2012 Media Highlights
Brand boosters
Deal makers The Meriwether Group preserve the ‘secret sauce’

By Matthew Kuhn
Business Journal Staff Writer

“[They] sold out.”
Meriwether Group CEO David Howitt groans when he hears the phrase. It often follows after entrepreneurs sell chunks of their companies in order to fund growth or a comfortable retirement.

It doesn’t have to be that way, Howitt says. And he’s out to prove it.

Howitt and Meriwether Managing Partner Bill Nootenboom have been at the center of several recent high-profile deals in Oregon, including the sales of Dave’s Killer Bread, Stumptown Coffee, Bike Gallery and Laughing Planet.

Each deal was constructed to preserve the company’s “secret sauce,” he said.

Howitt wants to ensure that Portland’s favorite brands retain their originality, character and values when founders decide to sell.

Behind the Dave’s deal

By Erin Simers
Business Journal Staff Writer

In September 2013 the family behind Dave’s Killer Bread sat inside the company’s Milwaukee headquarters and discussed the limits of its yeast-powered growth.

“Our goal is to grow as fast as we can while keeping our mission and vision,”

EB-5 program raises questions

2012 Updates to top stories

The new hotel, 1,300 N.W. Ninth Ave.

The video will be used in China to recruit investors to future Williams-led construction projects through the EB-5 program. The federal job-creation effort rewards investors who generate jobs in the U.S. with green cards.

By Wendy Culverwell
Business Journal Staff Writer

When Homer Williams and his development team broke ground earlier this month on the Pearl District’s first hotel, the event was noteworthy for another significant reason.

The $49 million Residence Inn by Marriott is the first Oregon construction project funded by foreigners through the federal government’s EB-5 immigrant investor program.

As Williams dug into the gravel, a film crew recorded the birth of
“They sold out.”

Meriwether Group CEO David Howitt groans when he hears the phrase. It often follows after entrepreneurs sell chunks of their companies in order to fund growth or a comfortable retirement.

It doesn’t have to be that way, Howitt says. And he’s out to prove it.

Howitt and Meriwether Managing Partner Bill Nootenboom have been at the center of several recent high-profile deals in Oregon, including the sales of Dave’s Killer Bread, Stumptown Coffee, Bike Gallery and Laughing Planet.

Each deal was constructed to preserve the company’s “secret sauce,” he said.

Howitt wants to ensure that Portland’s favorite brands retain their originality, character and values when founders decide to sell. It’s a big departure from the customary highest-bidder investment banking model where the deepest-pocketed buyer wins. The formula often leads to slashed expenses — and quality — as buyers squeeze higher profits out of a company.

“The traditional investment banking model, while it works well for some, it doesn’t work as well for entrepreneurs and family-owned, purpose-driven businesses,” Howitt said.

Howitt’s concept is gaining steam.

Last year, Meriwether Group teamed with the Seattle investment bank Cascadia Capital to give it the quantitative and securities horsepower to provide its clients with investment banking services.

The idea has been a hit with Cascadia, spreading throughout its 25-person middle-market investment banking team.

“It’s a fundamental change,” said Christian Schiller, the firm’s Oregon market leader. “We’ve gone all-in with this business model and with them. We’re trying to change investment banking as an industry.”
Tattoos and the MAC Club

Before the string of recent deals, Meriwether was known as a business adviser that also operated a small venture capital fund that invested in young companies.

Those sides of the business are prospering, with the advisory business near capacity — and a deal in the works to provide consulting to Whole Foods suppliers — and the venture fund looking to make another round of investments next year. It has invested between $200,000 and $1 million in seven separate companies.

But it’s the investment banking work that has catapulted the firm into the spotlight.

Howitt said Stumptown Coffee founder Duane Sorenson pushed Meriwether into investment banking last year when he needed help selling part of his company.

“We’d become a trusted adviser that knew the company and the business and he looked to us and said, ‘Can you help us through this?’”

Howitt and his partners came up with a process unlike the typical investment banking model.

Most investment banking deals work like this: A business owner wants to sell her company. She hires an investment banker who creates an online data room stuffed with the company’s financial documents. The investment banker than cold-calls lists of potential buyers and shepherds the business owner to a series of presentations in front of possible buyers.

