

Sweet tooth sales generate small biz transactions

BY STEVE GINSBERG | SPECIAL TO NMGBW

With two of Santa Fe's sweeter culinary traditions trading in the third quarter, The City Different highlighted New Mexico's small business sales during the period.

Señor Murphy Candymaker was acquired by fourth generation chocolate maker Harry Doscher, while Plaza Bakery was purchased by Ralph Kinsler, a Houstonian. The bakery sits on the capital city's historic downtown plaza and sells Haagen-Dazs ice cream to countless tourists in the summer.

Señor Murphy is another small business with a high profile earned over four decades of catering to sweet teeth. It has two locations in Santa Fe and three in Albuquerque, including the Cottonwood and Coronado shopping centers and at the Albuquerque International Airport.

Michael Greene, president of Santa Fe-based Sam Goldenberg & Associates, brokered both deals and predicts 2011 will end better than 2010 for transactions.

"The third quarter started well, but when the stock market started falling in September, it spooked the market. People now are starting to emerge from their shells," Greene said. "We expect to have a better year than in 2010 and should close six to eight sales this year."

Greene has a high profile restaurant among his more than 30 listings and said many of the businesses for sale are by entrepreneurs who have aged and are ready to retire. Many are moving out of Santa Fe to wetter or warmer climates. Most of the deals are cash, but with seller financing.

"Some sellers want the extra revenue and if they can get 5 or 6 percent interest on their business, they are happy to take the payments because you can't get that return on anything else today," he noted.

Today's small business sales typically have a buyer put down at least 25 percent and pay interest of between 5.5 and 7 percent. Payments are made over a five to seven year period and the buyer hopes the new business throws off enough cash to make the payments and provide his annual compensation.

How Sweet Santa Fe is

In 1871, Doscher's great grandfather emigrated from Germany and went into the candy business in Cincinnati. By the 21st



RANDY SIKER | NMGBW

Señor Murphy's new owner Harry Doscher tempts taste buds with trays of piñon toffee (right) and white chocolate covered pretzels.

century, Doscher's Candies, a wholesale business, was being squeezed in an industry consolidation and Harry Doscher sold the business. He moved to Northern California to use the law degree he earned at the University of Michigan, but he missed being in the chocolate business.

He searched for half a decade for a new chocolate business that would be primarily retail and found Señor Murphy's.

He said he was attracted to it because of its high quality and historically themed confections as well as its old-school manufacturing process.

"The company uses the best ingredients and still manufactures in the old-fashioned way, cooking in small batches and using copper kettles. We will make tweaks around the edges as there is room for improvement in the branding," Doscher said.

Doscher is planning to revamp the Señor Murphy's website by this Christmas and is also eyeing expansion, with stores in Texas and Arizona. The company's website produces around 15 percent of its \$1.3 mil-

lion annual revenue. The company was listed for sale for \$185,000, but the actual sale price was not disclosed. Rand Levitt was the seller and had the company for 10 years.

NM follows national trends

New Mexico's small business sales mirrored what happened nationally in the third quarter, according to Mike Handelsman, general manager of bizbuysell.com, a national marketplace for small business sales.

Transactions have increased nationally by 3.5 percent, driven by lower valuations.

Those valuations are lower because the businesses are producing less cash.

The current median (half above, half below) asking price of businesses for sale in the Duke City is \$340,000. At the end of Q3 2010, the median asking price for businesses in Albuquerque was \$350,000. The Q3 2011 listed businesses in the Albuquerque area had median revenue of \$523,050, down from \$648,040 at this same time last year.

The median cash flow, meaning the money that comes out of the business over the course of a year, was \$101,656 in Q3, versus median cash flows of \$128,000 last year, according to BizBuySell.com.

Small business sales have dropped by more than 30 percent nationally since the peak in 2008. Handelsman said his site has 43 businesses listed for sale in the Land of Enchantment, a 5 percent gain from a year ago.

In the third quarter, Grubb & Ellis New Mexico's John Lastra completed two sales, including Four Seasons Real Estate, a property management firm in Angel Fire. Bob Cortez of Corporate Investment Business Brokerage sold BMC Roofing to Charlotte and Paul Ortiz. Charlotte's father Michael Harris had owned the business for more than two decades, but died earlier this year.

Cortez said "If we list a quality business, they sell and close within 60 days. I just wrote an offer on a gas station I had listed for [fewer] than 60 days by a buyer relocating from California. I listed a fast food fish franchise in the Northeast Heights last week and I have had 15 inquiries already."

There are several well-known businesses for sale around the state. In Taos, Art and Susan Bachrach have spent 25 years running one of New Mexico's best independent book stores, Moby Dickens. Cats roam the stacks and the store's knowledgeable buyers have built a 12,000 book inventory. The Bachrachs are retiring and Michael Greene has the listing.

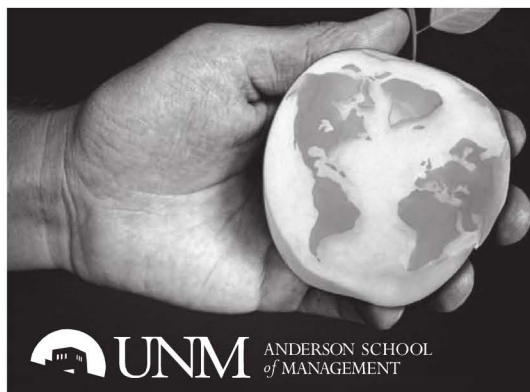
Fiorello's has been a Belen restaurant and bar for 30 years and is for sale for \$1 million as its owners are retiring to an oceanfront community. The sale price includes two acres of land and a liquor license. Larry McClintock of Berger Briggs Real Estate & Insurance has the listing.

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Table

Small businesses for sale	Asking price	Cash flow	Location
Cigar shop	\$149,000	\$67,500	Dona Ana Co.
Hat maker	\$275,000	\$ 31,677	Stanley
Campground	\$980,000	\$57,000	Albuquerque
Fly fishing shop	\$95,000	\$76,696	Santa Fe
Moby Dickens Bookstore	\$249,500	\$50,000	Taos
Fiorello's Restaurant	\$1 million	NA	Belen
Store/café	\$89,000	\$ 22,000	Hillsboro

Source: Bizbuysell.com



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