

BUSINESS

THE BUSINESS OF BEING IN BUSINESS: A CONVERSATION
WITH JACK GARSON

BY ARI POST

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The financial recession of the late 2000s found the stock market plummeting to near-record lows and real estate frozen. Housing foreclosures and a disturbing rise in small business failures pockmarked the economic landscape. Businesses that had comfortably kept their doors open for decades were going under. Entrepreneurs were suffering the full brunt of financial strife. It has been said that this recession was just short of a depression, that no industry was spared. It is now March 2010. Many economists still consider the country well in the midst of this great recession.

Now is a great time to start a business.

So submits [Jack Garson](#), author of “[How To Build A Business And Sell It For Millions](#).” Founder and head of business and real estate practice for Garson & Claxton LLC, a member of the Washington Airports Authority board of directors and with a veritable laundry list of professional accomplishments, Mr. Garson has credentials that dwarf most in his field. For all his success, his office is nonetheless unimposing — if spacious — and welcomes guests comfortably, without a looming intimidation. The first thing he does after shaking my hand is to offer me an espresso. Whirling clockwise in his chair, he gets to work. The espresso machine is closer to his desk than his computer.

“I’ve only been to Europe once,” he says. “We went to Paris. And my favorite thing was stopping for espresso. Everywhere. I was drinking them all day.”

Mr. Garson, an outed workaholic, is someone who has clearly made his quirks work in his favor. As he hands me the ambrosial caffeine bomb, he proudly exclaims that he knew he was going to be a lawyer since he was 13 years old. By the time he graduated law school, he had already worked as a law clerk for 2 years and found himself supervising men years above him. He knows how to take the bull by the horns, and according to him, now is the time to do it.

Given the recent economic climate, there has been a shortage of investment capital, resulting in few sales of businesses. Those that have been selling are going for exceedingly low prices. However, private equity firms, those in the business-buying profession, are starting to gear up again.

Equity firms buy a business, add to the executive team, beef up sales and revenue, and resell. Then they do it again.

“They want to build up the profitability,” says Garson, “and then flip them. They’re gonna start selling the businesses they’re buying today in three years, and they’re gonna make a ton of money, because they’re buying dirt cheap right now. And they’re gonna tell all of the world how much money they made, because they want to attract more investors.” This in turn will attract a flood of investment into the industry. Because money rotates.

In the last decade, money has bounced from stocks, to real estate, to cash and treasury bonds. “And one of the next places money is going to migrate to is businesses,” says Mr. Garson. “It’s like gold prices tripling, and everyone starts buying gold. People are going to make a fortune buying businesses, and that will attract a lot of money to this asset class. And all those people out there with funds of money are gonna pour their money into it. So, today is a great time to start a business if you have an eye towards converging with selling it in three to five years.”

However, Mr. Garson’s book does not just deal with building and selling a business in today’s financial market. Far more universal, the book is a guideline of advisory self-assessments, insider tips and premeditated judgment calls that any business owner will have to make throughout his career, in good times and bad. It shows a business owner how to keep an eye on the ball at all times, even while juggling prospective buyers and developing human resources. All of Mr. Garson’s advice is punctuated with stories from the field. Whereas many books of this genre tend to be academically formulated, Mr. Garson’s book is sharp, frank, and to the point — not to mention quite readable. This book has been written from the trenches.

“I’ve been in the room when a business has gone out of business because someone has ignored good advice,” says Mr. Garson. “I’ve been in the room when someone has gotten a hundred million dollar check. And I was also in the room for three years before that, and I saw every decision that led to both of those outcomes. I’m writing about real life successes and failures.”

Chapters discuss a variety of succinct topics from common business pitfalls and financial forecasting to government relations — a vital chapter for the Washington entrepreneur. Every one of these points is accented with hard-boiled, true-life anecdotes. “I have made mental notes of all these things for 25 years. There are lessons I learned 25 years ago that are in this book. And I couldn’t keep it in. I had to share it.”

The advantage of the Washington area is not lost on Mr. Garson, a Maryland native. The local economy is vibrant. Where D.C. has always had an anchor in the federal government, “we’re really seeing a lot more of the financial world shift down here,” he says. “A lot of the U.S. is shifting down here”

As a board member of the Metropolitan Washington Airports Authority, Mr. Garson has witnessed international flights that previously flew exclusively to New York now landing at National or Dulles. The national news has also been relocating a significant portion of their daily filming to the area. “We’ve always been the political capital of the country,” he says, “but we’re starting to have dibs on a portion of the financial capital. And that’s a tremendous benefit that we have.”

Mr. Garson understands the start-up business. He knows where the mistakes lie, and he is weary of the sore spots. “There’s a lot of rigorous analysis clashing with a lot of dreams,” he says. Mr. Garson balances a tender sympathy for the dreamer with the cold, hard pragmatism of profitability. He should know. He’s among the sect. This book is his dream. “I always wanted to write. But I wanted to write fiction, I wanted to write the great American novel. I didn’t want to write a business book. But this is what I knew. You have to write from what you know.” And Mr. Garson certainly knows the business of being in business.