinary circumstances, the Awards Committee may deviate to select an exceptional visionary and contributor beyond the association's current members.

In honor of the association's 20th anniversary, the M&A Source Board of Directors and the Awards Committee have chosen two deserving men to become recipients of this prestigious award—Fred Zirkle and Robert Groag.

Fred Zirkle

You may not know that upon receiving his B.A. at Duke University, Fred was drafted by the NY Jets, but he chose to pursue a business career. That's a decision we're grateful for.

During his illustrative career, Fred has built, bought and sold businesses in eleven countries and served as president and CEO for both public and privately-held companies. Fred has been quoted in *The Wall Street Journal*, *London Financial Times*, *Forbes*, *Fortune* and *Business Week*. He has consulted with numerous businesses concerning financing, expansion and strategic planning. Fred is a past president of the International Business Brokers Association (IBBA), past Chairman of M&A Source, Certified Business Fellow, and past President of ACG-Utah.

As M&A Source Chair during 1997 and 1998, Fred saw the opportunity to create a deal sharing format among members and advanced it into a working system within the M&A Source. Fred impacted the profession, expanding and uplifting it with his vision and innovation, adopting technology such as laptop computers, the use of email, research, and interrelation contact data bases.

He also foresaw the opportunity to create a web-based interchange at a time when the highest technology in use was the fax-based FINET opportunity exchange. Due to financial constraints the association declined his offer to oversee the development of an Internet-based deal advertising format for the association. Fred then proceeded to create it as a proprietary system on his own, but made it available for free use by the professional peers who were the association's members. This highly innovative Internet advertising approach evolved through USBX into what is now Bizquest.com.

Fred was instrumental in seeing the opportunity and the need for the professional association (IBBA) to create a website and was instrumental in helping to create and implement it.

Because of his many accomplishments and his dedication to the M&A Source, we proudly acknowledge Fred Zirkle as a 2012 recipient of the Darrell Fouts Award.

Robert Groag

Robert is president and founder of Mainsource Businesses Services. Established in 1990, the Mainsource Network consists of thirty M&A exclusive affiliates throughout the United States. Strategically located in most of the key cities, this highly regarded group of intermediaries completed hundreds of transactions year after year.

You may also know Robert if you subscribe to his targeted direct mail program. He has assisted numerous brokers throughout the country in acquiring great companies to sell.

You may or may not know that Robert created course #310: M&A Marketing. The course is designed to teach deal-makers how to successfully contact and retain sellers of mid-market companies; how to motivate owners to sell and how to guide them through the selling decision. The course also covers the importance of educating business owners about the middle market and selling their companies; targeting middle market owners and using that education as a selling tool to obtain clients on retainer.

Robert's influence is of particular importance to our semi-annual conferences. He is the founder, inventor, and creator of the M&A Source Middle Market Expo. Since October 1994, the expos have been an integral part of the M&A Source conferences. One day at each conference is devoted to connecting you and your specific needs to private equity groups. At a typical conference, representatives of thirty to fifty or more private equity groups set up shop with the sole purpose of meeting you to discuss doing deals.

PEGs are eager to discuss their acquisition criteria (EBITDA, industry preferences, geographic requirements, etc.) as well as deal structures (management buy-outs, management buy-ins, family succession, recapitalization, growth capital, or other ownership transitions).

At the Middle Market Expo, you can pitch your sell-side engagements or establish relationships with buy-side clients. We have Robert to thank for creating these opportunities for us.

Robert managed the Middle Market Expo for five years – from executing direct mail campaigns to private equity groups soliciting participation, to accepting reservations and collecting funds on behalf of the M&A Source. He never asked to be reimbursed for his out-of-pocket expenses or financial contributions. Robert was also the sole sponsor of “Wednesday Night” social events in 1997, 1998, and 1999. His labor of love is now co-sponsored by Prospect Partners and McGladrey.

Because of his significant contributions and his dedication to the M&A Source, we proudly acknowledge Robert Groag as a 2012 recipient of the Darrell Fouts Award.

Please join me in offering our sincere thanks and congratulations to these two outstanding contributors to our profession and to the M&A Source!

Kevin Dempsey, CBI, CMC, CMEA
2013 Chair Elect