



Exit

Vancouver Business

Newsletter
September 2020

NAICommercial

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Top 2 Reasons Sellers Went to Market

Why Are Owners Selling? Retirement led as the number one reason to sell across all sectors. In the \$5MM – \$50MM sector, 20% of sellers were triggered by an unsolicited offer – indicating an active buyer pool exists in this sector

Under \$500K Retirement 50% Relocation 17%

Retirement 50% Relocation 17% **\$500K-\$1MM**

\$1MM-\$2MM Retirement 63% New Opportunity 16%

Retirement 60% Family Issues 20% **\$2MM-\$5MM**

\$5MM-\$50MM Retirement 40% Unsolicited Offer 20%

Exit Strategy

By Damian Luke



Death and taxes. The commonly held belief is that those are the two things in life that affect all of us and that none of us can avoid. A recent conversation that I had, reminded me that as a business owner – we should add the exit from our businesses to that list.

It's not a matter of if, it's only a question of when and how, but the immutable truth is that if you own a business, one day you will exit from it.

Whether the exit is precipitated by an event like divorce or a downturn in the economy (much like the current situation we are all trying to navigate) through burnout, succession or retirement, the result is the same – at some point, we are all going through the door.

It's never too early to start.

The question becomes, are you prepared to exit and have you planned to get value from your business? Counter-intuitively we should really have our exit mapped out from before we even get in!

Ideally, you should start planning three and a half to five years ahead of your exit, allowing at least six months to analyze your business, two years to position your business to maximize value and to take advantage of tax strategies to maximize the proceeds of the sale, and another year to sell.

"Covid-19 has shown how dramatically the world can change. I have had many business owners ask me "why should I sell now, things are good" it is often a challenge to maximize value for a viable profitable business. Very challenging to get proper value for one that is not." –**Alf Sanderson**

Even if you don't want to wait five years for your exit, here are some helpful tips that you can start now;

Have an assessment done – You need to know where you are at currently in the marketplace with the strengths and weaknesses in your business. A (BIV) Broker Indication of Value, will help you to understand the market value and the associated risk in your business. It's the first step, in knowing where you're at – that way you can plan where you're going, and the first step in maximizing the value of the business you have built.

Make yourself redundant – For most Entrepreneurs letting go of the hands-on day to day running of their business is very difficult. It is however essential to properly document systems and put key personnel in place to be able to exit your business.

Get your financials up to date – Not having up-to-date financials is one of the top reasons that businesses fail to sell. You will need a history of good financials to position your business and to allow a buyer to pay the most for your business.

Tax strategy – After you understand the probable value of your business, getting tax advice from a chartered accountant who specializes in tax planning is critical. After all, knowing how much you get to keep after the sale of your business is the bottom line for most Entrepreneurs. You may need some time to put your optimized strategy in place.

Financial planning – A personal and professional financial plan is invaluable! Find a qualified planner that will listen and help you to achieve your goals. After all, you will need a great strategy for what to do with the windfall from the successful sale of your business!

Top 3 ways financial planning equals business success

Guest Article

1. Flexibility

Most business owners are very busy and frequently feel like they are the busiest people they know. In the list of priorities, financial planning often falls far enough down on the list that it's an afterthought at best. A great financial planning team will understand your busy schedule and be as accommodating as possible with meeting times and locations, while respecting your time by getting right to business unless you specify otherwise. The easier it is to meet and the quicker you can get in and out of your financial meeting, the greater chance there is that you will stick with your financial planning team and your financial plan, and realize your potential.

2. Integration

A business owner has the responsibility of not only of making every decision within the business, but also making 100% of the decisions regarding their personal and professional financial planning. You may very well be the best in your business and unfortunately that will mean you don't have the time, energy or knowledge to be the best at managing your personal and professional financial plan.

A good financial planning team will help you articulate your goals and concerns, listen intently to you and build a comprehensive plan that gives you the confidence in your ability to achieve your goals, grow your business and protect your family without needing to worry about it outside of your regular reviews.

3. Succession

Just as most business owners are too busy running their business to spend time managing their finances, they are often so busy growing their business that they forget to establish an exit strategy. As a result, most business owners miss out on tax savings strategies leading up to a sale or ultimately don't get the price they want for their business if they even get around to selling it at all.

Working with a good financial planning team means that you will have someone looking out for your best interests throughout all stages of your business, including your strategy to sell and retire into the sunset.

Your financial planning team should be connected to great accountants, lawyers, bookkeepers AND business brokers so that they can all communicate and work together as your personal team making sure that you continue to focus on what you're good at while they take care of the rest.

Guest article by:

Kevin Parton CFP, CLU, RRC, EPC
Executive Financial Consultant | IG Wealth Management



Business Listings



Architectural Practice | BC

Asking Price: \$1,350,000
Contact for more details.



