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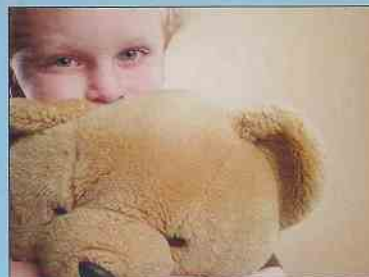
August 2012

**COMMERCIAL
APPLICATION OF
UNMANNED
AIRCRAFT SYSTEMS
(UAS)**

TIPS ON BUILDING
& SELLING A
PI BUSINESS

SURVEILLANCE
STRATEGIES FOR
**STAYING
SHARP**

**Child Custody
Surveillance**



**Long Term Stationary
Surveillance**



Tips on **BUILDING** and **SELLING** a **PI Business**

BY ROSEMARY CAMOZZI



Steve Cassell never dreamed that his first job out of college would be the start of a career. Even less did he imagine that with the experience gained on that job he would found his own investigation company, sell it for millions of dollars, take a couple of years off to spend time with family, and then start a new venture.

But that's how it went, and now he's eager to share his tips for growing and selling a successful investigation business.

After graduating from Temple University in 1991, Cassell got an \$8-an-hour job with Philadelphia-based East Coast Investigations (no longer in business). The company specialized in insurance fraud—about two-thirds workers compensation claims and one-third auto and

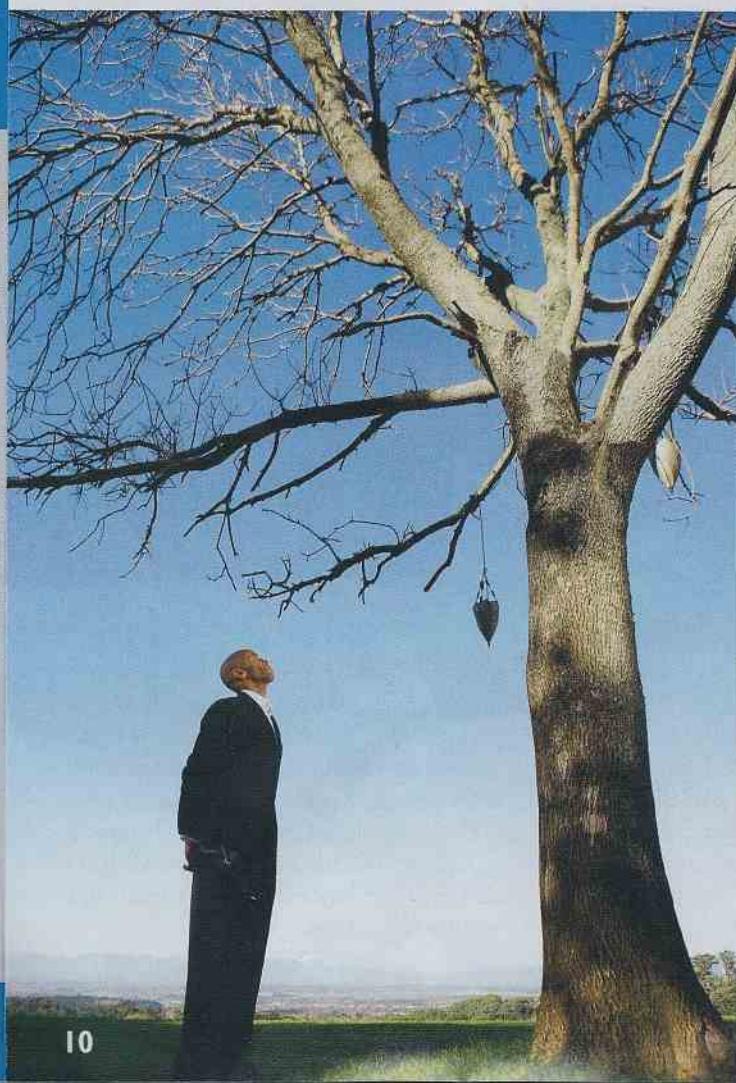
general liability. He got a promotion after a couple of years and became the regional manager for a new office in Pittsburgh, then moved again to open an office in Orlando as vice president of market development. He spent a few years in Florida and helped the business grow into the southern states. Then the company made him a senior vice president and sent him to open a new office in Los Angeles.

Cassell's career was skyrocketing, but the company was showing signs of strain. "There wasn't the reinvestment being put into the business that there should have been," he says.

