Below is a summary of the steps for **acquiring a non-family business.**

STEP 1:

Decide whether to proceed with the project alone or with a partner

- ❏ You want to buy a business and become the sole owner.
- ❏ You want to partner with one or more people.

STEP 2:

Define the target business criteria based on your requirements and financial capabilities.

Economic activity sector: ______________________________

Production capacity: ______________________________

- Cultivable area: ______________________________
- Building capacity: ______________________________

Geographic location: ______________________________

Selling price: ______________________________

Financial portrait: ______________________________

Market: ______________________________

Labour force: ______________________________

Management structures: ______________________________

Other criteria: ______________________________

STEP 3:

Determine the knowledge and skills you will need to manage your target business.

At this stage, take the time to clearly define your vision, gather pertinent information, and subsequently share your vision with the owners and any other individuals involved in the transfer process.

STEP 4:

Complete a skills profile and a psychological profile

These tests will enable you to better understand your strengths, weaknesses, management skills, communication and decision-making style. They will provide an accurate and compelling portrait of the type of entrepreneur you are and what training you need to succeed.

STEP 5:

Business search

Talk about your interests with family and friends. Get involved in business transfers; you'll develop a network of contacts who can help you find your dream opportunity. Several sites such as Acquizition.biz can also be of interest. Your advisors can guide you here.

STEP 6:

Assessment of the target business

Once you've found a potential business that meets your selection criteria, start the evaluation and assessment process. Several experts can be of assistance — our advisors will help find the right specialists for you.

Main assessment criteria:

- Management structure
- Key employees
- Production process
- Diverse, high-quality customer base
- Level of dependence on suppliers
- Financial structure and profitability
- Regulatory compliance (environment, land protection, etc.)

STEP 7:

Consider various acquisition scenarios with the transferor

While acquiring a business can be done in one step or gradually, the latter approach is often necessary. It provides the successor with an opportunity to become familiar with the business and to gradually assume responsibilities. It is also preferable for the seller to ensure business continuity after his departure and to ease him through the process if he is not quite ready to retire immediately.

Both the transferor and the successor need to be open about their needs and plans. In this business partnership, communication and detailed planning of each step are essential.

STEP 8:

Negotiate with the transferor

The conditions for acquiring the business must be negotiated in order to reach an agreement. Several scenarios are possible: selling a portion of the assets, lease-to-own, leasing, etc. After agreeing on the terms and price of the sale with the seller, you must write a letter of offer; this will demonstrate your commitment as a serious buyer, subject to certain conditions. A specialized attorney can guide you here. Our advisors will ensure you have access to the right specialists.

STEP 9:

Transfer project financing scenarios

The financing set-up for a transfer differs from one business to another. You must carefully and thoroughly assess your financial needs and those of the business. A number of financing strategies will be examined: financing by the seller, bank loan, access to an investment fund, etc. In addition, you must ensure that your scenario is both flexible and able to drive business growth.

STEP 10:

Due diligence, price adjustments and other conditions

At this stage of the negotiations, you will need the support of your advisors (lawyer, accountant, tax specialist) to implement the conditions for a successful transfer.

STEP 11:

The legal transaction

This step includes the drafting by legal advisors of all contracts and deeds. You must ensure you understand the legal aspects of all deeds, documents and contracts involved in the transaction. Your legal advisor will clearly explain them to you. To safeguard the transaction, life insurance policies need to be revised and a stakeholder agreement must be clearly defined.

STEP 12:

Entrance and integration strategy

A well-planned entrance strategy is very important; careful planning will help ensure a smooth transition. The power transfer plan and training plan are key tools. The transferor's participation, particularly when meeting with employees, is essential.

Need more time to reflect on the above?
Consult our Guide for acquiring a farm business or visit our site at
Desjardins.com/businesstransfer