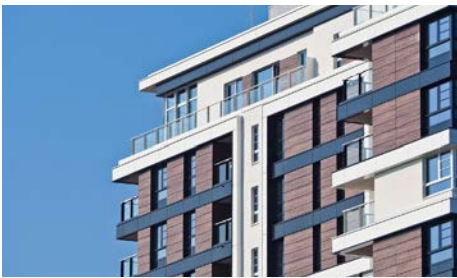
Book of Insurance | BC

Asking Price: \$3,500,000
Contact for more details.



Sports Medical Product Specialist | BC

Seeking expressions of interest from qualified parties. Contact for more details.



Management Consulting | BC

Asking Price: \$2,200,000
Contact for more details.



Crane Rental | BC

Asking Price: \$7,900,000
Contact for more details.



Fabrication Business | BC

Asking Price: \$7,900,000
Contact for more details.



Electrical Contractor | BC

Asking Price: \$1,700,000
Contact for more details.



Meat & Deli | BC

Asking Price: \$650,000
Contact for more details.



Custom Cabinets & Furniture | BC

Asking Price: \$625,000
Contact for more details.



Excavation Contractor | BC

Asking Price: \$1,900,000
Contact for more details.

Notable Businesses that we have helped with their Exit



2020
Commercial HVAC
Lower Mainland, BC, U/C
Asking Price: \$6,500,000



2020
Medical Consumables
Lower Mainland, BC, U/C
Asking Price: \$6,000,000



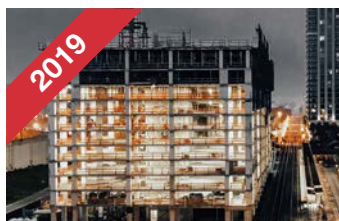
2020
Medical CPAPs
Lower Mainland, BC, U/C
Asking Price: \$6,000,000



2020
Metal Fabrication
Fraser Valley, BC, U/C
Asking Price: \$12,500,000



2020
Industrial Construction
Lower Mainland, BC, SOLD
Asking Price: \$10,600,000



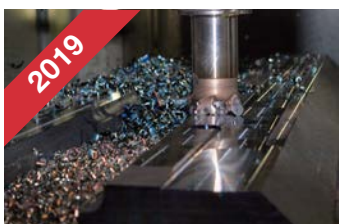
2019
Industrial Cladding Mfg
Lower Mainland, BC, SOLD
Asking Price: \$8,500,000



2019
Medical Services Supply
BC, SOLD
Asking Price: \$3,200,000



2019
Retailer of Fireplaces
Fraser Valley, BC, SOLD
Asking Price: \$1,950,000



2019
Welding & Fabrication
Central Interior, BC, SOLD
Asking Price: \$2,000,000



2018
Online Children's Apparel
Lower Mainland, BC, SOLD
Asking Price: \$2,000,000



2018
Auto Repair
Fraser Valley, BC, SOLD
Asking Price: \$3,300,000



2018
Construction Supply
Lower Mainland, BC, SOLD
Asking Price: \$10,000,000

Other Key Transactions

- ▶ **Glass Sales & Services**, Lower Mainland, BC, SOLD | Asking Price: \$3,500,000 (2017)
- ▶ **Architectural Millwork**, Lower Mainland, BC, SOLD | Asking Price: \$2,500,000 (2017)
- ▶ **Resort Village & Spa**, Interior BC, SOLD | Asking Price: \$16,900,000 (2017)
- ▶ **Auto Repair**, Fraser Valley, BC, SOLD | Asking Price: \$1,890,000 (2017)
- ▶ **Tool & Equipment Rental**, Lower Mainland, BC, SOLD | Asking Price: \$2,750,000 (2017)
- ▶ **Bio-Tech Distribution**, Lower Mainland, BC, SOLD | Asking Price: \$2,400,000 (2017)
- ▶ **Custom Powder Coating**, Lower Mainland, BC, SOLD | Asking Price: \$2,800,000 (2016)
- ▶ **Trucking Business**, Western Canada, SOLD | Gross Revenue: \$12,000,000 (2016)

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CONTACT US TO ARRANGE A CONFIDENTIAL, COMPLIMENTARY, INDICATION OF VALUE FOR YOUR BUSINESS.

NAI Commercial is a commercial real estate company with a successful mergers and acquisitions division. The Business Advisory Practice has developed a strong reputation selling small to medium sized businesses with revenues between \$500,000 and \$50,000,000. With 9 offices across Canada and over 375 offices worldwide, we have the resources at hand to assist entrepreneurs in all aspects of acquiring or selling businesses from the preparing of the business for sale, to offer process and right through to completion.

Professionalism, confidentiality and focus on exceeding our clients' needs are the principles with which we work.

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