In residential real estate terms, it’s the equivalent of sticking a “for sale” sign in the front yard and waiting for the best offer. The outcome can be catastrophic if the buyer makes deep cuts and ruins a company’s brand.

That’s why Meriwether approaches it differently.

It starts by working with brands that are the equivalent of immaculately-maintained bungalows in inner Southeast Portland. Offers are inevitable. There’s no need to put a sign in the front yard. Instead of cold-calling potential buyers, Meriwether identifies the ideal buyer, one who shares the same values as the existing company.

Sometimes that means private equity firms, sometimes it means current employees and a small group of investors.

The idea is to find investors who are “willing to do it in a way that’s totally in line with these companies’ DNA,” Howitt said.

For instance, when it advised Stumptown Coffee on last year’s sale of a majority stake to the San Francisco private equity firm TSG, Howitt presented TSG with a term sheet that said Stumptown’s headquarters had to remain in Portland.

TSG agreed.

Since then, Stumptown has expanded into a significantly larger headquarters in the central east side.
“That’s a huge win,” Howitt said.
In another recent deal, Meriwether and Howitt advised on the sale of the Rigby, Idaho-based outdoor apparel company KLIM. As part of the deal, the buyer agreed to keep the headquarters in Rigby.

Howitt said the key is using the word “and.”

“This city unfortunately is defined by ‘or,’” Howitt said. “You can have tattoos and still belong to the Mac Club.”

Meriwether Group also advised former Bike Gallery owner Jay Graves on the recent sale of his company to a key employee and a family-owned Trek dealer from Southern California, another deal designed to ensure that the company’s brand and culture remain intact.

“I’ve never been involved with this kind of a deal before and the guidance they provided with their tremendous amount of experience in doing deals helped me feel comfortable,” Graves said. “I had the right people guiding me through the process.”

**An entrepreneur’s background**

After law school at Lewis & Clark, Howitt worked at the corporate law firm Schwabe, Williamson & Wyatt before joining Adidas’ North American operations in 1996.

At the time, Adidas was a $300 million business in North America. Howitt worked for four years as the company’s general counsel before moving to the business side and overseeing development and product licensing. He also got a taste of investment banking when Adidas acquired the ski company Salomon and the golf club company Taylor Made.

Along the way, Howitt and wife Heather Howitt grew and sold Oregon Chai, a company they co-founded when he was a law student, for $75 million.

He isn’t the only entrepreneur on his 15-person team. Many have startup credentials. Nootenboom is a law school friend of Howitt who started the auto repair company Clutch Doctors after law school and grew it to 15 stores.

Howitt said those experiences make it easier to relate to entrepreneurs. Many investment bankers and venture capitalists have “never taped boxes, never slept on a friend’s couch before a sales call,” Howitt said.

**The Meriwether Group**
What: Business consultant and private equity firm with a growing emphasis on investment banking
Recent deals: Dave’s Killer Bread, Laughing Planet, Bike Gallery, Stumptown Coffee
Where: Portland
Founder and CEO: David Howitt
Employees: 15
Revenue: Not disclosed
Dave's Killer Bread was killing the market, no question. The Dahl family’s Milwaukie company, home-grown as NatureBake, was growing 40 to 100 percent per year, with sales pushing past $50 million in 2012. In a seven-year span, the company went from 35 employees to about 280. They reached a point where they operated three bakeries, had manufacturing partnerships with two others and sold 400,000 loaves a week in 11 western states.

Dave, Shobi and Glenn Dahl felt like the company was rising out from under them, like dough with super-charged yeast.
"Once you get to the size we've reached," Shobi Dahl said, "you realize how much a mistake can cost you."

They knew enough to recognize they needed help to sort things out. They weren't bankers or marketers, after all. "We're bakers," as Shobi Dahl said.

It was a pivot point reached by many fast-growing small businesses. Do they flatten and cruise, risking stagnation and eventual decline? Or go for it, and risk losing who they are?

Dave's Killer Bread attached the dough hook and rolled the mixing bowl into place. Bring it on.