Newly married, he hesitated to make a change, but after a year in LA, he "grudgingly resigned." With \$75,000 savings in hand, he and his wife moved back to Florida and used the money to start their own investigative business, RSight Investigations, in September 1999. The company, specializing in the insurance market, consisted of Cassell, his wife, and two other employees. Cassell's objectives were simple: to provide good local service and to make his mortgage payment. "I was chief cook and bottle washer," he says. "I worked cases in the morning, and then I'd change into a business suit in the late afternoon and deliver reports or make introductions."

After about a year, the company began to gain market traction, with new offices in Orlando, Tampa, Miami, and Jacksonville. Eighteen employees were on staff, including a dozen full-time investigators and two in-house managers. "I was working 20-hour days, seven days a week," Cassell says, "just like when you start any kind of business, there was tremendous physical strain, as well as mental stress."

But he hung in there and began to augment the company's core services. Besides surveillance, he was soon offering investigative canvasses, scene investigations, and later, social media investigations. "We could offer more products to the same customers that we already had wonderful relationships with," Cassell says. The company's crowning achievement,



STEVE CASSELL'S TIPS ON HOW TO GROW AND SELL YOUR BUSINESS

FOCUS ON AREAS NEGLECTED BY THE COMPETITION

- Make sure you have robust in-house administrative support. "Our large staff allowed us to deliver the product to the client faster. But we kept the customer service of a small company. The phone was picked up on the first ring."
- Employ your workers full-time, and give them a 401K plan, health benefits, paid vacation, and annual raises. "We created a dedicated and focused culture within our company."
- Make your company employee-centric and focus on creating a better workplace. Give your employees a lot of support with management retreats, company gatherings, and on-site training.

WHEN YOU'RE LOOKING TO SELL

- Make sure you have a broad, diverse customer base as well as a broad selection of product offerings, including some that are unique and proprietary.
- Formalize your business structure so that it can be looked at through the process of due diligence. Be sure you can provide sophisticated, verified, and audited financial data and reports.
- Have a strong management structure and make sure your business is not entirely dependent on the principal. "Don't hang the whole business around your neck."
- "As the seller, you must simultaneously focus 100 percent of your efforts on the due diligence process and 100 percent of your efforts on running your business. You cannot allow the due diligence process to negatively impact your ability to run your business operations. I describe the process as trying to change the horseshoes of a galloping horse without breaking its stride...and still winning the race!"

SELLING TIPS

- Understand how your business is valued: financial value, strategic value, unique and proprietary products and platforms, EBITDA, etc.
- Establish an ironclad non-disclosure agreement (NDA) before doing anything else.
- Secure a trusted and proven merger & acquisition (M&A) attorney.
- Clearly understand the sales agreement and your future covenants not to compete.
- Everything is negotiable. Be creative but do not go overboard.
- Determine an exit strategy.

---Rosemary Camozzi

he says, was the concept of unmanned remote surveillance, which took two years to develop. The product brought in more than \$1 million in revenue in its first year.

RSight also began to offer its own SIU program, providing state compliance and anti-fraud programming to insurance carriers. "We had trained fraud investigators dedicated to each specific carrier," Cassell says. Investigators would go into the carriers' offices twice a month and take care of their state compliance recording, including reviewing files, recording areas of suspicion, and reporting to the state. "It was a revolutionary model," Cassell says. "We were integrated with our customers as a business partner, not just a vendor. This created a whole new level of relationship with the customer. It was very, very successful."

This success did not go unnoticed. Starting in 2006, large national investigative firms started contacting Cassell and making offers to buy his company in return for stock. "We pulled out of those," he says, "when we realized there wasn't much cash. But during the process, we learned what a buyer is looking for in a business. So from 2006 to 2009, we drilled down and got very detailed in financial recording, optimizing our workflow, and being efficient." His attention to detail, it turned out, resulted not only in a more saleable business, but increased profit. By 2009, RSight had expanded into the other southern states and boasted 130 employees as well as excellent cash flow.

Then the company was approached again, this time by a large medical management insurance services company with venture capitalist backing. The CEO wanted to make a strategic purchase that would allow his company to cover the East Coast from the Carolinas all the way to Alabama. "By the third time (we were approached)," Cassell says, "we were well-versed and well-packaged, and our profitability was excellent."

