

What's going to happen when your business is over?



More than 1000 businesses in the Tawatinaw Region are expected to be up for sale in the next 10 years. The problem is there may not be enough buyers to keep them open.

This is a problem that has caused Norm Bates, of Community Futures Tawatinaw Region, much concern. Citing a study by the Canadian Federation of Independent Business conducted a few years ago, Bates reports 71% of Alberta small business owners plan to retire in the next 10 years yet only 10% have a formal exit strategy in place. The potential number of small businesses closing because a buyer couldn't be found is staggering and this will have a negative impact on every community in Canada, especially those in rural areas.

What would our region be like if every second or third business closed its doors?

Since over 60% of small business owners have over half of their net worth represented by equity in their business, many business owners would be forced to drastically revamp their retirement dreams, if they were unable to sell their business as a going concern. Without a successful sale their equity could simply vanish. Every time a business closes jobs are lost, and as we know small business is the economic backbone of every community in Canada.

The economic diversity of our area will suffer. What happens when the only "widget" store in town closes? Community members travel elsewhere to get their "widgets" spending money on food, gas and entertainment as

they go, leaving the local economy that much poorer. This can easily turn into a vicious cycle that can be hard to break, especially once new shopping patterns are established.

The community as a whole suffers. That business is no longer around to sponsor softball teams, buy 4-H beef or be an active supporter of the Chamber of Commerce or service clubs. The impact of closing businesses due to "failure to plan" will undoubtedly impact employment, economic output, business formation and availability of services in the Tawatinaw Region.

When should business owners begin planning to exit their business?

"Yesterday" states Kelly Harris, Business Retention Coordinator of Community Futures Tawatinaw Region. "Most business owners assume that when they are ready to sell, they'll call their Realtor and a buyer will be found. But most aren't prepared for how long that can take" she says. Preparing a business to list can take up to 6 months or more. Once a business hits the market it will take on average 12 to 18 months to find a buyer, and usually 6 to 24 months to train the new owners. "In a highly specialized business it can take from 10 to 15 years to train a successor" says Harris. "At a minimum small business owners need to be working on their exit plan 2 to 3 years before the wish to leave their business".

Community Futures Tawatinaw Region sees the importance of developing a Business Retention Strategy to help the business community understand how the transitioning trend will impact their business. It is critical to identify services and resources for business owners who might need assistance in their transition and/or succession efforts if we are to preserve the main street of every community in the Region.

Are you one of these business owners?

If so, you should plan to attend the first in a series of workshops helping local owners prepare their exit plan through the sale of their business. This workshop will help business owners answer the question....."Are you Ready for the Realtor?"

The goal of this workshop is to give owners the tools they are going to need to receive maximum value for their business while making a transition as smooth as possible. The information has been broken down into three sessions:

Session #1 is titled Assessment. "This session asks the business owners to really look at where their business is, and where both the business and the owner want to go in the future" says Harris. "Who is going to be affected by an owners decision to sell? How many people does it take to sell a business and who is going to be most qualified to help? What should people be told when they ask why an owner is selling? How do owners present a business to its best advantage, physically & financially?"

Session #2 is called Action. "This is really the heart of the program" says Harris, "Completing a "Business Book", gives business owners a tool that will help present all elements of a business, maintain confidentiality, and help present a business so that a potential buyer will read it and think "Why wouldn't I buy this business?". We also try to give business owners tips on where to look for buyers, how much to ask for their business, and how much to tell potential buyers." This is also the longest session, taking place over one full day (lunch is provided of course).

The last session is Exit. "Once an owner has found a qualified buyer, there are still issues to be addressed such as financing options, the purchase agreement and the training of new owner/managers" says Harris. "At the moment we are developing a mentoring/training program that will expand on management training, and we are also putting together a customer service training session that will expand on these issues."

"Next to starting a business, deciding how and when to exit a business may be the most important decision business owners will ever make" says Harris. She continues "For most businesses, the sale of the business itself will be the largest single transaction in the history of the business, yet most business owners will spend more time on planning and promoting a one day sale or introducing the latest make or model, than they will on selling their business". Harris was a small business owner for 9 years in the Okanagan before relocating to the Westlock area. "I wish that I had had access to this kind of program and information before I sold my business" she laughs. "If there was a common misconception or mistake you can make in selling a business I probably made it. Like most business owners I picked up the phone, called my Realtor and waited for the cheque to arrive. I was totally unprepared for how much I was going to have to do to sell my business. I always thought that was the Realtors job, but realistically it's not the Realtors job to vacuum your living room or make sure the kids behave during a showing or introduce new homeowners to the neighbours, so why would a Realtor be responsible for getting you business affairs in order or making sure that employees are ready for the transition, or introducing new management to long standing customers?"



Are you Ready for the Realtor?

"Community Futures 'Are You Ready for the Realtor' workshop is a must attend program for any business owner considering selling the next few years."

Trent Muller of Muller Realty

Delivered over 3 sessions, the topics include:

Taking Stock	Creating a Plan	Finding Buyers
Where am I now?	What is my business worth?	Financing Options
Where is my business?	Assembling the Exit Team	Training your Successor

Participants will leave with their own "Exit Plan".

Once completed this will ensure that their business stands out from others on the market, providing potential buyers with all the information they require to make an informed decision.

Thursday February 18, 6:00 - 9:00 pm

Saturday February 20, 10:00 am - 4:00 pm

Thursday February 25, 6:00 - 9:00 pm

Fee to participants is \$75.- including all course materials, snacks, beverages and Saturday lunch. This session will be held at the CFTR office in Westlock.

For more information and to register please contact:

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Community Futures Tawatinaw Region
"Growing communities one idea at a time"