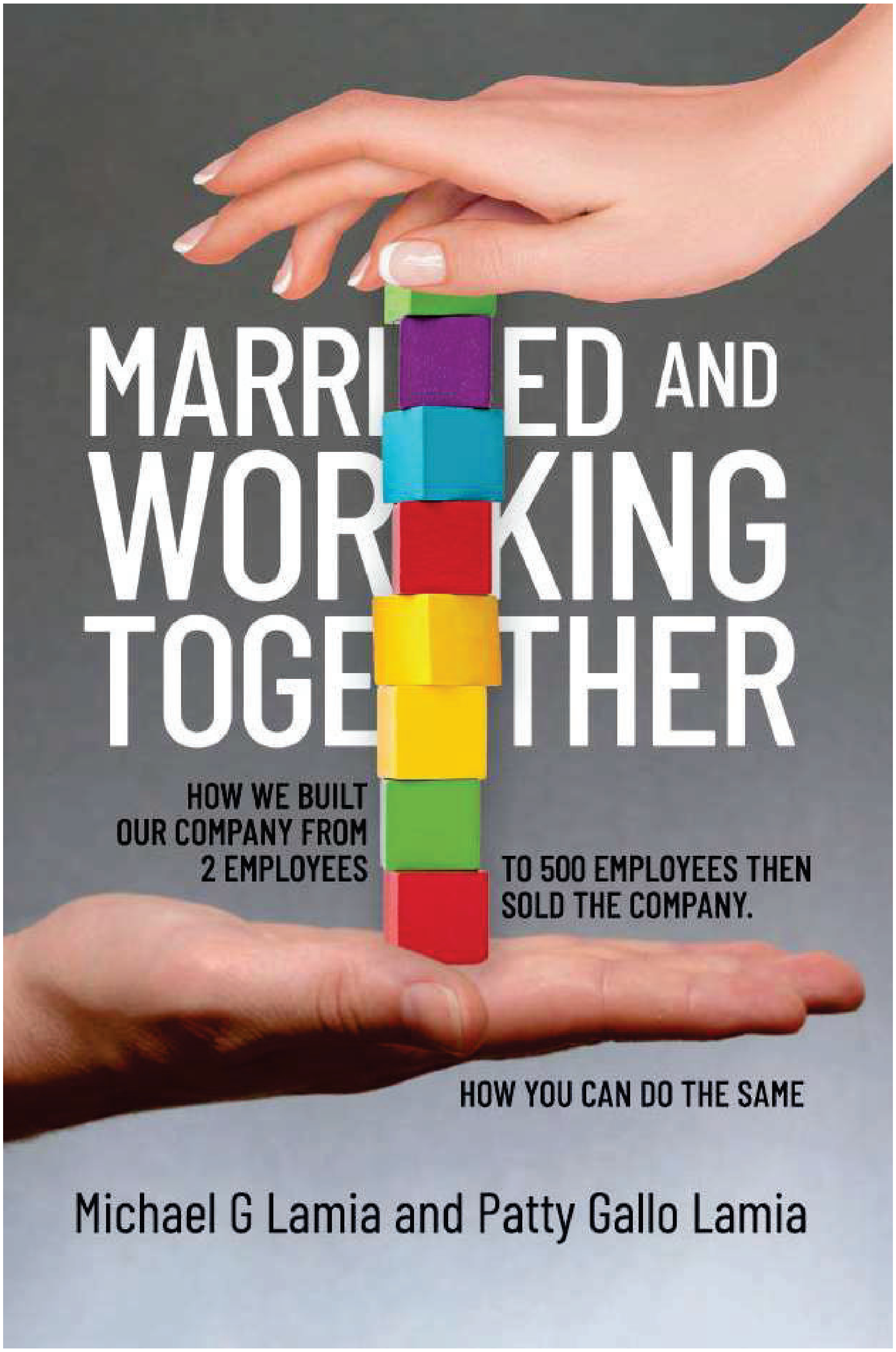
MARRIED AND
WORKING
TOGETHER
HOW WE BUILT
OUR COMPANY FROM
2 EMPLOYEES
TO 500 EMPLOYEES THEN
SOLD THE COMPANY.
HOW YOU CAN DO THE SAME
Michael G Lamia and Patty Gallo Lamia

The primary purpose of this book – or playbook, as we would like to refer to it—is to take the reader through the journey that began when we both quit our jobs in early 2000, leading up to the sale of our staffing company in 2020.

