



WHO'S THE BOSS?

AFTER A PARTICULARLY hard day with a boss who makes Donald Trump seem affable, many of us fantasize about what it would be like to run our own business and answer to nobody but ourselves.

This dream might not be as distant as you imagine. According to Carson O'Neill, founder of Rincroft Inc, a company that facilitates the divestiture of small to medium-sized enterprises (SMEs), demographic trends suggest there's a growing pool of older business owners looking to sell out and retire. So, if you want to jump off the corporate treadmill and buy a business, now might be a golden opportunity.

O'Neill points to Canadian Federation for Independent Business (CFIB) surveys that show 71 per cent of small

business owners plan to exit within the next 10 years, meaning there will be an ample supply of companies to purchase.

"The intriguing dimension," says O'Neill, "is that many of the buyers of SME businesses don't need to work for financial reasons – they're choosing to work, invigorated by the challenge of owning and operating a new business and the benefits of remaining in the game."

Rincroft was recently retained to find a new owner for a medium sized distribution company. "The owners, in their early 50s, were emotionally spent after 25 years running the operation," explains O'Neill. "After some digging, we found a potential buyer (with relevant industry experience) looking for such an acquisition."

After an introductory session between the two parties, the owners took O'Neill aside. They were concerned that the prospective buyer appeared a little older than they were. "We moved past this because the buyer had the funds, expertise and interest. So the transaction closed successfully – the previous owners retired and the new owner went on to expand the business, extend his career and enhance his lifestyle in the process – the business he purchased was a short drive from his year-round vacation home."

Unfortunately, not all deals are this seamless. "In my experience I've found that the transition to late-in-life entrepreneurship requires a reinvention on the part of the interested buyer, sometimes on multiple fronts," says O'Neill. Those who want to jump in should know what it's going to take to make their reinvention successful:

A Lot of Work Most late-in-life entrepreneurs hail from corporate backgrounds and have no business ownership experience. They need to adapt to the reality of doing much of the work themselves.

A Lot of Risk Funding is always going to be an issue at some level, so owners and buyers must be prepared to invest and incur the associated risks.

A Lot of Research Despite demographic trends, the biggest challenge is finding a quality business to purchase. Prospective acquirers tend to underestimate the work required and limit their search to "putting the word out" to business colleagues. Finding attractive acquisition targets entails extensive networking, typically extending well beyond personal contacts into industry/trade associations, financial institutions and intermediaries.

A Lot of Patience Once targets are identified and discussions commence, further due diligence is required to verify the fundamental health of the business and the value new ownership can bring before an offer should be put forth. This process takes months and requires both patience and discipline. —Peter Mugeridge