

M&A Advisor Eric Seifert on the Modern Way to Market Deals

By *Meghan Daniels* (<http://www.axial.net/author/meghan/>), *Axial* | May 3, 2017

Eric Seifert is the Executive Director of Business Development at **SF&P Advisors** (<https://network.axial.net/company/sfp-advisors>), an M&A advisor specializing in the HVAC and plumbing industries. SF&P Advisors uses Axial to market deals to a niche audience of buyers and investors.

We talked to Eric about the biggest challenges of his role, the best piece of advice he has for business owners, and what we might find him doing when he's not at work.

What challenges do you have in finding your clients the right buyer?

The HVAC and plumbing sector has become very hot — no pun intended — over the last 24 months. Private equity has taken a shine to the space but not all private equity groups are created equal, nor are they the right fit for all home services businesses.

The biggest challenge is matching our clients with buyers who understand the space but also, even more importantly, know what they don't understand about the space. Larger private equity groups are normally only willing to step into an HVAC or



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Eric Seifert and Fred Silberstein, SF&P Founder

plumbing business when that business has reached \$5M+ EBITDA or more. In almost all cases ownership has been able reach that level without help because they know what they are doing. We want to help our clients find PE guys who, as new partner or majority owner, will let the existing management's strengths lead, while their team serves as support to the experts in the space.

What value do you see in marketing these deals on Axial?

“Marketing deals on Axial sure beats the ‘smile and dial’ method.”

It sure beats the “smile and dial” method! In all seriousness, getting deals in front of a captive audience, tailored to that particular type of deal, is incredibly valuable to us. Marketing a deal on Axial eliminates some heavy-lifting for us, creates a situation where buyers are calling us and freeing us up to focus attention on other tasks.

What are some of the biggest challenges you face day-to-day in your role as director of Business Development? How do you measure success?

As I mentioned earlier, the space is very active right now. This can make it hard to separate the signal from the noise. With only so many hours in the day, the challenge is to spend the bulk of those hours focused on the high-probability situations. There will always be a percentage of buyers who are just kicking tires — and while that can build relationships that lead to deals down the road, the challenge is always to identify parties that can get deals done now.

The process is a lot like dating. My mother always told me, “If someone wants to spend time with you, they’re going to make time to spend with you.” We will always get a certain amount of bites on a posted deal. But it’s only when a buyer makes time by responding to emails, phone calls, signing and returning documents, peppering us with smart follow-up questions/requests, etc., that it becomes apparent who is in it for the long haul and who is just keeping the door open until something better comes along. Identifying serious buyers creates better outcomes and a smoother transaction process for our clients.

What’s one of the best pieces of advice you’ve ever given a business owner seeking an exit?

Just one? At SF&P Advisors, we have quite a few! In fact, we present full seminars at HVAC and plumber conferences (like Nexstar, ACCA, and ComfortTech) on this subject. Our founder, Fred Silberstein would say “Get your books in order!” And that is very good advice. It makes any exit exponentially easier on all sides.

I would say “Know your value — and understand why it is what it is.” We have seen too many sellers — this won’t shock anybody — who have an overinflated idea of their company’s value. This is usually more of a factor in add-on businesses, though we do see it at all levels. A business that is worthy of being a private equity platform in the space will likely have a solid accounting department either in or out of house. This will help them be clearer on valuations than a smaller add-on business (\$1M-\$10M) where there is more emotion involved.

We do our best to set our client’s expectations appropriately. No one wants to hear that their baby isn’t as smart, popular, or good looking as they think, or in this case, not worth as much. As far as upsetting clients, we aren’t going to do them any good by blowing smoke up their ducts (awful HVAC joke) so we run the numbers, explain to them what the temperature of the market is, and straightforwardly present our view and what they can expect. On most occasions we present conservative estimates only to over-deliver in the end. And that is how we like it.

How did you find your way into your current role? What other jobs have you had in your career?

SF&P founder Fred Silberstein and I have known each other since the first day of our tenure at the University of Arizona (Go Wildcats!). We’ve been great friends ever since but our career paths never crossed up until a few years ago. In my former life, I was on the banking side but Fred and I had discussed opportunities over the years and eventually the time was right to pursue it. An interesting job



(http://www.axial.net/wp-content/uploads/2017/05/IMG_2595.jpg?e1e745)

Fred and Eric on a business trip

from way back in my past was running radio promotion for a small independent record label as well as a stint as a production assistant at MTV.

What might we find you doing when you're not at work?



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Eric with his family

There don't seem to be enough hours in the day anymore, but when I'm not at work you'll find me trying to teach Sammy & Syd (my 10 & 12-year-old daughters) about rock & roll, coaching their basketball/softball teams, snowboarding, seeing Phish live, and occasionally blogging about craft beer. That takes a lot of research but somebody has to do it. Additionally, every day I spend time trying to make my wife Caroline laugh.

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Let's face it, cold calling CEOs is tough. Some advisors avoid it altogether and simply send mailings. Sound familiar? While sending letters may be the easier route, there's nothing quite as powerful as getting a live, captive audience to hear you out. In order for it to be successful, you need to go...

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