

Steve Garbon, The Braff Group Answers The Proust Questionnaire For Dealmakers

By DealRoom Staff - Jan 24, 2019



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**PROUST QUESTIONNAIRE
FOR DEALMAKERS**

Steve Garbon

The Braff Group



The Proust Questionnaire was a parlor game popularized by French writer Marcel Proust. He believed that, by answering a few provocative questions, a person would reveal his or her true nature. In this series, we've asked a who's who of M&A, private equity, finance, and legal professionals to provide short answers to our Proust Questionnaire for Dealmakers. Read on to hear what their candid responses reveal about themselves and the science and culture of dealmaking today.

Which words or phrases do M&A professionals most overuse?

EBITDA – Not in the sense of how often it is said, but not all value is attributable to EBITDA, certainly value does not move 100% hand-in-hand with a change in EBITDA times a multiple.

As a teenager, Warren Buffet washed cars, delivered newspapers and placed pinball machines in local businesses. What was your first job and what, if anything, did it teach you about dealmaking?

I worked in a golf pro-shop loading bags, cleaning clubs, etc. You've got to adapt to different personalities; you can't please everyone and you eat what you make.

Are you positive about the outlook for M&A in the coming year?

I try not to look at any given year. I've been here 10 years and many of my colleagues have a long tenure with the company, so we tend to look at a long-term horizon. However, for our clients who have personal goals and time horizons, valuations are strong and buyer appetite is strong, so it may make sense to consider JP Morgan's advice: "I made a fortune getting out too soon." Certainly at some point in the future, the market will change, but with the large amounts of cash on balance sheets and in committed funds, combined with corporate executives that are not inclined to dividend out the cash and managing partners of PE funds "needing" to deploy the money, there seems to be enough support to a continuation of a strong M&A market.

What is your greatest fear when you're in the midst of a deal?

Everything and anything...but reimbursement changes are probably first on the list.

What is the trait you most deplore in a client?

It's not so much a trait, but a lack of trust in the process. The Braff Group has been around for 20 years and sold more than 300 companies, so we have some tested and tried processes that work!

With so many moving parts, how do you keep deals moving and avoid bottlenecks and deal fatigue?

Willpower and caffeine, in no particular order.

Tell us about your biggest deal disaster (everybody's got one)?

We had a deal sign then fund. The signing occurred and we were getting 50 state licenses transferred. About halfway through, a catastrophic event in the industry happened...it collapsed our deal.

It's called the IKEA effect – the tendency to place a disproportionately high value on things that you build yourself. How do you manage unrealistic valuation expectations from sellers who have spent years building their business?

If we have to address those concerns before going to market, our nicheness allows us to have a comprehensive database of transactions for each of our sectors...so we have cold hard facts to support our valuations. Ultimately, the best way is to run a thorough process, so that the market speaks.

There can be an unfair perception that investment banking is a commoditized business, not unlike real estate. Do you ever come across this? If so, how do you negotiate a fee that makes sense for both you and your client?

I'm not sure I agree with the premise. You cannot commoditize the databases we have and the on-going discussions with buyers that we are having. While there are some subscription services that help you stay on top of many important trends and even specific party info, there is substantial value in knowing what buyers are really looking for (not some checked boxes from a survey) and knowing why they want a particular asset really requires getting your hands dirty (i.e. phone calls and face-to-face meetings).

What do you consider the most overrated virtue?

I'm going to take a pass, they are all important.

What do you consider your greatest achievement?

In college, I saw where I wanted to go, recognized where I was and acknowledged my shortcomings, and have been working on making my weaknesses my strengths. Not done yet.

What's your favorite thing to do when you're not at work?

Sleep, play with the kids, and golf.

What is your most treasured possession?

A reasonable and understanding spouse.

What is your greatest extravagance?

Nice golf courses.

Get out your crystal ball: What do you think the M&A advisory space will look like in 50 years? Will it even exist?

Yes, more so than ever. People will start businesses with an exit in mind, and do it multiple times. It will make for an even more robust M&A market.



Steve Garbon joined **The Braff Group** in 2008 as Director of Finance, assisting clients and Braff Managing Directors throughout the transaction process by applying his skills in accounting, financial analysis, and valuation.

In addition to his experience at The Braff Group, Steve has nearly 10 years' experience primarily serving the interests of businesses and their owners. He was a manager for a regional certified public accounting and consulting firm in Pittsburgh, PA, providing independent valuation and consulting services to a wide range of

Steve Garbon industries in a variety of different purposes, including income tax reporting, financial reporting, ESOPs, business acquisition and divestiture, corporate planning, and economic damages calculations. In addition to providing assurance and tax compliance services for privately held companies, Steve has supervisory experience and has been involved in community service, networking and public speaking engagements as a CPA.

He is a member of the American Institute of Certified Public Accountants (AICPA) and the National Association of Certified Valuation Analysts (NACVA) and he has earned designations of CPA/ABV (Certified Public Accountant, Accredited in Business Valuation) and CVA (Certified Valuation Analyst).

Steve graduated with a BS in Accounting, graduating Summa Cum Laude from Saint Vincent College in Latrobe, PA. He was awarded the Saint Vincent Academic Merit Scholarship and was a member of Alpha Lambda Delta, a national honor society.

Further Reading

Case Study: Steve discusses key trends that make health care a robust marketplace for M&A and how **Firmex supports his firm's business-critical processes.**



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