An Advisory Team Will Streamline Your Successful Business Sale

Undertake a planning strategy–with due diligence–sooner rather than later

Darren Millard, owner of Facet Advisors, points out that entrepreneurs tend to make two mistakes when selling their business. "First, they often overestimate the value of their business," he says. "They also, if they are a small company, assume that selling will be simple."

But at a time when even the smallest of companies has a presence in—or transacts with—other countries, selling to the best of the owner's advantage requires enormous preparation, and it is only by scrupulously planning the exit that he or she will maximize the company's value.

Darren Millard of Facet Advisors points out that an increasing number of Canadian businesses conduct overseas transactions, which means due diligence must be carried out in several jurisdictions

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Millard says, "More and more, Canadian businesses have a U.S. component or conduct overseas transactions, and we structure sales to take into account due diligence in multiple jurisdictions. This is possible thanks to our team of advisers having direct access to a global affiliation of professionals."

In fact, Facet recently became a member of HLB International, one of the leading global accountancy networks with a presence in 150 countries. "HLB is one of the top 12 accounting networks in the world, and our membership expands our ability to support our clients' international needs," says Millard.

Given that the business sector in general demands more skill than ever due to the ability to operate in multiple jurisdictions, it would follow that owners also would have a clear idea of what they want for themselves when it comes time to bow out. "But, understandably, they have spent every minute of their careers striving for success and often don't even know if they want to undertake an asset sale or a share sale," says Millard. "Some of them don't appreciate that you need a core team to carry through the sale, consisting of a lawyer, a wealth advisor, and an exit planning advisor—as well as counterparts in the different countries in which you have a presence."

To help clients prepare to sell, Facet has developed a checklist of 10 elements. They include:

- Discussing transitioning with loved ones
- Completing a strategic analysis, business valuation and personal, financial and business assessment(s) within the last year
- Considering all of your exit options and optimum deal structure, and weighing the pros and cons of each in relation to your stated goals and objectives
- Designing a post-business, life-after plan that is linked to—or is part of—your wealth management plan, which has been prepared by a professional financial advisor and, if applicable, estate planning, insurance, tax and charitable foundation specialists.
- Undertaking a pre-transition value enhancement/preliminary due diligence project to de-risk the business, maximize its value, minimize taxes upon transition, and improve the probability of a smooth transition to the next owner.

Above all, Millard believes business owners should start thinking about exit strategies sooner rather than later. "You should begin at least three to five years before the actual process for a variety of reasons, not the least of which is psychological," he says. "So much of your identity is tied up in your company that it will take time to imagine your life beyond that.

"The best advice I can give is to visit our website and review our checklist of 10 elements—and then call the professionals. It will ensure that a very complicated process gets started in the proper fashion." ■