

## Will You Wait For The "Call From Heaven"?

**A**pathy is perhaps the biggest enemy of the business owner who is 1-5 years away from selling their business. According to a recent CIBC study, 60% of business owners have no succession plan. And so they wait for the "call from heaven".

Many business owners think that all they have to do is wait and some day the phone will ring from a well capitalized and highly motivated buyer, who will offer them a "king's ransom" for their business.

The truth of the matter is dramatically different. In fact this hardly ever happens. And when it does, you can bet that the 'buyer' is going to call everyone in the same industry to find out whom else is selling and buy only from the business owner that will accept the lowest price and worst terms!

Another frightening statistic: according to the *Tom West Business Guide*: 50% to 80% of businesses NEVER sell, as going concerns. The reasons for this are many and varied. For example, the business owner just never gets around to marketing the business, it was never prepared for sale, or perhaps they simply waited too long and ill health or worse the 'passing' of a key person occurred, resulting in revenue declines or business failure. So what should a prudent business owner be doing? Taking action!

For those that wish to see family or perhaps management take over, a well thought out plan needs to be prepared. Of particular concern is where the money to purchase will be coming from. In many cases, family members or management do not have access to sufficient capital to pay a fair market price. For business owners that wish to receive 'top dollar' for their business with a minimum of risk, selling to an outside party will most likely be the best option. But to whom?

That depends upon the business itself. Many business owners are surprised to learn that selling to a competitor may not be a good idea.



Selling to a synergistic buyer or Private Equity Group offers the best chance of cashing out quickly and for a good price. Customers or suppliers should also be considered.

Smaller businesses will be sold to lifestyle buyers or possibly 'Corporate Refugees'. These are quality people who through no fault of their own, find themselves unemployed and business ownership is a good option. We know of many people like this looking for good opportunities.

To ensure success, a business owner should take the time to put together a well written 'sales document' prior to researching their target market and confidentially contacting everyone in that group. In some cases, this could be many hundreds of prospects and a database will need to be purchased. If the marketing effort is run well, the business owner should be able to choose from 2 or 3 competing buyers. Creation of competition for the business will provide the best possible chance of selling quickly, smoothly and for top dollar.

**W**estern Business Brokers specializes in managing the process and converting good businesses into cash.

For more information, please feel free to call us for a discrete exploratory conversation. Of course there is never any obligation.

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