After several months of intense discussions, the company announced major changes Thursday. A New York-based company, **Goode Partners LLC**, assumes half-ownership in exchange for an infusion of cash and management and marketing expertise. Terms of the deal were not made public.

Dave Dahl said the company has reached a point where it can't transport bread farther without sacrificing quality.

Rather than build new bakeries, the company will look to grow through co-manufacturing agreements, in which existing bakeries produce bread to Dave's Killer Bread specifications. The company will first look to expand sales in California grocery outlets.

"The company has just scratched the surface in California," said Daniel Bonoff, a partner at Goode Partners, the equity firm. "There's a whole lot of room just south of where the company is right now."

The Dahls stressed they are not selling out, quality won't be compromised and no one will be laid off. The company's hiring practices -- about 30 percent of employees are ex-cons -- will not change. Dave and Shobi Dahl said employees were given "significant" bonus checks Thursday as a result of the deal.
Dave Dahl will remain as company president. Shobi Dahl will remain CEO until a replacement is chosen in 2013. After that he’ll focus on expanding operations elsewhere, his favorite part of the business. Glenn Dahl willingly steps aside but will remain on the board of directors. Angelo Fraggos, a veteran food industry executive from New York, will be board chairman.

The restructuring follows a November announcement that NatureBake, founded by the late Jim Dahl and his wife, Wanene, in 1955, would merge with Dave’s Killer Bread, the newer company started in 2005 by their son, Dave.

**Dave Dahl’s story** has been told many times: A bad turn, drugs, assault, robbery and 15 years in and out of prison before breaking clean. His older brother, Glenn, who is Shobi’s
father, had taken over the company in 1988 and welcomed his brother back to the family business in 2004.

Dave, with his ex-con persona, ponytail, gravelly voice and bodybuilder's chest and biceps, was a ready-made viral backstory. Turns out he also had a gift for making bread. With an emphasis on nutritious, natural and in many cases Oregon-grown ingredients, the heavy, substantial loaves found riotous reception from consumers looking for real food. They readily paid more than $5 a loaf for such brands as Blues Bread, Good Seed and Nuts & Grains.

The rapid growth since 2005 was exciting, but with it came worry.

"This is a little more than we can handle," Shobi Dahl describes the family consensus.

Enter the Meriwether Group, a Portland company that specializes in finding investors to take small businesses big. Meriwether CEO David Howitt was already a fan of Dave's Killer Bread, believing the company "brings a strong message along with an incredible brand, product and culture."

Howitt also knew what the Dahls were facing. His wife, Heather, co-founded Oregon Chai, oversaw its explosive growth and sold the tea company for a reported $75 million in 2004.

The Dahls were humble enough to know they needed management expertise, but didn't want to lose the business culture and value structure they'd built, Howitt said.

"We took that on in the most mindful way one could," he said.

Howitt believed the company would find willing partners. Equity firms look for opportunities that will return three times the initial investment, and analysis indicates Dave's Killer Bread could reach that just by greater penetration of California.

Meriwether Group, teaming with Cascadia Capital of Seattle, took the Dave's Killer Bread story to Goode Partners in New York. The company specializes in $10 million to $30 million investments in consumer-oriented companies with high growth potential, and liked what it saw.
"The chemistry was exceptional," said Bonoff, of Goode Partners. "When you couple the product with Dave's story -- the powerful message of redemption -- it's exciting. He is just unbelievably humble and genuine. Even a cynical New Yorker gets won over by what he's doing."

Taking the brand national may involve playing on Oregon's green reputation and Portland's foodie mystique, Bonoff acknowledged.

"It's widely regarded as good laboratory, if you will," he said. "If you can make it there, you can make it anywhere because Portland has acquired a discerning taste."

Bonoff is confident Dave's Killer Bread will succeed elsewhere. The Pacific Northwest may be on the leading edge, but the rest of the country is turning to healthy food, he said.

Dave's Killer Bread will continue to produce just that, he said.

"This wasn't about selling out and getting top dollar, it was about finding the right fit and maintaining the culture," Bonoff said. "The objective of bringing in a partner is not to rock the boat: You've got something great, how do you make it better?"

