Gary Penrod, CEO and managing associate for consulting firm Gary Penrod & Associates, has been in the building service contracting industry for more than 40 years — and he’s done a lot in that time. The former BSCAI president has started (and sold) his own company, and now helps other BSC owners do the same. Here he gives his outlook for M&A activity in 2013 as well as ideas for BSC owners to consider when selling their business.

How long have you been in the building service contracting industry?

I began my career in the building services industry in 1970 (a long time ago!) after college, time in the military and a four-year teaching career.

Why did you get involved in this industry?

I made the decision to start a business so that I could control my own destiny. The building services industry seemed like a good choice because of the very low start-up cost.

When did you start Gary Penrod & Associates?

Gary Penrod and Associates, Inc. (GPA) was started in the early 1990s after having sold my company to a U.K. group and working with them for four years in their M&A effort in the United States and abroad.
How would you describe M&A activity in 2012?

M&A activity in 2012 has been less robust than I anticipated it would be. I thought that the looming capital gain tax rate change, the Affordable Healthcare Act and the fiscal cliff would be the driver to robust activity. I was incorrect to some extent but not entirely. I think the reason is still the uncertainty that permeates the business community.

What is your outlook for 2013?

The year 2013 will likely mirror 2012. It will be a year for business owners to deal with the new tax reality, the Affordable Healthcare Act and the realities of being in business. There will still be acquisitions, probably led by private equity groups that have taken notice of the industry in recent years.

What do you think are the main things BSC owners should consider if they are interested in selling their business?

Understand that none can avoid the ultimate change from business owner to former business owner as a result of either death or choice. The trick is to know before death when it is the appropriate time to sell one’s company to either a family member or someone else. Each person has to decide when that appropriate time is. Letting go can be difficult, especially for those of us who are entrepreneurs and our whole life has been dedicated — through difficult and good times — to not let go. My advice, based on my own experience and working with hundreds of others throughout the years, is to plan well in advance of the time, preparing the company and oneself for the eventual sale. That plan needs to be financial and personal, deciding who the "new you" will be and what resources will be needed to be the "new you."

What do you think is one of the most important trends right now in the building service contracting industry?

The trend appears to be the emergence of a new breed of young entrepreneurs. They face different problems than those of entrepreneurs in the past. They are better educated and have the advantage of growing up in the age of business technology. The industry itself continues in its evolutionary stride, changing and adapting as necessary. The industry is huge, diverse and fragmented. I do not see that changing much. It will be, for many years to come, the business of opportunity for those who hunger to start a business so they can control their own destiny.

What are some tips you have for working successfully as a consultant in this industry?

Be honest, work hard, listen, learn and keep an open mind to new ideas and concepts.

Since you and your associates are strategically placed throughout the country, how do you maintain optimal daily communication and strong relationships?
The world of technology helps a lot. Teleconferencing instead of travel, computer interactive financial analysis with associates and clients, in addition to being able to communicate while on the go, whether traveling by car or other means.

**As a former BSCAI president, how do you think the organization has changed throughout the years?**

I liked the "old BSCAI" and did not like seeing it go away; however, the "new BSCAI" had to be. I was involved as an advisor, working with BSCAI leadership on the decision to take the necessary steps to keep BSCAI alive. In many respects, I was fighting myself when I, among others, encouraged the leadership to outsource BSCAI’s management, because of the personal feelings that I had. Approaching SmithBucklin was the smartest and only thing that could have been done. Time has proven it to have been a very wise decision. BSCAI is now poised to continue leading so that current and future entrepreneurs and managers can benefit through education and networking.

**What is the best piece of advice (personal or professional) that you’ve ever received?**

I think that it is more having learned from experience, thus advising myself. There is no substitute for honesty and integrity. In my line of work, confidentiality is paramount too. I simply can't do what I do without being honest, having integrity and maintaining complete confidentiality in all matters pertaining to GPA’s clients.