

17 MOST COMMON QUESTIONS ASKED BY SELLERS





Thank you for your interest!

We are happy to put together this e-book to summarize some of the most frequently asked questions we've received by business owners considering the **sale of their business.**

We hope it is of value to you in your decision making.



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Who we are

Gateway Business Brokers has a singular focus: maximizing business buying and selling opportunities for entrepreneurs in throughout Atlantic Canada and Western Canada. Our success is built on facilitating win/win transactions for the well-qualified buyers and sellers we represent. Our key to success is our proven process designed to deliver outstanding results for both parties in every sales transaction.

We place a priority on maintaining **transparency** in the sale and purchase of every business. We honour our duty to hold every transaction in the **strictest confidence** to protect your privacy and the viability of the sale. Both buyer and seller can expect **loyalty** and full disclosure from Gateway Business Brokers throughout the transaction.

Who we are

Gateway recognizes that buying or selling a business will often be the most significant transaction a family will undertake. Many of the buyers we work with are moving to a new province, stepping into a completely new way of life. For these reasons, Gateway is often required to support both parties to ensure a **successful transition**.

This balanced, advisory approach is for the benefit of both parties, regardless of which side of the table you are seated.

There is no greater success for us than having happy clients.




How do I sell my business without anyone finding out ?

1

The first contact Gateway Business Brokers makes with the potential market of buyers for your business is via a blind (anonymous) one-page profile of your company.

Your location is described in general terms and so are the details of your company. Key financials are presented as well as a description of your products and services, along with a short list of prominent growth opportunities. Your company is not identified in the one-page profile.

The next piece of information a prospective buyer receives is delivered only after he/she signs a binding confidentiality agreement and has provided proof that they have the financial capacity to undertake the offering. At that point, the buyer receives the book (Confidential Memorandum) along with any other promotional material that may be developed for the business. Your employees do not learn the company is for sale until you want them to.



It's critical to closely scrutinize Mergers & Acquisitions (M&A) professionals before engaging them to sell your most valuable asset.

Can you supply me with references who can tell me about your firm ?



Gateway Business Brokers is happy to provide references from past clients and professionals that we have worked with before.

We are frequently working with accountants, lawyers, bankers and other professionals in the process of selling our clients' businesses, and would be happy to provide their contact information so that you may ask them any question.

You like to gain the comfort and confidence you are dealing with a highly professional and successful firm.



What guarantee are you able to provide me?



The Gateway 110% Guarantee There is no greater success than having happy clients; in fact, that's why we offer the Gateway 110% Guarantee.

If we are unable to provide our services to you in a way that completely satisfies your expectations, we will refund any monies you have paid us plus 10% for your time investment with us. This is how we've built Gateway Business Brokers to become a leading business brokerage in the markets we serve.

Please ask for full details and how our guarantee supports our commitments to you.

Can I engage with your firm without having a valuation done first ?

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YES

Gateway Business Brokers will give you an idea of value before we take on your project to make sure your expectations are realistic.

It is of no benefit to either yourself, or Gateway, if our expectations are too different to agree on a valuation. It is important to remember that this idea of a value is not a valuation, and is subject to more due diligence by Gateway once we are engaged and have received the necessary documents from the Seller to do a detailed valuation.

What can business brokers do and, what can't they do



Business brokers are the professionals who will facilitate the successful sale of your business.

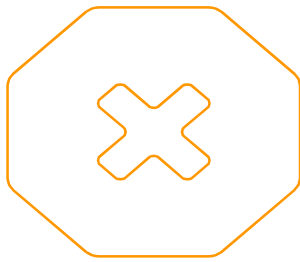


It is important that you understand just what a professional business broker can do, as well as what they can't.

They can help you decide how to price your business and how to structure the sale so it makes sense for everyone, you and the buyer, most importantly to help you receive the most after tax dollars from the sale of your business. They can find the right buyer for your business, work with you and the buyer to find the right solution every step of the way until both parties claim success. They can also help the buyer in all the details of the business buying process.

What can business brokers do and, what can't they do

Business brokers are the professionals who will facilitate the successful sale of your business.