--Eric Mortenson
As he leaves The Bike Gallery, Jay Graves looks back on nearly 40 years

By Allan Brettman, The Oregonian
on November 30, 2012 at 5:12 PM, updated December 01, 2012 at 7:30 AM

In 1974, Jay Graves remembers it was not tuning a rear derailleur that intimidated him at age 15.
"Being afraid to answer the phone as a shy 15-year-old," Graves said Friday. "That comes with confidence and learning the business."

Learn he did after his father started the first Bike Gallery store at 5211 N.E. Sandy Blvd., near the family's Hollywood neighborhood home. On Friday, Graves announced he was selling the business that has been his work home for nearly 40 years. He sold the business to Mike Olson of San Diego, Calif.-based Trek Bicycle Superstore and Kelly Aicher, a longtime Bike Gallery employee.

Terms of the deal weren't disclosed. Aicher will serve as general manager of the six Portland-area stores which will continue operating under the Bike Gallery name. Olson and his wife Colleen founded Trek Bicycle Superstore in 2003. The four stores in San Diego and another store in Albuquerque, N.M. , account for the largest volume of Treks sold by any bike shop or chain in the U.S., Graves said. The Bike Gallery ranks eighth nationally for Treks sold on the most recent list.

Graves said when he announced the sale Friday morning to nearly all of the company's 85 employees "there was a huge round of applause" when he told them that Aicher would stay on as manager and part-owner. Aicher joined Bike Gallery in 1996 and also worked for Trek Corp. in his 26 years in the bicycle business.
Graves can take credit for helping create that competition and Portland’s reputation as a leading bicycling city in the U.S., said Bill Nootenboom, a partner in the The Meriwether Group, Inc., which assisted Graves in completing the deal.

Graves said he will continue his bike advocacy work as a founding and current board member of Cycle Oregon and vice chair of the Oregon State Parks Commission. The Bike Gallery is one of the original founding sponsors of Cycle Oregon; Graves serves as a mechanic throughout the week-long event.

And he said the sales agreement will allow him to continue to be a Cycle Oregon mechanic. Beyond that, the 54-year-old Benson High School graduate isn’t sure what’s next.

He’s been thinking about the details of selling the business for about three years. Talks with Olson began in September after the pair chatted at a Trek dealers meeting.

"The dream of not being the owner anymore has been hard for me to accept," Graves said, "because what I realized today at my employee meeting is that I’ve not been able to open that new door until I close that old door."

Besides the proliferation of bike shops, Graves said another major change has been the increase in bicycle commuters.

"I was riding my bike to PSU when I was a student in 1976," he said, "and I’d be shocked if there 100 people in bike commuting back then...my recollection was you were a lone rider out there on the street."

The other big change, he said, is that the stores sell far fewer bicycles to children as it once did around the holidays.

"They’re more into video games, I guess," he said.

Graves said he did not envision such a long career in the bike business.

"In my heart, I’ll always be a bike mechanic," he said.
Graves sells Bike Gallery

Matthew Kish
Business Journal staff writer
Portland Business Journal

After 39 years turning wrenches, Portland bike industry icon Jay Graves has decided to sell the Bike Gallery, a company started by his father in 1974.

The new owners: Mike Olson of San Diego, Calif.-based Trek Bicycle Superstore and Bike Gallery employee Kelly Aicher.

It will continue to operate under the Bike Gallery name.

"I am very excited," said Graves, 54, who plans to take a year off before continuing the bicycle advocacy for which he's become known.

Terms of the deal weren't disclosed. It's scheduled to close Friday.

Bike Gallery, which Bicycling.com recently named one of Portland's top bike shops, will operate as a newly formed company with Olson and Aicher each holding equity stakes.

Aicher will serve as general manager of Bike Gallery's six stores.
Trek Bicycle Superstore is a Trek dealer and licenses the Trek name. It is also family owned. It operates four stores in San Diego and one in Albuquerque, N.M. 

Customers shouldn't notice many changes. Next Saturday Bike Gallery will open its seventh location, a store in Clackamas.