We will share the exact methodology that we followed, all the way through building our business, one employee at a time. The reader can expect to personally experience the ups and downs this married couple named Mike and Patty lived through. <u>AVOID THE TEMPTATION TO PERUSE OUR MANUSCRIPT AND DO NOT SKIP A PAGE.</u>

More important, we will identify all of the mistakes we made so you can avoid them. We refer to these bad mistakes throughout the book as **<u>BAD DECISIONS</u>.**

Although our journey lasted for more than twenty years, you can build and sell your business **on your own timeline**, even if the economy isn't doing well or, as in our case, during a once-in-a-century pandemic.

If you have not started your company yet, we hope to provide the reader with the inspiration and ideas needed to start. If you have your company up and running, then it's our goal to help you get to the finish line in a timely manner and experience the big payday!

WWW.MARRIEDANDWORKINGTOGETHER.COM

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I. INTRODUCTION

On October 13, 2020, the same year the Covid-19 pandemic—the first pandemic to affect our country in exactly 100 years—struck the United States, Mike and Patty sold a part of their twenty-year-old company to a private equity group. Although divesting part of the company was never a consideration, as it turns out, it was a **GOOD DECISION.**[1]

Patty and I continue to draw salary and benefits. We can focus now on the remaining parts of the company we still own and regrow them. This was never the plan, but it proved better than we ever imagined. As a result, our children, who joined our company after completing their college education, now have an opportunity to experience a restart, like our initial endeavor back in 2000. And we have put a nice amount of cash in the bank for our retirement.

1 Throughout this book we will identify good decisions too, decisions we think the reader should strongly consider when building their businesses.

FIRM ACQUIRES SCHOOL HEALTHCARE STAFFING BUSINESS FROM ARDOR HEALTH SOLUTIONS

October 16, 2020

The Stepping Stones Group acquired Ardor School Solutions, a healthcare staffing business focused on serving schools. The deal was announced today.

Ardor Schools is a division of Ardor Health Solutions, a healthcare staffing firm based in Coral Springs, Florida.

"We believe that our school division is best served by joining a strategic partner like the Stepping Stones Group with expertise in the school setting; a compelling mission and national resources will support our school employees and help them reach their fullest potential," said Mike Lamia, cofounder and CEO of Ardor Health Solutions.

Headquartered in Chicago, the Stepping Stones Group provides school-based therapeutic and behavioral health services to children, including those with special needs and autism. It has more than five hundred clients and serves 126,000 children annually across 30 states. It is a portfolio company of the private equity firm Five Arrows Capital Partners.

"The acquisition creates additional growth opportunities for us and expands our geographic footprint into new areas including New Mexico and Arizona and enables us to further our mission of transforming the lives of more children, families, and communities," said Tim Murphy, CEO of the Stepping Stones Group.

SOURCE: STAFFING INDUSTRY ANALYSTS

III. HOW WE DID IT: BUILT IT THEN SOLD IT

ACT ONE. WHERE DID WE ACQUIRE THE EARLY INSPIRATION?

The first and probably the best question you could ask is, how did I know what business to get into? This assumes, of course, that you are not already in business, or that you are considering starting a different one to scale and sell.

Patty and I had different career paths. Although early on she was employed in the insurance industry, her passion for teaching and nurturing led her to a career in a Catholic school as a pre-K teacher. Now one might ask, how could that transition into the skill set that is necessary for starting and running a business? The answer is easy. Although the promise of artificial intelligence (AI) and machine-driven decision-making is on everyone's mind, you still need humans to make things happen. And just the way parents are innately responsible for raising their children, that same skill set is necessary for building a successful company. As we grew over the years and employed more people every year, Patty's skill set became more important.