A business broker is not, however, a magician who can sell an overpriced or non-operational business. Most operating and profitable businesses are saleable if priced and structured properly. You should understand that only the marketplace can determine what a business will sell for.

There are a number of variables that can have a positive impact on the sale price and sale probability of your business, such as vendor financing, post sale support, non competition, existing policies, procedures and porcesses.

Should I ask my accountant to find a buyer for my company ?

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While your accountant is an important advisor, he or she is likely not be an expert in marketing companies, creating a competitive auction for your company, negotiating the most favourable terms on your behalf, educating buyers on the process, or organizing and controlling the laundry list of closing items needed to achieve your success.

How long should an M&A firm hold an exclusive listing of my company ?

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**The average business takes
6 to 12 months to sell**

In most cases, a competent mergers and acquisitions firm should be able to sell your company successfully within a year.

Will a valuation sell my business at the highest price ?



NO

You will only know that you have received the best possible offer for your company if you have multiple, simultaneous offers to choose from. Offers result from generating buyer excitement with a detailed and captivating offering memorandum that showcases your company's unique strengths and future promise. By using numerous and diverse marketing channels, we are able to reach several qualified buyers that are interested in offering to purchase your business.

Having several offers enables us to obtain the highest price for your company by creating a competitive bidding process. However, in many cases, our Sellers have been happy with the first offer they have received and have accepted it before any other offers were submitted or presented.

The reason for that is the in-depth preparation process we work through to ensure the business is in position to attract the best price and highest after tax proceeds.

Do buyers buy private companies based on EBITDA, PE or Price vs. Book Value ?

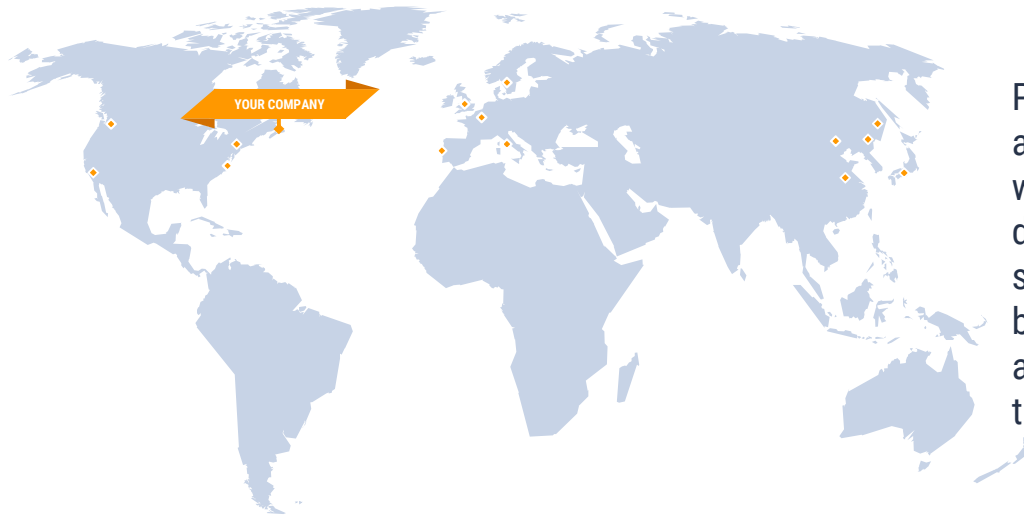


Generally, buyers determine a company's prospects on the basis of recent results, growth opportunities and overall company quality. A multiple of EBITDA or % of revenues are the criteria considered common for that industry. Often, for owner-operator businesses the most important financial metric is "Seller's Discretionary Earning" PE is not a relevant metric for valuing private companies, and book value is not an accurate reflection of a business' worth in the marketplace.



What is the best way to market my company to European or other overseas buyers ?

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Proactive marketing is the best way to attract qualified buyers anywhere in the world. We research and contact buyers directly in Europe or Asia on behalf of our selling clients. All of our selling clients benefit from world-wide marketing exposure and our advertising and partnership platform that is continually expanding.

Approximately 70% of the Buyers that have purchased our clients' businesses have come from outside of Nova Scotia.