The investment bankers who worked on the deal said it was important for Graves to find a buyer who shared his values. They said Olson and Aicher fit the bill.

Bike Gallery is "more than a (profit and loss) statement," said David Howitt, president of Meriwether Group, the Portland firm that worked on the deal. "It's a brand and it's important to the community."

Bill Nootenboom, a partner at Meriwether Group, described it as more of a "transition than a transaction."

Bike Gallery's growth has coincided with Portland becoming arguably the country's most bike-friendly city.


At the time, he sold group health insurance for a predecessor company to Regence BlueCross BlueShield of Oregon. Graves worked alongside his father for 23 years and is now the sole owner of the business. He started working at Bike Gallery when he was 15.

He's a central figure in Oregon's robust cycling community.

Graves is a founding board member of Cycle Oregon. Bike Gallery has provided mechanical assistance for riders in the long-distance bike ride for each of its 25 years. As part of the company's sale, Graves negotiated that Bike Gallery will continue in that role.

Graves also served for more than a decade as a board member of the Bicycle Transportation Alliance, helping the organization get off the ground by funding its first mailing campaigns. He and Bike Gallery have also been involved with the nonprofit Community Cycling Center, which has given bikes to thousands of children.
He also served as the president of the National Bicycle Dealers Association after 16 years on the company's board.

Graves began his succession plan three years ago.

"It's a big step and I've had to work through that process."

He said the deal is not related to the upcoming fiscal cliff, which will hike capital gains taxes by 5 percentage points.

Investment bankers expect the capital gains hike to spark a flurry of deals before the end of the year. There have already been several.
Graves ends era by selling Bike Gallery

Cycle store owner played major role in putting Oregon on wheels

After 39 years, Jay Graves is riding his bicycle into the sunset. At least as owner of the Bike Gallery.
Now was just the right time to leave for Graves, who changed the cycling culture of Oregon in his nearly four decades as owner of six Bike Gallery stores throughout the Portland area, including Lake Oswego.

“For years I’ve thought 40 was the magic number, and that I would retire when I was 55 years,” Graves said. “I’ve been exploring different options for quite a while — like passing the Bike Gallery onto the next generation or making it an employee stock-owned company.”

Graves’ final decision was to sell out to Mike Olson of Trek Bicycle Superstore. Meanwhile, long-time Lake Oswego branch manager Kelly Aicher will become a partner in the new company (which will operate under the name Bike Gallery) and serve as general manager of the six stores. So, the Bike Gallery will retain its pre-eminent position in Oregon bike riding.

Meanwhile, Graves will have to do some adjusting.

“It’s the only job I ever had,” he said.

The Bike Gallery dynasty began when Graves was just 15 years old and his dad, Bob Graves, took the plunge to open a bicycle shop in Portland. Bob had three employees ready to work — Jay and his two sisters. The Bike Gallery prospered and grew.

“Dad got into the bicycle business for a different reason than most people,” Graves said. “He loved working on bikes. He thought they were a wonderful machine and that there was a great future for them.”

Dad was right, and a big reason his vision came true was because his son made it happen. Graves received a raft of kudos when he announced that he was selling the Bike Gallery.

“Jay is such a respected leader in the industry,” said Bill Nootenboom of the Meriwether Group, which brokered the deal uniting the two companies.

“I’m proud of what we’ve built at the Bike Gallery and honored to carry on Jay’s legacy,” Aicher said.

Graves will take it slow going into retirement, planning all of the fun things he wants to do. He will remain active in promoting bicycling by being a member of the Oregon State Parks Commission and a board member of Cycle Oregon. He also plans to ride his bike a lot.

Meanwhile, Graves can take pride that he lived up to his motto throughout his long career with the Bike Gallery: “Every day we have the opportunity to change someone’s life through cycling.”
Quirky Laughing Planet sold

Richard Satnick has sold Laughing Planet to a key employee and a group of investors.

The company’s 10 quirky and popular eateries, which serve locally sourced burritos and bowls, will continue to operate under the Laughing Planet name.

The group that bought the company includes Franz Spielvogel, who will become managing partner and CEO of a new limited liability company formed to operate Laughing Planet.

