



Buying Business in Canada

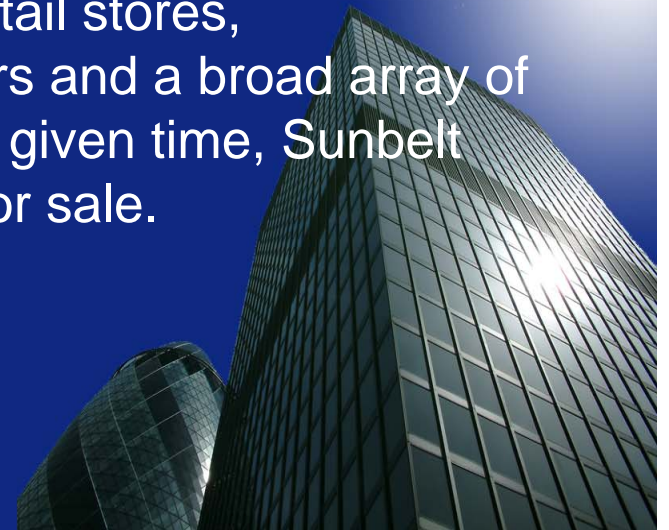
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Who is Sunbelt

- Sunbelt is the world's largest business brokerage firm with approximately 300 licensed offices located throughout the world. Annually, more than 1,400 Sunbelt brokers coordinate an estimated 4,000 Main Street and Middle Market business transactions.
- Historically, Sunbelt's primary focus has been on Main Street business transactions, which we typically define as businesses with sales of less than \$5,000,000. Main Street businesses include franchised and non-franchised restaurants, retail stores, professional service firms, small manufacturers and a broad array of other small, privately-held businesses. At any given time, Sunbelt has 10,000 or more Main Street businesses for sale.



Business Buying Process Overview

- **Define your goals**
- **Be Strategic and Open Minded**
- **Be Prepared**
- **Respect Confidentiality**
- **Terms are More Important than Price**
- **Don't Over-Spend**
- **Recast Financial Statements**
- **Choose the Right Professionals**



Define Your Goals as a Business Buyer

- Do your strategic, personal, and financial planning before getting started
- Soul searching is essential to determine exactly what your goals are in buying a business, and what you really want to achieve
- Consider carefully what the implications will be on your life, lifestyle and family
- Be certain that you're prepared to make the sacrifices and take the risks required to be a successful entrepreneur



Be Strategic and Open Minded

- Many buyers anticipate purchasing a particular type of business but happily change plans when an unanticipated opportunity comes along
- With many thousands of unique businesses to choose from, if you keep an open mind, you may just discover an unexpected opportunity that suits your interests, talents and financial expectations
- Yet, **LEVERAGE YOUR STRENGTHS!**



Be Prepared

- Timing is everything, so being prepared in advance to make a serious offer once you have found what you are looking for is critical
- Get your financial and credit facilities in order before you consider buying
- Make sure that “soft” financial commitments from friends and family are firm, before you start negotiating and include these people in the process as appropriate
- Define and refine your interests, capabilities and budget in advance, so you’ll recognize the right opportunity when it does come along – then act!



Respect Confidentiality – Be VERY careful!

- For most sellers, confidentiality is a paramount issue
- Be JUDICIOUS about NOT divulging confidential information to anyone
- Be especially cautious with casual friends and acquaintances
- Emphasize confidentiality with ALL professional associates including bankers, accountants, attorneys and consultants
- Loss of confidentiality has derailed deals and landed guilty parties in court



The Terms are More Important than Price

- The terms of the deal are always more important than the actual purchase price
- Negotiating the right deal can take a considerable amount of time and effort
- Understanding your sellers objectives and reason for selling is a critical part of finding the right opportunity and structuring the right deal
- Above all, do NOT take the negotiating tactics of the seller personally, or get caught up in the emotion of the situation



Don't Over-Spend

- Negotiate only for terms that you can realistically afford
- Don't over-stretch yourself to your financial capacity
- Leave sufficient rainy day and transition capital to ensure a cushion of safety

Insist on Seller Financing

- Make sure that your seller is providing a reasonable portion of financing
- This allows you to buy a more valuable business with less money down
- It also keeps the seller honest regarding financial projections and business potential



Recasting Financial Statements

- Entrepreneurs really do find creative ways to minimize profits to pay less tax
- Recasting financial statements is critical to understanding the true earning power of a business
- All financial recasting as provided by the owner needs to be verified
- Ask your intermediary to provide you with a deeper understanding of the International Business Brokerage Association's accredited standards for financial recasting
- Remember that you are purchasing the net lifestyle value that the business will afford you – and NOT the financial statements



Choose the Right Professionals

- Every buyer needs a good lawyer and accountant on their team
- Choosing the right professionals means finding experts who have actual experience in buying and selling businesses and who understand their role in the process
- Recognize that MOST lawyers and accountants are not entrepreneurs or business experts
- Understand that because their job is to protect your interests against all conceivable risks, the safest recommendation they can make in every situation is to not take a risk



There is No Perfect Business

- There is no PERFECT BUSINESS, only some that are better for you than others
- The key is to find the right “opportunity” for you to make it your perfect business
- The more prepared you are the more confidence you will have
- You will always have a little fear and trepidation, so just be as prepared as possible and – **go for it!**