What are the most common reasons that a deal doesn't close ?

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The number one deal killer is time! The amount of time from an accepted offer to due diligence completion should be compressed, focused and managed very closely. This minimizes "life" events from happening. Another important reason a transaction is not completed is weakening financial performance. If the financial performance of a seller is off materially from the original forecast, the business loses value. Therefore, we always emphasize to sellers how important it is to stay on top of their business and to continue to actively grow it as if they'll continue to own it for another couple of years.



The number two reason deals fall apart is surprises popping up in due diligence.

We work with both parties to ensure all relevant business issues are disclosed up-front. Surprises lead to lack of trust, and lack of trust kills deals.

When I sell my company do I also sell the property it occupies?

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When I sell my company do I also sell the property it occupies, or would I lease the land and/or buildings to the acquirer?

Either way is possible. You may receive offers for just the business with rental income to you, as well as offers to purchase the business along with the real estate.

You can choose whichever option you prefer.



What is the typical post-sale management transition arrangement

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1

The current owner typically stays on for a period of time to ensure a smooth transition, or longer depending on the structure of the deal.

2

The former owner's compensation is negotiated based on the buyer's estimate of what would they need to pay someone in the market to replace you.

3

Anything beyond this amount of time should be compensated fairly.

Generally, we expect the Seller to stay on for at least 2 to 4 weeks as part of the sale price.

Where will the closing take place ?

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This depends on the attorneys involved, however, most closings these days are done electronically.

Signature sheets are faxed to both parties after review by attorneys. After both sides have signed all necessary documents, the funds are wired into your bank account.



How long does it take to sell my business ?

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It generally takes, on average, between six to twelve months to sell most businesses. Keep in mind that an average is just that. Some businesses will take longer to sell, while others will sell in a shorter period of time.

The sooner you have all the information needed to begin the marketing process, the shorter the time period should be.

It is also important that the business be priced properly right from the start. Some sellers, operating under the premise that they can always come down in price, overprice their business.



Buyers often refuse to look at an overpriced business!

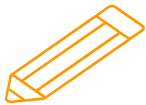
What can I do to help sell my business ?

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A buyer will want up-to-date financial information



If you use accountants, you can work with them on making current information available.



If you are using an attorney, make sure they are familiar with the business closing process and the laws of your particular province. You might also ask if their schedule will allow them to participate in the closing on very short notice.



Ensure all contracts are up-to-date, including key customer and supplier relationships. Helping organize all policies and procedures is very valuable, as is ensuring there are no significant changes expected in the next 12 months.

What happens when there is a buyer for my business ?



When a buyer is sufficiently interested in your business, he or she will submit a non-binding Letter of Intent in writing. This Letter of Intent or proposal may have one or more contingencies. Usually, they concern a detailed review of your financial records and may also include a review of your lease arrangements, franchise agreement (if there is one), or other pertinent details of the business, all of which will be properly communicated.



You may accept the terms of the offer or you may make a counter-proposal. You should understand, however, that if you do not accept the buyer's proposal, the buyer can withdraw it at any time. At first review, you may not be pleased with a particular offer; however, it is important to look at it carefully. It may be lacking in some areas, but it might also have some pluses to seriously consider. There is an old adage that says, "The first offer is generally the best one the seller will receive." This does not mean that you should accept the first, or any offer, just that all offers should be looked at carefully.

... what happens when there is a buyer for my business ?

When you and the buyer are in agreement, both of you should work to satisfy and remove the contingencies in the offer. It is important that you cooperate fully in this process. You don't want the buyer to think that you are hiding anything.

One of the conditions to be met, is a formal agreement of purchase and sale will be drawn and signed. This outlines all of the legal obligations of both parties. Once the closing has been completed, money will be distributed and the new owner will take possession of the business.



The buyer may at this point bring in outside advisors to help them review the information.



Thank you

We invite you to benefit from our assessment tool available on our website "Are you ready to sell your business?" which may guide you through the tough process in getting ready to sell your business!

Find it here:

<https://www.gatewaybusinessbrokers.ca/selling-a-business/>



**WE WELCOME A
CALL ANYTIME**





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