Mike's career path was very different from Patty's. Like most young boys and men, Mike liked machines. Just after turning twenty and while still early on in his college years, he was able to find a job as a DIBOL programmer in Miami. Almost everyone has encountered the computer language COBOL. It is still widely used as the main language for airline reservation systems in the US and probably the world. Can you recall hearing a printer at the gate where you board? The software behind that program is COBOL, first utilized on IBM computers. Well, the only difference between the two languages is that COBOL was designed for IBM computers, which are still in use worldwide, and DIBOL was designed for digital equipment computers (DECs), which have since gone extinct like the dinosaurs. Mike wrote code, eventually led small teams of other DIBOL programmers, and at the end of 1996 left the industry as a manager of systems development, the modern-day chief technology officer (CTO).

At several of my last places of employment I was forced into using outside assistance hiring programmers. Back then they were referred to as headhunters. Over the years I became friendly with several of the professionals at one agency and became interested in what they were doing to make a living. And it was an incredibly good living—Mercedes-Benz automobiles, nice suits, and elaborate lunches every day. I decided it would be more fun and pay better if I were to recruit programmers like me, instead of continuing to write code as a job.

I can still remember the day I showed up at home early from work. The kids had just gotten home from school. Stephanie was almost fourteen and Mike was eleven. They were not overly surprised to see me home early because when you have a job and you work for someone else, you can get fired. And by the time 1996 came around I had already received pink slips from three separate companies. To this day I am not sure if it was because I was a bad employee or economic situations dictated the employers' actions.[3]

When I walked through the door early that afternoon Patty had that look on her face again. But before she could say anything, I gave her the biggest kiss and proudly announced that I did not get fired, but I was going to quit. In her situation at the Catholic school the work environment was friendly, happy, nourishing—simply different. She would never think of quitting her job because she loved it and everyone there loved her.

In my case it was very different. The demands of my bosses over the years never let up. I felt on occasion that I could never do enough. And I never knew when the door was going to get slammed on me again and I would be out of work again. This new opportunity as a headhunter was performance based. The harder I worked, the more programmers I placed in new positions, the more money I would make for myself, my family, and my employer. What could be better? So, in April 1996, I gave my employer notice and my new career was about to begin. This decision, which was made with Patty's full blessing, turned out to be the decision that would lead us to start our own business eventually.

3 One of the most important things about owning your own business is that you cannot get fired! That was probably the biggest driver that motivated us to start our own business.

ACT TWO. HOW DID WE ACQUIRE THE STARTUP FUNDING?

Certainly, there are more than 100 ways to get the money to start your own business. The most common answer is to seek out family members who are willing to share the risk. That could be anyone in your immediate family, your spouse's family, or even relatives, uncles, and aunts. Of course, that would involve explaining your plan and may even cause you to unintentionally give away a secret that may be worth millions of dollars. Alternatively, you could seek out friends. Do you have childhood friends with whom you share common interests, friends you have known for more than a few years? Can you generate and share a list with your partner? That might be an option. There is the loan option, meaning you now must generate a business plan (not the worst thing to do) and share it with a banker or a third-party lender.

The path we chose made the most sense for us at the time. After work on many occasions, as Patty was preparing dinner and watching over our children, Michael would crank his computer and start writing code. At one point I had several clients paying me twenty-five dollars an hour. I had some experience with third-generation languages, DIBOL and RPG. Both were programming languages that were fading away, but there was still some demand from companies that were having trouble finding qualified help.

