

# A TIME OF OPPORTUNITY FOR SME OWNERS

BY CARSON O'NEILL

Small to Medium Enterprises (SME's) play a major role in the Canadian economy generating more than 90% of new private sector jobs in the last 10 years. With the average SME owner now approaching 60, over the next few years, many owners will be looking to sell their business to comfortably retire.

This unprecedented change in ownership will bring opportunities for both buyers and sellers. Buyers who can acquire a company which allows them to leverage their current infrastructure will benefit from post purchase synergies such as better utilization of their manufacturing facility or sales force. The key is to be selective in screening acquisition targets to find a good fit.

Sellers who are looking to maximize the value of their business should focus on building transferable value in most cases deter-

mined by EBITDA. But it also helps to have insulation in the business in the form of strong intellectual property and exclusive rights or capabilities.

Many buyers and sellers are looking for a 'quick deal'. The acquisition/divestiture process takes time, 6 months or longer including due diligence and many of the buyers will make their offer conditional on the owner remaining involved for a predetermined time frame post purchase. All of which underscores the need for proactively planning on both sides.

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