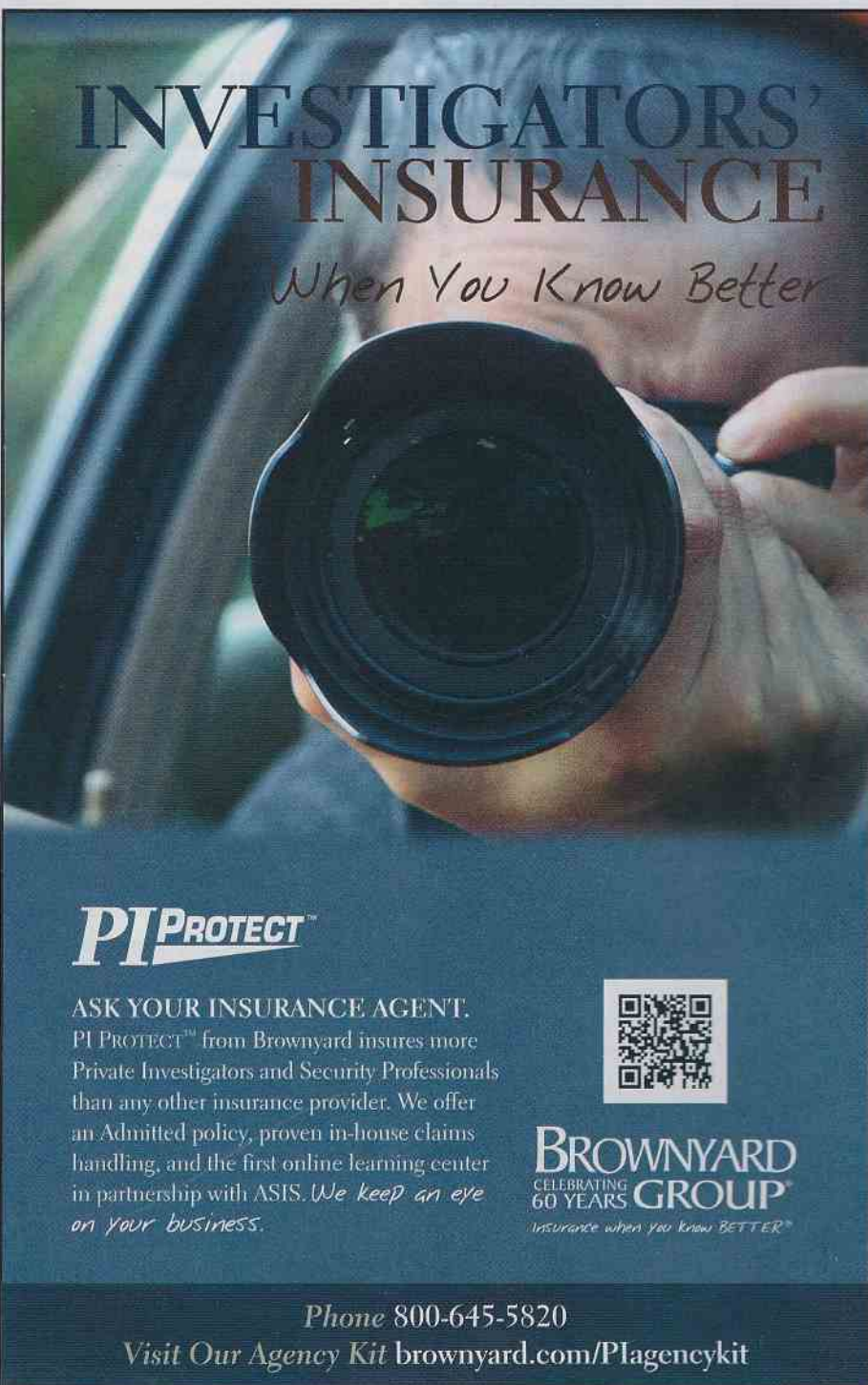
RSight Investigations was sold to MCMC LLC in a multi-million dollar deal and RSight became an MCMC division called Litigation Solutions. Cassell went along as senior vice president. By 2010, his division was responsible for more fraud arrests than the largest insurance carrier in Florida, he says. But he soon realized that he and the new company weren't a good fit. "Their business philosophy and strategies didn't match the founding principles of my original business mode," he says. "It was ultimately an easy decision."

So he resigned. Cassell has been a stay-at-home dad, spending precious time with his kids, for the past two years. But he hasn't been idle. In September, he will launch the online National Investigative Training Academy (www.investigativeacademy.com), which will educate aspiring investigators to meet state requirements. The Academy will also offer training in basic business operations, such as

how to set up your company, how to create infrastructure, and how to do billing, as well as more advanced business advice.

Many investigators have no business experience," he says, "even though they are fantastic investigators." **PI**

Rosemary Camozzi is a Eugene, Oregon freelance writer and editor.




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