It did not take too long to save $10,000. That proved enough money to open a bank account and hire our first computer programmer to go on assignment. At a pay rate of twenty-five dollars an hour we had enough money to make payroll for ten weeks. After the first time sheet was received on a Friday night, Patty was at her computer generating an invoice early that Saturday morning for forty hours at fifty dollars per hour. Yes, that is a 100 percent markup. And the invoice was coded as "DUE UPON RECEIPT." Within a few weeks the invoice was paid and the client was ready to make a second hire. Over the six months that followed our first client hired thirteen programmers. And they paid their invoices within one week.

Next and most important, we started researching banks in the area that would lend money against our accounts receivables (A/R). These loans are referred to as asset-based loans (ABLs). As our number of contractors grew and the number of invoices we created every week increased, so did our A/R. A key element of the ABL is the percentage of total A/R that we were allowed to borrow against. We found that most lenders were prepared to lend 90 percent of our outstanding A/R. This meant that once we had $100,000 in total outstanding A/R, the bank would grant us a $90,000 credit line. We used this money to fund our weekly payrolls and pay vendors. As we put more contractors to work and our A/R grew, so did our credit line. This was a perfect solution, and it is worth noting that we continue to utilize the ABL to finance our company today.

There are several benefits of using your own money to start a business. You will not have to share your ideas with anyone, except as in our case, your spouse. You will not have to share your profits with anyone except your spouse. And when the time to sell your company finally arrives, you will not have to share those proceeds with anyone but your spouse.

ACT THREE. WHAT WE DID FIRST

We really did start from the kitchen table. The phrase is so overused. One of the largest overhead costs for a business is its rent expense. With that common knowledge, we purposely selected a model home in 2000, the year we moved from Miami to Coral Springs, Florida, with a home office. Inside our new home office in our new home we set up two desks with two computers that we purchased from Brands Mart in Miami. We connected through a hardwire, a fax machine, and a printer. The fax machine was how we were set up to receive time sheets. And of course we had a telephone so Mike could make outbound calls to customers shopping for our services.

Our first company was named HighTechGroup. We established an S-Corporation in the state of Florida and began doing business in the summer of 2000. After Mike left employment at the staffing company, he decided to work directly for two clients, honoring his noncompete. Those two clients through the remainder of the year provided enough income for Mike and Patty to live. It seems like yesterday that Patty would wake up early on Saturday mornings and start processing the time sheets that would then feed our QuickBooks system and generate invoices. We had great relationships with the first two clients and received payment for our invoices almost immediately. We used that money to make payroll the following weeks. It was an extremely exciting time for us. We were working from home and working together for ourselves for the very first time. And in this first year operating our first company, we celebrated being married twenty-one years.

The year went by very quickly and we had visions of expansion. After interviewing a few referrals, including one from our neighbor next door, we hired Chris as a technical recruiter. But we did not want Chris to come to our home every morning and share a 12-x-12-foot home office, so we signed a lease in Boca Raton for a 200-square-foot space.

The excitement increased. New orders for contract computer programmers were coming in because we hired Joe, a former coworker of Mike's. Joe referred Bridget, a friend of his. Now, suddenly it was mid-2001 and five of us occupied our 200 square feet in Boca Raton.

We were cruising along, growing faster than we ever imagined. And little did we know we were on track to bill $1 million in our first full year. Along came Dana, another referral, a neighbor of Patty's brother, Paul. Dana was a top performer for a retail company and had a good presence and a strong personality. She would be perfect for the role of outside salesperson. And it did not take long for Dana to land our largest account.

However, adversity struck our first business just a year and a half after we started operations. It was historical; it would be referred to as 9/11, the date two airplanes hit the Twin Towers in Manhattan on September 11, 2001. Everyone remembers where they were when the news first made it to televisions nationwide. We were all in the office that morning. And, being TV bugs, we had the TV on. We stopped working. We all picked up our cell phones. Patty called Mike Thomas's high school just minutes away from our office. Mike called Stephanie in Orlando, where she was a first-year student at the University of Central Florida. We advised Stephanie to stay in her dorm room until we learned more. We ordered our employees, Chris, Joe, Bridget, and Dana, to go home. Patty and Mike got in the car and drove straight to Michael's high school to pick him up. The school closed. On the way home we stopped at the ATM and withdrew enough money to live on for a week or two.