“It’s been my baby for a long time, and this is more about a succession than anything else and handing off to the generation with the energy and drive (to continue to expand the company),” Satnick said.

Terms of the deal weren’t disclosed, although it includes capital that will be used for expansion.

Spielvogel is the largest stakeholder in the newly formed company, although he holds a minority position. He declined to disclose the names of other investors, other than to say they’re “friends of mine and friends of the brand.”

‘Family succession’

Spielvogel is a logical choice to lead the company.
Satnick hired him nine years ago to put in the business framework to grow the company. At the time, Laughing Planet operated out of a single location on Belmont Avenue in Southeast Portland. It’s since grown to 10 locations and roughly $10 million in annual sales.

Along the way, Spielvogel’s done “probably every single administrative” job at the company, he said, touching everything from human resources to marketing and operations.

Satnick called him one of his oldest friends and described the transaction as a “family succession.”

“He’s the ideal person,” Satnick said. “He believes deeply in the mission as well as the culture. He’s immersed in the culture because he helped create it.”
Small business: Growing fast, but staying true

By Eric Mortenson, The Oregonian
on January 11, 2013 at 1:05 PM, updated January 12, 2013 at 11:40 PM

Richard Satnick calls it the "accidental empire."

It’s the point where an entrepreneur looks around and realizes a small business’ success is more problematic than fun. Satnick reached it last year with Laughing Planet Cafe, which since 2000 had grown from one restaurant to seven in Portland, with two more in Eugene and another in Corvallis.

The big time beckoned. People want healthy, affordable cafe meals. It’s not just a Portland foodie trend, and it’s not going away. Further expansion seemed natural.

But Satnick’s heart wasn’t in it. In December he sold Laughing Planet to a group headed by his chief executive, Franz Spielvogel, a longtime friend and co-conspirator eager to expand.

He wasn’t the first Portland-area entrepreneur to reach that decision point. Oregon is headquarters to only two Fortune 500 firms - Nike and Precision Castparts - but the state bustles with small and midsize companies. Some of those companies inevitably grow to the point where they have to decide whether to go big, and it’s not always an easy choice.
Something has to give. In addition to financial risk, founding entrepreneurs may find expansion requires they give up control and a sense of identity.

Some reach the junction and jump, of course. After seven years of riotous sales, production and workforce growth, the Dahl family at Dave's Killer Bread in Milwaukie worried the business was expanding beyond their ability to manage it.

In December, the Dahls announced they'd brought in an equity and management partner. Goode Partners LLC of New York, which specializes in $10 million to $30 million investments, assumed half ownership of the business in exchange for an infusion of professional expertise and an undisclosed amount of cash. Look for Dave's Killer Bread to go national, first by driving deeper into the California market and then pushing into such places as Denver, Chicago and Dallas.

Although the end results differed, the deals involving Laughing Planet Cafe and Dave's Killer Bread shared a key feature. In each case, the founders insisted on transitions that retained the values, culture and quality they instilled.

"The right successor"
Laughing Planet Cafes, quirky and committed to fresh, local fare, won't become a chain of cookie-cutter fast-food outlets.

"It's not enough to hand it off," Satnick says. "I wanted to find the right successor who cherishes the brand."

Likewise, Dave Dahl and his nephew, CEO Shobi Dahl, won't begin producing Dave's version of Wonder Bread. Written into the deal with Goode Partners are requirements that the "breadquarters" will remain local, the company's practice of giving ex-cons a chance to work won't change and the founding family will continue to oversee quality control.

It's a business trend with a distinctly Portland twist, says David Howitt, president of Meriwether Group, which helped find capital and partners in both deals. Increasingly, Howitt says, owners of successful, fast-growing small businesses have idealistic ambition beyond selling for buckets of money.

Consumers are looking for that business ethos, and selected investment banks embrace it as well, Howitt says.
"Told the right way it’s part of a story about value,” he says.

