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# MAXIMIZE YOUR BUSINESS VALUE

Succession strategies for business owners

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**NORTONMcMULLEN**  
M&A ADVISORS

Contract

NORTON MCCMULLEN CORPORATE FINANCE INC.

# OUR MISSION

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*To serve owners of private companies with the sale, acquisition or financing of their business.*



NORTON MCCMULLEN CORPORATE FINANCE INC.

# OUR TEAM

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## Professional Expertise

- Serving owner/operator businesses with sale, buy and financing services
- Parent company is Norton McMullen LLP (Chartered Accountants)
- 55 years of service, one of the largest independent firms in GTA

## Professional Financial Advisory Services (Merger & Acquisition)

- Paul Simpson CA – 30 years professional advisory service
- Tom Schmidt ICD.D – 35 years corporate management



ALIGNING YOUR NEEDS AND OUR GOALS

# SYNERGY

## YOUR NEEDS

- You have a business
- You want to shape your legacy
- You have created wealth & wish to preserve it

## OUR GOALS

- Assist you and share ideas and proven strategies
- Prepare your business for transition
- Optimize its Value

CASE STUDY

# PLANNED SUCCESSION

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- GTA legal practice
- Early succession planning initiated
- Health crisis emerged unexpectedly
- Succession crisis averted, practice sold

## BENEFITS

- No family worries during illness and after death
- Estate wealth preserved
- Business continuity for staff & clients



CASE STUDY

# NO PLANNING

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- GTA manufacturing company
- 2 partners in 70's
- 2006 – top performing business revenues \$13 million, declined \$12 million offer
- 2014 – business revenues declined to \$5 million, business sale of \$1.75 million

## ISSUES

- Lost wealth
- Owners, families and employee tensions and stress

THE SUCCESSION PLAN

# OPPORTUNITY

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- 1 IT'S YOUR RETIREMENT WEALTH** – financially it is your major wealth source – manage your risk
- 2 A BUSINESS EXIT WILL HAPPEN** – health, business change or family situation



- 3 PLAN TO BE IN CONTROL** – design the future or let it happen to you

SCARY BUSINESS SUCCESSION FACTS

# AVOID THE PITFALLS

## Procrastination dominates transition planning

**75%** of business owners plan to transition in next 10 years

**50%** of business owners plan to sell their business - but have no plan

**Many businesses  
are not sold.**

**WHY?**

- Business is not prepared
- Valuation disagreement
- Personalities
- Selling process becomes overwhelming



OWNER'S PERSONAL REFLECTIONS

# THINGS TO CONSIDER

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## 1 WHAT IS YOUR LEGACY PLAN?

- Consider personal and corporate needs and plan
- What do you want from a sale? After a sale? Why?

## 2 ONLY 3 TYPES OF BUYERS

- Family
- Employees
- 3rd party buyer

## 3 SELLING A BUSINESS IS CHALLENGING AND IMPORTANT

- Focus – written plan
- Get a coach

# GET THE RIGHT KIND OF HELP

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## SELLING YOUR BUSINESS IS...

- ... the most important sale of your life (your life & wealth)
- ... a challenging process (operating & selling is hard)

## WHAT YOU'LL NEED

- Professional “coach” to quarterback the sale
- Assess readiness and develop plan
- Align the team (advisors – accounting, legal, financial)
- Continued focus and commitment
- Result – you operate your business (keep it healthy) & a sale

PREPARING FOR THE SALE

# ONE CHANCE TO GET IT RIGHT

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**SALEABILITY  
FACTORS  
INCREASE  
BUSINESS  
VALUE**

**1**  
Market and  
competitive  
information

**2**  
Revenue  
(Recurring)

**3**  
Customers  
(Sticky)

**4**  
Profitability  
(Profitable  
Operations & Cost  
Management)

**5**  
Management Team  
(Quality)

**6**  
Business Processes  
(Documented &  
Metrics in place)

INCREASING YOUR VALUE

# WORKING “ON” THE BUSINESS

- Start early – 3 year plan required for best results
- Written plan
- Engage a “coach” – professional business advisor
- Define actions



## FINANCIAL ACTIONS

Tax, records, shareholder's agreement, intellectual property, contract

## OPERATIONAL ACTIONS

Revenues (recurring and stable)  
Profitability (defines price)  
Customers (sticky)  
Management Team  
Process documentation

SHOULD I STAY OR SHOULD I GO?

# SUCCESSION VS TRANSITION

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## Options to consider

### SUCCESSION

- Someone succeeds you in your role - you retain ownership
- Continued business engagement (at your desired level)
- Business continues to grow additional value is created

### TRANSITION

- Ownership change (sale)
- Life change to pursue interests
- Ends business risk and worries



TIMING IS EVERYTHING

# WHEN TO SELL

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## CHALLENGING AND STRATEGIC QUESTIONS

- Industry sector life cycle
  - Business life cycle
  - Owner's stage of life
  - Owner's personal goals
- Business value increases as business moves to mature state
  - Pitfall – holding on too long as business or owner life cycle declines
  - The time to sell is when you have a good buyer





# SUMMARY

**1** SHAPE YOUR LEGACY

**2** DEVELOP “YOUR” PLAN

**3** GET QUALIFIED HELP

**4** BUILD VALUE

- Focus “on” business, NOT “in” business
- People, organization, systems, processes
- Organize so you do not need to be in the business daily

***Maximize the Jingle  
in Your Jeans!***

Thank you.

**NORTONMcMULLEN**  
M&A ADVISORS