The aftermath of September 11 did impact our business. Fortunately, it was already three-quarters through the year and we did reach our *$1 million* sales revenue goal. However, the impact on the financial industry was felt everywhere, even in the small industry we occupied known as information technology (IT) staffing. Our client witnessed projects that were previously in high gear experience slowdowns primarily because of uncertainty. Midway through 2002, because of the slowdown in business, Bridget and her family decided to leave South Florida and relocate north. She was an incredibly good technical recruiter, and we immediately felt the impact of her resignation.[4]

We closed out 2002 on a positive note considering the events of late 2001. We entered 2003 cautiously optimistic about the future. By the time midyear rolled around, Mike and Patty were getting the itch about medical staffing. That itch, that epiphany, or perhaps that inspiration after reading much about temporary healthcare staffing turned out to be life-changing. It gave way to the birth of our second company, MedSourceGroup.

Throughout 2003 HighTechGroup earned enough profit to keep everyone on the payroll and allow us to save some money along the way. But things were not the same. 9/11 took some wind out of our sails; it took away some of Mike and

4 Throughout the book we refer to the process of hiring and firing employees and, in this case, the resignations that will happen in the normal course of business. Employers must try to always minimize the loss of good employees. In this case, her resignation was out of our control. We did not look at a macro event such as September 11 as a controllable instance.

Patty's enthusiasm. What was fun for a couple of years suddenly became work. Mike had been in the IT field since 1979, the year Mike and Patty were married. And Patty knew Mike was ready to try something boldly different. And of course, Patty was right there with Mike, ready to jump in with both feet. We were ready to do it again with MedSourceGroup.

Let is take your through a timeline that begins in 2003, when we conceived the idea of starting a medical staffing company, all the way through 2020, when we closed on the sale of our part of our staffing company to a private equity group.

To make the reading easier we bill break it into small bites.

IV. HOW YOU CAN DO IT: WORKING TOGETHER

ACT FIVE. YOUR SPOUSE IS YOUR GREATEST PARTNER

Chick Hearn, a well-known sports announcer for the Los Angeles Lakers, said it is hard to argue with success. That's how he described the year-over-year outstanding performance of the basketball team for which he called play-by-plays for many years.

Mike's dad ran a successful upholstery business for more than two decades. He had one partner, my mother, Lucy. My mom answered the phones because back in the 1960s we had party lines in Brooklyn and although the phone rang in Dad's store, it also rang in our apartment almost one mile away. As the business grew Dad hired Mrs. Nash, a tenant in his smaller apartment building, to answer the phones and set appointments. But otherwise Dad did it all. He picked up the furniture that needed recovering. Working with Bill, they prepared the replacement fabric, usually leatherette, which he referred to as fireproof, waterproof, and crackproof. Dad did all the sewing. Bill completed the process. Later, while still in grade school, I was taught to coat the wooden legs of the furniture with Old English. As I grew stronger, I would help Dad put the recovered furniture in the truck and then off we went to make the delivery. That was the simple family-run process.

I remember seeing different faces over the years in the store, but none were ever elevated to partner. Of course, by now the reader knows Patty and Mike did not have the best experiences with our partners toward the end. Our partners did play a pivotal role in growing the company in our early years, but disagreements led to down years and ultimately the break-up of what was originally something special.

We learned a very difficult lesson during our business-building years. Outside partnerships can be great and helped lead us to extraordinary growth, **but waking up and going to bed with a partner who shares your values** and interest in success is better than coupling up with friends or strangers who you may not see eye to eye with in the end.

If you are starting your business new you can make this decision. If you have already started your business and have a partner, we hope there are enough teaching moments in our book that will benefit you and keep you from making bad decisions.