It’s a tightrope walk, however. Some Portlanders howled in 2011 when TSG Consumer Partners, a private New York equity firm, invested in Stumptown Coffee Roasters. In November 2012, Bike Gallery owner Jay Graves sold his business to the owner of the Trek Bicycle Superstore and to Kelly Aicher, a longtime Bike Gallery employee.

Meriwether Group was involved in both of those deals too. The Northwest Portland company invests in some companies itself and guides others through the process, introducing them to investment banks and equity partners that can take small businesses to the next level.

Boos in Portland

In Portland, however, reaction to such changes is sometimes negative. Howitt finds it frustrating when companies infused by outside capital are booed as sellouts.

Regardless, it’s something we’re likely to see more often. Howitt contends that a number of local companies have the combination of quality, verve and back story to attract investors and drive expansion to other markets, if they choose to do so. He quickly rattles off a string of area businesses he sees with potential: Grand Central Bakery; Pizzicato; Carbon Audio; Bunk Sandwiches; Pok Pok’s drinking vinegars; Alma Chocolate; and Schoolhouse Electric & Supply Co.

Business owners considering expansion or whether to take on partners need to carefully evaluate their situation and understand the correct rate of growth, says Tammy Marquez-Oldham, director of the Small Business Development Center and CLIMB Center for Advancement at Portland Community College.

They should ask themselves, Marquez-Oldham says, "what is my business today, who is my customer today? What do they value today and how do I find them?"

The decision by Dave’s Killer Bread, the homegrown bakery that sold half ownership to Goode Partners, is an example of a business assessing how it wanted to grow and why, Marquez-Oldham says.

"It comes down to being true to what your business is,” she says. “Everything is driven from that value base.”

Other business owners will do that kind of assessment and decide to stay local, she says.
"That's OK," she says. "Not every business needs to be destined to be a national-level business."

Get legal advice

Shobi Dahl, CEO of Dave's Killer Bread, agrees an honest self-assessment is key.

"The most important thing is to be able to admit you don't know everything and ask for help," Dahl says. Marketing, finance and operations expertise is out there to be found, he says.

"As we grew we'd go in and out of thinking we knew what we were doing," he says. "But if we'd brought in the right people and the right help earlier, we'd be even stronger than we are now."

Legal advice is crucial, he says. The bakery's law firm, Davis Wright Tremaine LLP, reviewed every detail of the deal with Goode Partners.

"The important thing is to have a lot of conversations upfront and get a lot of things in writing," Dahl says. "It costs money, but it was very worth it to have all that advice on the front end."

When the deal is done, the parties should be "open and honest" in discussing it publicly, Dahl says. "If you feel you need to hide something about the deal, there's probably some reason you shouldn't be doing it."

Transitions are simpler if a big company swallows a smaller firm in cases where the owner wants nothing more to do with the business. Then the sale boils down to a dollar figure.

But things get trickier when a small business wants to retain its identity even as it brings in powerful partners or capital.

Those who have been through it say small entrepreneurs should determine whether the prospective partners understand the business' story. If they don't get it, they aren't likely to protect the history, culture and values important to the founders.

"An accidental empire"

In the case of Laughing Planet Cafe, owner Satnick did a more personal evaluation.
"For me the motivation was perhaps a little different than Dave's (Killer Bread), who had gotten such a monster on his hands he had to bring in expertise and money," Satrik says.

"I recognized that my strengths and interests are in the early stages of entrepreneur inventiveness: the excitement of creating a brand, of plowing a new field when people are telling you it's crazy."

The expansion of Laughing Planet Cafe became "almost an accidental empire that happened while I was off fighting dragons," Satrik says. Running 10 cafes "required a different mindset - things that are not my strengths, not my interests."

Satrik says he recognized the business should continue growing and that Spielvogel, his CEO, was better equipped to oversee the expansion.

"I'm kind of the thrill-seeker at the beginning of things," he says. "At some level I needed to get out of their way."

Working with Meriwether, Satrik completed a deal in which Spielvogel became principal owner, with backers and financing that allow for growth.

As for Satrik, he's back in his comfort zone. He started Dick's Kitchen, a "meat-centric" diner on Southeast Belmont Street.

And now, with an opening on Northwest 21st Avenue, he has two of them.

--Eric Mortenson