ACT SIX. HOW WE BEAT ADVERSITY

At no time will you read in this or any other book that building a business is easy. If you do read that comment in another book, close it, then burn it because it is far from the truth. Over the close to twenty-year period during which built

ACT SEVEN. HOW TO IDENTIFY CONSULTANTS AND CON ARTISTS

A famous German philosopher named Friedrich Nietzsche said we are only as strong as our weakest link. When Patty and Mike started their company, there were only two of them. And trust us, we were far from the smartest people to ever start a business. For that reason and for many more, early on we were faced with a decision to hire consultants to help us overcome the normal challenges that confront first-time business owners. Two types of consultants we were forced to hire early on were accountants and attorneys. Both professionals should help business owners save money. And although you may think all accountants and attorneys will be honest and helpful, that is not the case. What follows is a narrative of our experiences over the twenty years that led up to our eventual sale of part of our company.

NEWS FLASH! If you have a business that will require a physical structure, not a business that will utilize remote workers, deploy cameras! In more than one instance several of our consultants and employees who became con artists and hurt our cause would have been stopped had we deployed cameras throughout the building.

ONE

Our first consultant helped us make a lot of money in the beginning. That should be your criteria before you hire a consultant. Can we make money by agreeing to hire a consultant? Is there an alternative? Earlier we mentioned that one of our top recruiters discovered an opportunity when she recruited

IX. MARRIED AND WORKING TOGETHER – THE FINAL CHAPTER

There is an ugly statistic that all couples, including newlyweds and couples already married must deal with in these great United States, more than half of all married couples end up in a divorce. This is particularly true in the 21st century. Our parents were married a little later in life than we were, but the idea of divorce probably never entered their minds. Both our parents were married more than fifty years as it was common for those born into the greatest generation. The men fought in World War II. Then many came home to start families, raise children, and in my father's case, start a business. Patty's dad was trained in automotive sales, found a job, and worked 6 days a week until he retired at sixty-two years old. All four of our parents lived into their early eighties and passed away with dignity.

My mom did collaborate with my dad daily. So, the fact that Patty and I can stay married and work together daily is not surprising, at least to both of us. We did have some key secrets I think that has allowed this relationship, our families, and our business to withstand the ups and downs. We would like to share some of those with you in this last chapter.

ONE At the onset, we had to agree fully exactly what business we were going to start. I believe that if either of us were on the fence about this critical first step our business may have ended up as another statistic, failing very early as 50% of most businesses do. Patty had a passion for people. That was evidenced by the fact that by the time we had started our first business, HighTechGroup, she had raised both Stephanie and MikeT by herself for the most part. Yes, I was home for dinner, but then rushed off to school working on my degree. Once I finished school, I started writing code for local businesses to pay the bills.

I had a passion early on for machines, specifically computers. In 1978 I started attending a technical college and learned my first programming language, BASIC. By the time we started HighTechGroup in 2000, I already had a little over 20 years of programming and management experience, and had my degree. It seemed obvious that we should start a staffing company that employs people on a temporary basis, and that the business would employe computer programmers.

Enough emphasis cannot be placed on how critical this first step is. And, if your decision to go in to a certain does not provide the satisfaction that owning your business must provide, it's OKAY to try a different business. Going back into the workforce after a failed first attempt would be a big mistake in my opinion.

There are hundreds of ways to get ahead financially. *Married and Working Together* provides a step-by-step detailed storyline of Mike and Patty's journey that started in the early 2000 and ended in 2020 with a multimillion-dollar payday. Together they decided to stop working for their employers and put their hearts and souls into starting a company with just $10,000.

After growing their company to more than 500 employees, working in close to fifty different states, they accepted an opportunity to divest themselves of half the company, elevate their daughter and son into leadership positions, and initiate plans to do it all over again. Readers will experience the difficulties of their journey, share in the happiness and sorrows of their twenty-year mission, and most important, expedite their timeline on the way toward building and selling your own company.

www.marriedandworkingtogether.com

ISBN-13: 979-8-35096-082-2

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